

WESCO DISTRIBUTION INC

Form S-4

April 20, 2006

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**As filed with the Securities and Exchange Commission on April 20, 2006  
Registration No. 333-**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form S-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**WESCO DISTRIBUTION, INC.**

*(exact name of registrant as specified in its charter)*

**Delaware**

*(state or other jurisdiction of  
incorporation or organization)*

**5063**

*(Primary Standard Industrial  
Classification Code)*

**25-1723345**

*(I.R.S. employer  
identification no.)*

**WESCO INTERNATIONAL, INC.**

*(exact name of registrant as specified in its charter)*

**Delaware**

*(state or other jurisdiction of  
incorporation or organization)*

**5063**

*(Primary Standard Industrial  
Classification Code)*

**25-1723342**

*(I.R.S. employer  
identification no.)*

**225 West Station Square Drive  
Suite 700**

**Pittsburgh, Pennsylvania 15219  
(412) 454-2200**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive  
offices)*

**Stephen A. Van Oss  
Senior Vice President and  
Chief Financial and Administrative Officer  
WESCO International, Inc.**

**225 West Station Square Drive  
Suite 700**

**Pittsburgh, Pennsylvania 15219  
(412) 454-2200**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***With a Copy to:***

**Michael C. McLean**

**Kirkpatrick & Lockhart Nicholson Graham LLP**

**Henry W. Oliver Building**

**535 Smithfield Street**

**Pittsburgh, Pennsylvania 15222**

(412) 355-6500

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement and all other conditions to the exchange offer described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_\_

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
7.50% Senior Subordinated Notes due 2017	\$150,000,000	100%	\$150,000,000	\$16,050
Guarantee(2)	(3)	(3)	(3)	(3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended.

(2) Guarantee by WESCO International, Inc. of WESCO Distribution, Inc.'s 7.50% Senior Subordinated Notes due 2017 to be issued in exchange for WESCO International Inc.'s outstanding guarantee of WESCO Distribution's outstanding 7.50% Senior Subordinated Notes due 2017, originally issued on September 27, 2005.

(3) No separate registration fee is payable for the guarantee of WESCO International, Inc. pursuant to Rule 457(n) under the Securities Act.

**The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED APRIL 20, 2006**

PRELIMINARY PROSPECTUS

**WESCO DISTRIBUTION, INC.  
OFFER TO EXCHANGE UP TO \$150,000,000 IN PRINCIPAL AMOUNT OF OUR  
7.50% SENIOR SUBORDINATED NOTES DUE 2017  
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933,  
FOR ANY AND ALL OF OUR OUTSTANDING  
7.50% SENIOR SUBORDINATED NOTES DUE 2017, ISSUED IN 2005  
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,  
ON , 2006, UNLESS EXTENDED**

We are offering to exchange up to \$150,000,000 in aggregate principal amount of our 7.50% Senior Subordinated Notes due 2017 (the exchange notes) for an equal aggregate principal amount of our outstanding 7.50% Senior Subordinated Notes due 2017, issued in 2005 (the original notes). We sometimes refer to the original notes and the exchange notes in this prospectus collectively as the notes. The exchange notes will be unconditionally guaranteed by WESCO International, Inc., our parent company, on an unsecured senior basis, but not by any of WESCO International's other direct or indirect subsidiaries.

The terms of the exchange notes are substantially identical in all respects (including principal amount, interest rate and maturity) to the terms of the original notes for which they may be exchanged pursuant to this exchange offer, except that the exchange notes will be freely transferable by the holders (other than as described herein), are issued free of any covenant restricting transfer absent registration and will not have the right to earn additional interest in the event of a failure to register the exchange notes. The exchange notes will evidence the same debt as the original notes and contain terms that are substantially identical to the terms of the original notes. Original notes that are accepted for exchange will be cancelled and retired. For a description of the terms of the exchange notes, see Description of the Notes.

The exchange notes will bear interest from April 15, 2006. Holders whose original notes are accepted for exchange will not receive any payment in respect of interest on the original notes for which the record date occurs on or after completion of the exchange offer. See The Exchange Offer Terms of the Exchange Offer.

The principal features of the exchange offer are as follows:

You may withdraw tendered original notes at any time prior to the expiration of the exchange offer.

The exchange of original notes for exchange notes pursuant to the exchange offer should not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

There is no existing public market for the original notes. We expect that the exchange notes will be eligible for trading in The PORTAL<sup>sm</sup> Market of the National Association of Securities Dealers, Inc., but we do not intend to list the exchange notes on any securities exchange or seek approval for quotation through any automated trading systems.

**EACH BROKER-DEALER THAT RECEIVES EXCHANGE NOTES FOR ITS OWN ACCOUNT PURSUANT TO THE EXCHANGE OFFER MUST ACKNOWLEDGE THAT IT WILL DELIVER A PROSPECTUS IN CONNECTION WITH ANY RESALE OF THE EXCHANGE NOTES. THE ACCOMPANYING LETTER OF**

TRANSMITTAL STATES THAT BY SO ACKNOWLEDGING AND BY DELIVERING A PROSPECTUS, A BROKER-DEALER WILL NOT BE DEEMED TO ADMIT THAT IT IS AN UNDERWRITER WITHIN THE MEANING OF THE SECURITIES ACT. THIS PROSPECTUS, AS IT MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, MAY BE USED BY A BROKER-DEALER IN CONNECTION WITH ANY RESALE OF EXCHANGE NOTES RECEIVED IN EXCHANGE FOR ORIGINAL NOTES WHERE THE ORIGINAL NOTES WERE ACQUIRED BY THE BROKER-DEALER AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES. WE HAVE AGREED THAT, FOR A PERIOD OF 180 DAYS AFTER THE EXPIRATION DATE OF THE EXCHANGE OFFER, WE WILL MAKE THIS PROSPECTUS AVAILABLE TO ANY BROKER-DEALER FOR USE IN CONNECTION WITH ANY SUCH RESALE. SEE PLAN OF DISTRIBUTION.

FOR A DISCUSSION OF CERTAIN FACTORS YOU SHOULD CONSIDER BEFORE PARTICIPATING IN THE EXCHANGE OFFER, SEE RISK FACTORS BEGINNING ON PAGE 19 OF THIS PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS \_\_\_\_\_, 2006.

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WESCO Distribution, Inc. is a Delaware corporation and a wholly owned subsidiary of WESCO International, Inc., a Delaware corporation. WESCO Distribution and WESCO International were each incorporated in 1993. The principal executive offices of WESCO Distribution and WESCO International are each located at 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania 15219, and the telephone number at that address is (412) 454-2200. Our website is located at [www.wesco.com](http://www.wesco.com). The information in our website is not part of this prospectus.

We currently have trademarks and service marks registered with the U.S. Patent and Trademark Office. The registered trademarks and service marks include: WESCO® , our corporate logo, the running man logo, the running man in box logo and The Extra Effort People® . In 2005, two trademarks, CB Only the Best is Good Enough and LADD, were added as a result of the acquisition of Carlton-Bates Company.

Certain of these and other trademark and service mark registration applications have been filed in various foreign jurisdictions, including Canada, Mexico, the United Kingdom, Singapore and the European Community.

Neither WESCO Distribution, WESCO International nor any of their respective representatives are making any representation to you regarding the legality of an investment by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the exchange notes.

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In making an investment decision, you must rely on your own examination of our business and the terms of the exchange offer, including the merits and risks involved. No person has been authorized to give any information or any representation concerning us, the exchange offer or the exchange notes (other than as contained in this prospectus and the accompanying letter of transmittal), and, if given or made, that other information or representation should not be relied upon as having been authorized by us. Neither WESCO Distribution, WESCO International nor any of their respective representatives are making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The accompanying letter of transmittal for the exchange offer states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. WESCO Distribution and WESCO International have agreed that, starting on the expiration date of the exchange offer and ending on the close of business 180 days after the expiration date of the exchange offer, they will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

**NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.**



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**FORWARD-LOOKING INFORMATION**

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

**AVAILABLE INFORMATION**

WESCO International files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document WESCO International files at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. WESCO International's SEC filings are also available to the public from the SEC's web site at [www.sec.gov](http://www.sec.gov) or from our website at [www.wesco.com](http://www.wesco.com). However, the information on our web site does not constitute a part of this prospectus.

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**SUMMARY**

*This summary provides an overview of selected information and does not contain all the information you should consider. Because this is only a summary, it may not contain all of the information that may be important to you in deciding whether to participate in the exchange offer. Before making an investment decision, you should carefully read this entire prospectus, including the financial data and information contained in this prospectus and the section of this prospectus entitled Risk Factors.*

*Unless the context otherwise requires, in this prospectus, the terms the Company, we, us, our, WESCO, and WESCO Distribution refer to WESCO Distribution, Inc., the issuer of the notes and a wholly owned subsidiary of WESCO International, Inc., and its subsidiaries; and WESCO International refers to WESCO International, Inc., the parent of WESCO Distribution and the guarantor of the notes. The principal asset of WESCO International is all of the outstanding capital stock of WESCO Distribution.*

**WESCO Distribution, Inc.**

With sales of \$4.4 billion in 2005, we are a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as MRO. We believe we are the largest distributor in terms of sales in the estimated \$74 billion\* U.S. electrical wholesale distribution industry based upon published industry sources and our assessment of peer company 2005 sales. We believe we are also the largest provider of integrated supply services for MRO goods and services in the United States.

Our distribution capability combined with integrated supply solutions and outsourcing services are designed to fulfill a customer's MRO procurement needs. We have more than 370 full service branches and eight distribution centers located in the United States, Canada, Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. We serve approximately 100,000 customers worldwide, offering more than 1,000,000 products from more than 24,000 suppliers utilizing a highly automated, proprietary electronic procurement and inventory replenishment system. Our diverse customer base includes a wide variety of industrial companies; contractors for industrial, commercial and residential projects; utility companies; and commercial, institutional and governmental customers. Our top ten customers accounted for approximately 14% of our sales in 2005. Our leading market positions, experienced workforce, extensive geographic reach, broad product and service offerings and acquisition program have enabled us to grow our market position.

**Industry Overview**

The electrical distribution industry serves customers in a number of markets including the industrial, electrical contractors, utility, government and institutional markets. Electrical distributors provide logistical and technical services for customers along with a wide range of products typically required for the construction and maintenance of electrical supply networks, including wire, lighting, distribution and control equipment and a wide variety of electrical supplies. Many customers demand that distributors provide a broader and more complex package of services as they seek to outsource non-core functions and achieve cost savings in purchasing, inventory and supply chain management.

\*Source: Electrical wholesale estimated industry sales per *Electrical Wholesaling (November, 2005)* based upon revised U.S. Census Bureau Survey segregating electrical wholesale vs. electrical retail sales. *Electrical Wholesaling's* 2004 estimated industry sales of \$83 billion had aggregated \$67 billion wholesale and \$16 billion retail sales.

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**Electrical Distribution.** According to *Electrical Wholesaling Magazine*, the U.S. electrical wholesale distribution industry had forecasted sales of approximately \$74 billion in 2005. According to published sources\*, our industry has grown at an approximate 5% compounded annual rate over the past 20 years. This expansion has been driven by general economic growth, increased price levels for key commodities, increased use of electrical products in businesses and industries, new products and technologies and customers who are seeking to more efficiently purchase a broad range of products and services from a single point of contact, thereby eliminating the costs and expenses of purchasing directly from manufacturers or multiple sources. The U.S. electrical distribution industry is highly fragmented. In 2004, the latest year for which market share data is available, the four national distributors, including us, accounted for approximately 18% of estimated total industry sales.

**Integrated Supply.** The market for integrated supply services has grown rapidly in recent years. Growth has been driven primarily by the desire of large industrial companies to reduce operating expenses by implementing comprehensive third-party programs, which outsource cost-intensive procurement, stocking and administrative functions associated with the purchase and consumption of MRO supplies. For some of our customers, we believe these costs can account for up to 35% of the total costs for MRO products and services. We believe that significant opportunities exist for further expansion of integrated supply services, as the total potential in the United States for purchases of industrial MRO supply and services through all channels is currently estimated to be approximately \$380 billion.

**Business Strategy**

We believe we are the leading provider of electrical products and MRO supplies and services to companies in North America and selected international markets. Our goal is to grow earnings at a faster rate than sales by continuing to focus on margin enhancement and continuous productivity improvement. Our growth strategy utilizes our existing strengths and focuses on developing new initiatives and programs to position us to grow at a faster rate than the industry.

**Enhance Our Leadership Position in Electrical Distribution.** We will continue to capitalize on our extensive market presence and brand equity in the WESCO name to grow our market position in electrical distribution. As a result of our geographical coverage, effective information systems and value-added products and services, we believe we have become a leader in serving several important and growing markets including:

industrial customers with large, complex plant maintenance operations, many of which require a national multi-site service solution for their electrical product needs;

large contractors for major industrial and commercial construction projects;

the electric utility industry; and

manufacturers of factory-built homes, recreational vehicles and other modular structures.

We are focusing our sales and marketing efforts in three primary areas:

expanding our product and service offerings to existing customers in industries we currently serve;

targeting new customers in industries we currently serve; and

\*Source: Electrical wholesale estimated industry sales per *Electrical Wholesaling (November, 2005)* based upon revised U.S. Census Bureau Survey segregating electrical wholesale vs. electrical retail sales. *Electrical Wholesaling*'s 2004 estimated industry sales of \$83 billion had aggregated \$67 billion wholesale and \$16 billion retail sales.

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targeting markets that provide significant growth opportunities, such as multi-site retail construction, education and healthcare facilities, original equipment manufacturers ( OEM ) and regional and national contractors.

***Continue to Grow Our Premier Position in National Accounts.*** From 2002 through 2005, revenue from our national accounts program increased at a compound annual growth rate of 10%. We plan to continue to invest in the expansion of this program. Through our national accounts program, we coordinate electrical MRO procurement and purchasing activities across multiple locations, primarily for large industrial and commercial companies and for electric utilities. We have well-established relationships with more than 290 companies, providing us with a recurring base of revenue through multi-year agreements with these companies. Our objective is to continue to increase revenue from our national account customers by:

offering existing national account customers new products and services and serving additional customer locations;

extending certain established national account relationships to include our integrated supply services; and

expanding our customer base by leveraging our existing industry expertise in markets served to enter into new markets.

***Focus on Large Construction Projects.*** We intend to increase our customer base, where we have targeted new construction accounts, with a focus on large commercial, industrial and institutional projects. We seek to secure new major project contracts through:

active national marketing of our demonstrated project management capabilities;

further development of relationships with leading regional and national contractors and engineering firms; and

close coordination with multi-location contractor customers on their major project requirements.

***Extend Our Leadership Position in Integrated Supply Services.*** We believe we are the largest provider of integrated supply services for MRO goods and services in the United States. We provide a full complement of outsourcing solutions, focusing on improving the supply chain management process for our customers' indirect purchases. Our integrated supply programs replace the traditional multi-vendor, resource-intensive procurement process with a single, outsourced, fully automated process capable of managing all MRO and related service requirements. Our solutions range from timely product delivery to assuming full responsibility for the entire procurement function. Our customers include some of the largest industrial companies in the United States. We plan to expand our leadership position as the largest integrated supply services provider in the United States by building upon established relationships within our large customer base and premier supplier network, to meet customer's continued interest in outsourcing.

***Gain Share in Fragmented Local Markets.*** Significant opportunities exist to gain market share in highly fragmented local markets. We intend to increase our market share in key geographic markets through a combination of increased sales and marketing efforts at existing branches, acquisitions that expand our product and customer base and new branch openings. To promote this growth, we have a compensation system for branch managers that encourage them to increase sales and optimize business activities in their local markets, including managing the sales force, configuring inventories, targeting potential customers for marketing efforts and tailoring local service options.

***Expand our LEAN Initiative.*** LEAN is a company-wide, strategic initiative to drive continuous improvement across the entire enterprise, including sales, operations and administra-



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tive processes. The basic principles behind LEAN are to rapidly identify and implement improvements through simplification, elimination of waste and reducing errors throughout a defined process. We have been highly successful in applying LEAN in a distribution environment and have developed and deployed numerous initiatives through the Kaizen approach. The initiatives are primarily centered around our branch operations and target nine key areas: sales, pricing, warehouse operations, transportation, purchasing, inventory, accounts receivable, accounts payable and administrative processes. In 2006, our objective is to continue to implement the initiatives across our branch locations and headquarters operations, consistent with our long-term strategy of continuously refining and improving our processes to achieve both sales and operational excellence.

***Pursue Strategic Acquisitions.*** Since 1995, we have completed and successfully integrated 27 acquisitions. Our most recent acquisitions were completed in July and September 2005. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will continue to provide us with acquisition opportunities. We expect that any future acquisitions will be financed with internally generated funds, additional debt and/or the issuance of equity securities. However, our ability to make acquisitions will be subject to our compliance with certain conditions under the terms of our revolving credit facility. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources, for a further description of the revolving credit facility.

***Expand Product and Service Offerings.*** We have developed a service capability to assist customers in improving their internal productivity and overall cost position. This service, which we call Cost Reduction Solutions, is based on applying LEAN principles and practices in our customers' work environment. To date, we have worked with manufacturers, assemblers and contractors to enhance supply chain operations and logistics. Our work on productivity projects, in cooperation with our customers, significantly increases the breadth of products that can be supplied and creates fee-for-service opportunities in kitting, assembly and warehouse operations. Additionally, we have demonstrated our ability to introduce new products and services to meet existing customer demands and capitalize on new market opportunities. For example, we developed the platform to sell integrated lighting control and power distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores. These are strong growth markets where our national accounts strategies and logistics infrastructure provide significant benefits for our customers.

***Capitalize on Our Information System Capabilities.*** We intend to utilize our sophisticated information technology capabilities to drive increased sales performance and market share. Our information systems support targeted direct mail marketing campaigns, sales promotions, sales productivity and profitability assessments and coordination with suppliers and overall supply chain programs that improve customer profitability and enhance our working capital productivity. Our information systems provide us with detailed, actionable information across all facets of our broad network, allowing us to quickly and effectively identify and act on profitability and efficiency-related initiatives.

***Expand Our International Operations.*** Our international sales, the majority of which are in Canada, accounted for approximately 13% of total sales in 2005. We believe that there is significant additional demand for our products and services outside the United States and Canada. Many of our multinational domestic customers are seeking distribution, integrated supply and project management solutions globally. We follow our established customers and pursue business that we believe utilizes and extends our existing capabilities. We believe this strategy of working through well-developed customer and supplier relationships significantly reduces risk and provides the opportunity to establish profitable incremental business. We currently have seven locations in Mexico. Additionally, our locations in Aberdeen, Scotland and London, England support our sales efforts in Europe and the former Soviet Union. We also have operations in

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Nigeria to serve West Africa, an office in Singapore to support our operations in Asia and an office in United Arab Emirates to serve the Middle East.

**Competitive Strengths**

We believe the following strengths are central to the successful execution of our business strategy:

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

**Value-added Services.** We are a leader in providing a wide range of services and procurement solutions that draw on our product knowledge, supply and logistics expertise and systems capabilities, enabling our customers with large operations and multiple locations to reduce supply chain costs and improve efficiency. Our expansive geographical coverage is essential to our ability to provide these services. We have more than 370 branches to complement our national sales and marketing activities with local customer service, product information and technical support, order fulfillment and a variety of other on-site services. These programs include:

**National Accounts** we coordinate product supply and materials management activities for MRO supplies, project needs and direct material for national and regional customers with multiple locations who seek purchasing leverage through a single electrical products provider. Regional and national contractors and top engineering and construction firms that specialize in major projects such as airport expansions, power plants and oil and gas facilities are also a focus group for our national accounts program; and

**Integrated Supply** we design and implement programs that enable our customers to significantly reduce the number of MRO suppliers they use through services that include highly automated, proprietary electronic procurement and inventory replenishment systems and on-site materials management and logistics services.

**Broad Product Offering.** We provide our customers with a broad product selection consisting of more than 1,000,000 electrical, industrial, data communications, MRO and utility products sourced from more than 24,000 suppliers. Our broad product offering and stable source of supply enables us to meet virtually all of a customer's electrical product and MRO requirements.

**Extensive Distribution Network.** We are a full-line distributor of electrical supplies and equipment with operations in the United States, Canada, Mexico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. We operate more than 370 branch locations and eight distribution centers (six in the United States and two in Canada). This extensive network, which would be extremely difficult and expensive to duplicate, allows us to:

maintain local sourcing of customer service, technical support and sales coverage;

tailor branch products and services to local customer needs;

offer multi-site distribution capabilities to large customers and national accounts; and

provide same-day deliveries.

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***Low Cost Operator.*** Our competitive position has been enhanced by our low cost position, which is based on:

extensive use of automation and technology;

centralization of functions such as purchasing, accounting and information systems;

strategically located distribution centers;

purchasing economies of scale; and

incentive programs that increase productivity and encourage entrepreneurship.

As a result of these factors, we believe that our operating costs as a percentage of sales is one of the lowest in our industry. Our selling, general and administrative expenses as a percentage of revenues for 2005 decreased to 13.9%, significantly below our peer group 2004 average of approximately 20%, according to the National Association of Electrical Distributors. Our low cost position enables us to generate a significant amount of net cash flow, as the amount of capital investment required to maintain our business is relatively low. Consequently, more of the cash we generate is available for debt reduction, continued investment in the growth of the business and strategic acquisitions.



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**The Exchange Offer**

The following summary contains basic information about the exchange offer. It does not contain all of the information that may be important to you. For a more complete understanding of the notes, please refer to the section of this prospectus entitled Description of the Notes.

**Issuance of the Original Notes** We issued and sold the original notes on September 27, 2005 to Goldman, Sachs & Co., Lehman Brothers Inc., UBS Securities LLC, Banc of America Securities LLC and Credit Suisse First Boston LLC. In this prospectus, we collectively refer to those purchasers as the initial purchasers. The initial purchasers subsequently resold the outstanding notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, or to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act.

**Exchange and Registration Rights Agreement** Simultaneously with the sale of the original notes, we entered into an exchange and registration rights agreement with the initial purchasers. Under the exchange and registration rights agreement, we agreed to:

- file the registration statement of which this prospectus is a part within 210 days after the issue date of the original notes, which enables holders of the original notes to exchange such original notes for publicly registered exchange notes with substantially the same terms;
- use our reasonable best efforts to cause the registration statement of which this prospectus is a part to become effective within 270 days after the issue date of the original notes;
- use our reasonable best efforts to complete the exchange offer as promptly as practicable, but in any event prior to 300 days after the issue date of the original notes; and
- file a shelf registration statement for the resale of the original notes if we cannot affect the exchange offer within the time periods listed above and in certain other circumstances.

The exchange offer is intended to satisfy these exchange rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your original notes. If we do not comply with our obligations under the exchange and registration rights agreement, we will be required to pay specified additional interest to the holders of original notes under certain circumstances. See Exchange and Registration Rights Agreement.

**The Exchange Offer** We are offering to exchange \$1,000 principal amount of our 7.50% Senior Subordinated Notes due 2017, which have been registered under the Securities Act and which

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we refer to in this prospectus as the exchange notes, for each \$1,000 principal amount of our unregistered 7.50% Senior Subordinated Notes due 2017, which we refer to in this prospectus as the original notes. In order to be exchanged, an original note must be properly tendered and accepted for exchange. All original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, there are \$150.0 million aggregate principal amount of original notes outstanding. We will issue the exchange notes promptly after the expiration of the exchange offer.

The terms of the exchange notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the original notes for which they may be exchanged pursuant to the exchange offer, except that the exchange notes are freely transferable by holders (other than as provided in this prospectus) and are not subject to any obligation regarding registration under the Securities Act as described in this prospectus. See The Exchange Offer.

**Resales of the Exchange Notes**

We believe that the exchange notes to be issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act if you meet the following conditions:

the exchange notes are acquired by you in the ordinary course of your business;

you are not engaging in and do not intend to engage in a distribution of the exchange notes;

you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes; and

you are not an affiliate of ours, as that term is defined in Rule 405 under the Securities Act.

Our belief is based on interpretations by the staff of the Securities and Exchange Commission, as set forth in no-action letters issued to third parties unrelated to us. We have not applied to the Commission for no-action relief with respect to this exchange offer, and we cannot assure you that the staff would make a similar determination with respect to this exchange offer.

If you do not meet the above conditions, you may incur liability under the Securities Act if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act. We do not assume or indemnify you against that liability.

Each broker-dealer that is issued exchange notes in the exchange offer for its own account in exchange for original



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notes which were acquired by that broker-dealer as a result of market-making activities or other trading activities must agree to deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the exchange notes. A broker-dealer may use this prospectus for an offer to resell or to otherwise transfer these exchange notes. See Plan of Distribution.

No Minimum Condition	The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered for exchange. See The Exchange Offer Conditions.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2006, or such later date and time to which we extend it. The exchange offer will not remain in effect for more than 45 business days after the date on which notice of the exchange offer is mailed to you. We currently do not intend to extend the expiration date, although we reserve the right to do so. See The Exchange Offer Expiration Date; Amendments.
Withdrawal of Tenders	You may withdraw the tender of your original notes at any time prior to 5:00 p.m., New York City time, on the expiration date. See The Exchange Offer Withdrawal Rights.
Certain Conditions to the Exchange Offer	The exchange offer is subject to certain customary conditions, which we may waive. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary. We reserve the right to terminate or amend the exchange offer at any time prior to the expiration date upon the occurrence of any such condition. Please read carefully the section of this prospectus entitled The Exchange Offer Conditions for more information regarding the conditions to the exchange offer.
Procedures for Tendering Original Notes in the Form of Book-Entry Interests	<p>The original notes were issued as global securities in fully registered form without coupons. Beneficial interests in the original notes which are held by direct or indirect participants in The Depository Trust Company ( DTC ) through certificateless depositary interests are shown on, and transfers of the original notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.</p> <p>If you are a holder of an original note held in the form of a book-entry interest and you wish to tender your original note for exchange pursuant to the exchange offer, you must transmit to J.P.Morgan Trust Company, National</p>

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Association, as exchange agent, on or prior to the expiration of the exchange offer either:

a written or facsimile copy of a properly completed and executed letter of transmittal and all other required documents to the address set forth on the cover page of the accompanying letter of transmittal; or

a computer-generated message transmitted by means of DTC's Automated Tender Offer Program system and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the accompanying letter of transmittal.

The exchange agent must also receive on or prior to the expiration of the exchange offer either:

a timely confirmation of book-entry transfer of your original notes into the exchange agent's account at DTC, in accordance with the procedure for book-entry transfers described in this prospectus under the heading "The Exchange Offer Procedures for Tendering"; or

the documents necessary for compliance with the guaranteed delivery procedures described below.

A letter of transmittal accompanies this prospectus. By executing the letter of transmittal or delivering a computer-generated message through DTC's Automated Tender Offer Program system, you will represent to us that, among other things:

the exchange notes to be acquired by you in the exchange offer are being acquired in the ordinary course of your business;

you are not engaging in and do not intend to engage in a distribution of the exchange notes;

you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes; and

you are not an affiliate of ours.

**Procedures for Tendering  
Certificated Original Notes**

If you are a holder of book-entry interests in the original notes, you are entitled to receive, in limited circumstances, in exchange for your book-entry interests, certificated notes which are in equal principal amounts to your book-entry interests. See "Book-Entry; Delivery and Form Certificated Notes." No certificated original notes are issued and outstanding as of the date of this prospectus. If you acquire certificated original notes prior to the expiration of the exchange offer, you must tender your certificated original notes in accordance with the procedures described in this prospectus under the heading "The Exchange Offer Procedures for Tendering."



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Special Procedures for Beneficial Owners	If you are a beneficial owner of original notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender the original notes in the exchange offer, you should contact that registered holder promptly and instruct that registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the accompanying letter of transmittal and delivering your original notes, either make appropriate arrangements to register ownership of the original notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date. See The Exchange Offer Procedures Applicable to All Holders.
Guaranteed Delivery Procedures	If you wish to tender your original notes and your original notes are not immediately available or you cannot deliver your original notes, the accompanying letter of transmittal or any other documents required by the letter of transmittal, or cannot comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date, you must tender your original notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.
Acceptance of Original Notes and Delivery of Exchange Notes	Except under the circumstances described above under Certain Conditions to the Exchange Offer, we will accept for exchange any and all original notes which are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. The exchange notes to be issued in the exchange offer will be delivered promptly following the expiration date. See The Exchange Offer Terms of the Exchange Offer.
Consequences of Failure to Exchange	Holders of original notes who do not exchange their original notes for exchange notes pursuant to the exchange offer will continue to be subject to the restrictions on transfer of the original notes provided for in the original notes and in the governing indenture and as set forth in the legend on the original notes. In general, the original notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities law. We do not currently anticipate that we will register the original notes under the Securities Act. To the extent that original notes are tendered and accepted in the exchange offer, the trading market for untendered original notes could be adversely

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	affected. See The Exchange Offer Consequences of Failure to Exchange.
Exchange Agent	J.P.Morgan Trust Company, National Association is serving as exchange agent in connection with the exchange offer. See The Exchange Offer The Exchange Agent.
Certain Material U.S. Federal Income and Estate Tax Considerations	The exchange of the original notes for the exchange notes should not be a taxable event for federal income tax purposes. See Certain Material U.S. Federal and Estate Tax Considerations.
Use of Proceeds	We will not receive any proceeds from the exchange of original notes for exchange notes pursuant to the exchange offer.



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**The Exchange Notes**

The following summary contains basic information about the exchange notes. It does not contain all of the information that may be important to you. For a more complete description of the terms of the exchange notes, see Description of the Notes.

Issuer	WESCO Distribution, Inc.
Securities Offered	\$150,000,000 aggregate principal amount of 7.50% Senior Subordinated Notes due 2017.
Maturity	October 15, 2017.
Interest	The exchange notes will accrue interest at the rate of 7.50% per annum and be payable in cash semi-annually in arrears on April 15 and October 15 of each year, beginning on April 15, 2006. The exchange notes will accrue interest from April 15, 2006.
Ranking	<p>The exchange notes will be our unsecured senior subordinated obligations and will rank equally in right of payment with all of our existing and future senior subordinated indebtedness and senior to our future subordinated indebtedness. The exchange notes will be subordinated to our existing and future senior indebtedness and effectively subordinated to our existing and future secured indebtedness to the extent of the value of the related collateral. The exchange notes will be structurally subordinated to indebtedness and other liabilities of our subsidiaries. As of December 31, 2005:</p> <p style="padding-left: 40px;">we had outstanding senior indebtedness of \$103 million, of which approximately \$80 million was secured indebtedness (exclusive of the original notes and unused commitments under our revolving credit facility);</p> <p style="padding-left: 40px;">we had no outstanding senior subordinated indebtedness other than the original notes and our guarantee of the \$150 million in aggregate principal amount of the 2.625% Convertible Senior Debentures due 2025 (the Debentures ) of WESCO International and no outstanding indebtedness that would be subordinate or junior in right of repayment to the exchange notes; and</p> <p style="padding-left: 40px;">our subsidiaries had no indebtedness, excluding guarantees of \$29 million of indebtedness under our revolving credit facility and \$48 million of borrowings under our mortgage financing facility (other than trade payables and other liabilities incurred in the ordinary course of business).</p> <p>See Risk Factors and Description of the Notes Ranking.</p>
Optional Redemption	Except as described below, we will not have the option of redeeming the exchange notes prior to October 15, 2010. On or after October 15, 2010, we will have the option of redeeming the exchange notes, in whole or in part, at the



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redemption prices described in this prospectus, together with accrued and unpaid interest and additional interest, if any, to the date of redemption. At any time before October 15, 2008, we may redeem up to 35% of the exchange notes issued in this exchange offer with the proceeds of certain equity offerings by us or WESCO International at the redemption price set forth under Description of the Notes Optional Redemption. See Description of the Notes Optional Redemption.

**Change of Control**

Upon the occurrence of a change of control, each holder of exchange notes will have the right to require us to repurchase all or any part of such holder's exchange notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase. See Description of the Notes Change of Control.

**Guarantee**

The exchange notes will be unconditionally guaranteed by WESCO International on an unsecured senior basis. The guarantee will rank equally in right of payment with all existing and future senior unsecured indebtedness of WESCO International. The guarantee will be effectively subordinated to any secured indebtedness of WESCO International, including the guarantee of senior indebtedness under our revolving credit facility, to the extent of the value of the related collateral, and will be structurally subordinated to indebtedness and other liabilities of WESCO International's subsidiaries, other than the senior subordinated indebtedness of WESCO Distribution, including the notes.

As of December 31, 2005, WESCO International had approximately \$329 million of senior indebtedness outstanding (excluding its guarantee of a mortgage financing facility under which approximately \$48 million was outstanding), of which approximately \$29 million was secured indebtedness.

The exchange notes will not be guaranteed by any entity other than WESCO International. As of December 31, 2005, the exchange notes would have been structurally junior to \$212 million of indebtedness and other liabilities (including trade payables) of these non-guarantor subsidiaries. The non-guarantor subsidiaries generated \$756 million of our net sales for the year ended December 31, 2005 and held \$1 billion of our consolidated assets at December 31, 2005. See Risk Factors Risks Relating to the Offering.

**Certain Covenants**

The indenture governing the exchange notes contains covenants that, subject to certain exceptions, limit the ability of us and our subsidiaries to:

incur additional indebtedness and issue disqualified stock and preferred stock;

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pay dividends or make certain other restricted payments or investments;  
create restrictions on dividends or other payments by our subsidiaries;  
merge, consolidate, or sell all or substantially all of our assets;  
create liens on assets;  
enter into certain transactions with affiliates; and  
incur indebtedness senior to the notes but junior to senior indebtedness.

These covenants are subject to a number of important exceptions and qualifications. See Description of the Notes Certain Covenants.

Exchange Offer; Registration Rights; Additional Interest Under the exchange and registration rights agreement executed as part of the offering of the original notes, we agreed to:

file the registration statement of which this prospectus is a part within 210 days after the issue date of the original notes, which enables holders of the original notes to exchange their original notes for publicly registered exchange notes with substantially the same terms;

use our reasonable best efforts to cause the registration statement of which this prospectus is a part to become effective within 270 days after the issue date of the original notes;

use our reasonable best efforts to complete the exchange offer as promptly as practicable but in any event prior to 300 days after the issue date of the original notes; and

file a shelf registration statement for the resale of the original notes if we cannot affect the exchange offer within the time periods listed above and in certain other circumstances.

If we do not comply with our obligations under the exchange and registration rights agreement, we will be required to pay specified additional interest to the holders of original notes under certain circumstances. See Exchange and Registration Rights Agreement.

Use of Proceeds We will not receive any proceeds from the exchange of the original notes for exchange notes pursuant to the exchange offer. See Use of Proceeds.

Absence of a Public Market for the Exchange Notes The exchange notes will be a new issue of securities. We cannot assure you that any active or liquid market will develop for the exchange notes.

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**Recent Developments**

***Earnings for Three Months Ended March 31, 2006***

On April 20, 2006, WESCO International announced its financial results for the fiscal quarter ended March 31, 2006. Consolidated net sales for the first quarter 2006 were \$1,265.5 million compared with \$990.9 million in 2005, an increase of 27.7%. Sales from the two acquisitions completed in the third quarter of 2005 were approximately \$107 million. Gross margin for the quarter improved to 20.0% versus 18.7% reported last year. Operating income for the quarter totaled \$76.9 million, an increase of 99% over the \$38.6 million earned in the first quarter of 2005. Depreciation and amortization included in operating income was \$6.3 million in 2006 compared to \$3.9 million in 2005. Net income in the first quarter was \$44.5 million in 2006 versus \$11.3 million in the comparable 2005 quarter. First quarter 2006 earnings included a charge net of income taxes of \$2.7 million for the write down of receivables from a major customer, which filed for bankruptcy protection during the quarter. First quarter 2005 earnings included an after tax charge of \$6.5 million associated with the repurchase of \$123.8 million of our 9<sup>1</sup>/<sub>8</sub> % Senior Subordinated Notes due 2008. Diluted earnings per share in the current quarter were \$0.86 per share compared with \$0.23 per share in 2005.

**Risk Factors**

Prospective investors are urged to read the information set forth under the caption **Risk Factors** in this prospectus for a discussion of certain risks associated with an investment in the exchange notes.

**Table of Contents****Summary Consolidated Financial Data**

The table below sets forth certain of WESCO International's historical consolidated financial data as of and for each of the periods indicated. The financial information for the years ended December 31, 2003, 2004 and 2005, and as of December 31, 2004 and 2005, is derived from WESCO International's audited consolidated financial statements which appear elsewhere in this prospectus. The financial information as of December 31, 2003 is derived from WESCO International's audited consolidated financial statements which do not appear in this prospectus. The data below should be read in conjunction with Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations and WESCO International's audited consolidated financial statements and the notes thereto, which appear elsewhere in this prospectus.

	<b>Year Ended December 31,</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
	<b>(In millions, except share and per share data and ratios)</b>		
<b>Income Statement Data:</b>			
Net sales	\$ 3,286.8	\$ 3,741.3	\$ 4,421.1
Gross profit(1)	610.1	712.1	840.7
Selling, general and administrative expenses	501.5	544.5	612.8
Depreciation and amortization	22.5	18.1	18.6
Income from operations	86.1	149.5	209.3
Interest expense, net	42.3	40.8	30.2
Loss on debt extinguishment(2)	0.2	2.6	14.9
Other expenses(3)	4.5	6.6	13.3
Income before income taxes	39.1	99.5	150.9
Provision for income taxes(4)	9.1	34.6	47.4
Net income	\$ 30.0	\$ 64.9	\$ 103.5
<b>Earnings per common share</b>			
Basic	\$ 0.67	\$ 1.55	\$ 2.20
Diluted	0.65	1.47	2.10
<b>Weighted average common shares outstanding</b>			
Basic	44,631,459	41,838,034	47,085,524
Diluted	46,349,082	44,109,153	49,238,436
<b>Other Financial Data:</b>			
Capital expenditures	\$ 8.4	\$ 12.1	\$ 14.2
Net cash provided by operating activities	35.8	21.9	295.1
Net cash used by investing activities	(9.2)	(46.3)	(291.0)
Net cash provided (used) by financing activities	(22.3)	30.7	(17.0)
Ratio of earnings to fixed charges(5)	1.7x	2.9x	4.7x
<b>Balance Sheet Data:</b>			
Total assets	\$ 1,161.2	\$ 1,356.9	\$ 1,651.2
Total long-term debt (including current portion)	422.2	417.6	403.6
Long-term obligations(6)	53.0	2.0	4.3

Stockholders equity	167.7	353.6	491.5
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- (1) Excludes depreciation and amortization.
- (2) Represents charges relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.

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- (3) Represents costs relating to the sale of accounts receivable pursuant to our accounts receivable securitization facility (the Receivables Facility ). See Note 4 to WESCO International s audited consolidated financial statements included elsewhere in this prospectus.
- (4) Benefits of \$2.6 million in 2003 from the resolution of prior year tax contingencies resulted in an unusually low provision for income taxes.
- (5) For purposes of calculating the ratio of earnings to fixed charges, earnings represents income before income taxes plus fixed charges. Fixed charges consist of interest expense, including amortization of debt issuance costs, and the portion of rental expense that management believes is representative of the interest component of rental expense.
- (6) Includes amounts due under earnout agreements for past acquisitions.



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**RISK FACTORS**

*Holders of original notes should consider carefully, in addition to the other information contained in this prospectus, the following factors before deciding whether to participate in the exchange offer. The risk factors set forth below under Risks Relating to Our Business and Risks Relating to the Notes are generally applicable to the original notes as well as the exchange notes.*

**Risks Relating to Our Business**

**Our debt agreements contain restrictions that may limit our ability to operate our business.**

Our credit facilities and the indenture governing the notes contain, and any of our future debt agreements may contain, certain covenant restrictions that limit our ability to operate our business, including restrictions on our ability to:

- incur additional debt or issue guarantees;
- create liens;
- make certain investments;
- enter into transactions with our affiliates;
- sell certain assets;
- redeem capital stock or make other restricted payments;
- declare or pay dividends or make other distributions to stockholders; and
- merge or consolidate with any person.

Our credit facilities also require us to maintain specific earnings to fixed expenses and debt to earnings ratios and to meet minimum net worth requirements. In addition, our revolving credit facilities contain additional affirmative and negative covenants. Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions.

As a result of these covenants, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. In addition, our failure to comply with these covenants could result in a default under WESCO International's convertible debentures, the notes and our other debt, which could permit the holders to accelerate such debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt.

**If the financial condition of our customers declines, our credit risk could increase.**

In light of the financial stresses within the worldwide automotive industry, certain automakers and tier-one mirror customers have already declared bankruptcy or may be considering bankruptcy. Should one or more of our larger customers declare bankruptcy, it could adversely impact the collectibility of our accounts receivable, bad debt expense and net income.

**Downturns in the electrical distribution industry have had in the past, and may in the future have, an adverse effect on our sales and profitability.**

The electrical distribution industry is affected by changes in economic conditions, including national, regional and local slowdowns in construction and industrial activity, which are outside our control. Our operating results may also be adversely affected by increases in interest rates

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that may lead to a decline in economic activity, particularly in the construction market, while simultaneously resulting in higher interest payments under our revolving credit facility. In addition, during periods of economic slowdown such as the one we recently experienced, our credit losses, based on history, could increase. There can be no assurance that economic slowdowns, adverse economic conditions or cyclical trends in certain customer markets will not have a material adverse effect on our operating results and financial condition.

**An increase in competition could decrease sales or earnings.**

We operate in a highly competitive industry. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused in the local service area and is generally based on product line breadth, product availability, service capabilities and price. Other sources of competition are buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability.

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

**Loss of key suppliers or lack of product availability could decrease sales and earnings.**

Most of our agreements with suppliers are terminable by either party on 60 days' notice or less. Our ten largest suppliers in 2005 accounted for approximately 34% of our purchases for the period. Our largest supplier in 2005 was Eaton Corporation, through its Eaton Electrical division, accounting for approximately 12% of our purchases. The loss of, or a substantial decrease in the availability of, products from any of these suppliers, or the loss of key preferred supplier agreements, could have a material adverse effect on our business. Supply interruptions could arise from shortages of raw materials, labor disputes or weather conditions affecting products or shipments, transportation disruptions, or other reasons beyond our control. In addition, certain of our products, such as wire and conduit, are commodity-price-based products and may be subject to significant price fluctuations which are beyond our control. An interruption of operations at any of our distribution centers could have a material adverse effect on the operations of branches served by the affected distribution center. Furthermore, we cannot be certain that particular products or product lines will be available to us, or available in quantities sufficient to meet customer demand. Such limited product access could cause us to be at a competitive disadvantage.

**Acquisitions that we may undertake would involve a number of inherent risks, any of which could cause us not to realize the benefits anticipated to result.**

We have historically expanded our operations through selected acquisitions of businesses and assets. Acquisitions involve various inherent risks, such as:

uncertainties in assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;

the potential loss of key employees of an acquired business;

problems that could arise from the integration of the acquired business; and

unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition or other transaction rationale.

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Any one or more of these factors could cause us not to realize the benefits anticipated to result from the acquisition of businesses or assets.

**Goodwill and intangible assets recorded as a result of our acquisitions could become impaired.**

As of December 31, 2005, our goodwill and other intangible assets amounted to \$626.1 million, net of accumulated amortization. To the extent we do not generate sufficient cash flows to recover the net amount of any investments in goodwill and other intangible assets recorded, the investment could be considered impaired and subject to write-off. We expect to record further goodwill and other intangible assets as a result of future acquisitions we may complete. Future amortization of such other intangible assets or impairments, if any, of goodwill or intangible assets would adversely affect our results of operations in any given period.

**A disruption of our information systems could increase expenses, decrease sales or reduce earnings.**

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

**Our business may be harmed by required compliance with anti-terrorism measures and regulations.**

Following the 2001 terrorist attacks on the United States, a number of federal, state and local authorities have implemented various security measures, including checkpoints and travel restrictions on large trucks, such as the ones that we and our suppliers use. If security measures disrupt or impede the timing of our suppliers' deliveries of the product inventory we need or our deliveries of our product to our customers, we may not be able to meet the needs of our customers or may incur additional expenses to do so.

**Risks Relating to the Notes**

**We have outstanding consolidated indebtedness of approximately \$253.6 million as of December 31, 2005. This amount of indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.**

As of December 31, 2005, we had approximately \$253.6 million of outstanding consolidated debt. This level of our debt and the related debt service requirements could have significant consequences on our future operations, including:

making it more difficult for us to meet our payment and other obligations under the notes and our other outstanding debt;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;

reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

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subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our credit facilities;

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.

Our ability to meet our payment and other obligations under our debt instruments depends on our and our subsidiaries' ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under our senior subordinated indebtedness and our other debt and to fund other liquidity needs. If we or our subsidiaries are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the notes and our other debt.

**Despite our current levels of indebtedness, we may incur substantially more debt, which could further exacerbate the risks associated with our substantial indebtedness.**

Although our credit facilities contain, and the indenture regarding the notes contains or will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness as defined in the relevant agreement. If new debt is added to our current debt levels, the related risks that we now face could intensify. At December 31, 2005, we had approximately \$228 million in available borrowing capacity under our credit facilities. All borrowings under our credit facilities are senior to the notes.

**The notes are unsecured subordinated obligations.**

Our obligations under the notes are unsecured senior subordinated obligations and will be subordinated to all of our existing and future senior indebtedness and effectively subordinated to our existing and future secured indebtedness to the extent of the value of the related collateral. Although the indenture contains limitations on the amount of additional indebtedness which we and our subsidiaries may incur, under certain circumstances, the amount of such indebtedness could be substantial, and such indebtedness could be senior indebtedness. By reason of such subordination, in the event of our insolvency, liquidation or other reorganization, the lenders under our revolving credit facility and other creditors who are holders of our senior indebtedness must be paid in full before the holders of the notes may be paid. Accordingly, there may be insufficient assets remaining after payment of prior claims to pay amounts due on the notes. In addition, under certain circumstances, no payments may be made with respect to the notes if a default exists with respect to our senior indebtedness. See Description of the Notes Ranking.

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**WESCO International and its subsidiaries assets remain subject to a first priority pledge under the revolving credit facility.**

Our obligations under our revolving credit facility are secured by a first priority pledge of and security interest in substantially all of the assets, except for real property, of WESCO International and its subsidiaries. If either we or WESCO International become insolvent or are liquidated, or if payment under our revolving credit facility or any other future secured indebtedness is accelerated, the lenders under our revolving credit facility or such other secured indebtedness will be entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under the instruments pertaining to the credit facility or such other secured indebtedness). Neither the notes nor the guarantee are secured. Accordingly, holders of such secured indebtedness will have a prior claim with respect to the assets securing such indebtedness. See Description of the Debentures and Other Indebtedness.

**The guarantee may be unenforceable due to fraudulent conveyance statutes, and, accordingly, you could have no claim against WESCO International.**

Although laws differ among various jurisdictions, a court could, under fraudulent conveyance laws, further subordinate or avoid the guarantees if it found that the guarantees were incurred with actual intent to hinder, delay or defraud creditors, or WESCO International did not receive fair consideration or reasonably equivalent value for the guarantee and that WESCO International was any of the following:

insolvent or rendered insolvent because of the guarantee;

engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity.

If a court voided the guarantee of WESCO International as the result of a fraudulent conveyance, or held it unenforceable for any other reason, holders of the notes would cease to have a claim against WESCO International based on the guarantee and would solely be creditors of WESCO Distribution.

**None of our subsidiaries are guarantors, and your claims will be subordinated to all of the creditors of the non-guarantor subsidiaries.**

Only WESCO International will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those non-guarantor subsidiaries before any assets of the non-guarantor subsidiaries are made available for distribution to WESCO International or WESCO Distribution. As of December 31, 2005, the original notes were structurally junior to \$212 million of indebtedness and other liabilities (including trade payables) of these non-guarantor subsidiaries. The non-guarantor subsidiaries generated \$756 million of our net sales for the year ended December 31, 2005 and held \$1 billion of our consolidated assets at December 31, 2005.

**We may be unable to repurchase the notes for cash when required by the holders, including following a change of control.**

Holders of the notes have the right to require us to repurchase the notes on specified dates or upon the occurrence of a change of control prior to maturity as described under Description of the Notes Change of Control. The occurrence of a change of control would also constitute an event of default under our credit facilities, requiring repayment of amounts outstanding thereunder, and the occurrence of a change of control would also enable holders of WESCO International's convertible senior debentures, if issued, to require WESCO International to repurchase such debentures at a price equal to 100% of the principal amount thereof, plus

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accrued and unpaid interest (including contingent interest and additional interest, if any). Any of our future debt agreements may contain similar provisions. We may not have sufficient funds to make the required repayments and repurchases at such time or the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the notes in cash may be limited by law or the terms of other agreements relating to our debt outstanding at the time, including our credit facilities, which will limit our ability to purchase the notes for cash in certain circumstances. If we fail to repurchase the notes in cash as required by the indenture, it would constitute an event of default under the indenture governing the notes, which, in turn, would constitute an event of default under our credit facilities and the indenture governing WESCO International's debentures, if issued.

**Some significant restructuring transactions may not constitute a change of control, in which case we would not be obligated to offer to repurchase the notes.**

Upon the occurrence of a change of control, you have the right to require us to offer to repurchase the notes. However, the change of control provisions will not afford protection to holders of the notes in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us would not constitute a change of control requiring us to repurchase the notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the notes.

**Provisions of the notes could discourage an acquisition of us by a third party.**

Certain provisions of the notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a change of control, holders of the notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes in integral multiples of \$1,000.

**There is currently no public market for the notes, and an active trading market may not develop for the notes. The failure of a market to develop for the notes could adversely affect the liquidity and value of your notes.**

The exchange notes are being offered in the exchange offer only to holders of the original notes. The original notes were offered and sold in September 2005 to a small number of institutional investors in reliance upon an exemption from registration under the Securities Act and applicable state securities laws. Although the original notes are eligible for trading in The PORTAL<sup>SM</sup> Market of the National Association of Securities Dealers, Inc., the original notes may be transferred or resold only in a transaction registered under or exempt from the Securities Act and applicable state securities laws.

A market may not develop for the notes, and there can be no assurance as to the liquidity of any market that may develop for the notes. If an active, liquid market does not develop for the notes, the market price and liquidity of the notes may be adversely affected. If any of the notes are traded after their initial issuance, they may trade at a discount from their initial offering price. The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. Historically, the market for similar debt securities has been subject to disruptions that have caused volatility in prices. It is possible that the market for the notes will be subject to disruptions which may have a negative effect on the holders of the notes, regardless of our operating results, financial performance or prospects.

**Table of Contents****USE OF PROCEEDS**

We will not receive any proceeds from the exchange of notes pursuant to the exchange offer. The net proceeds of approximately \$145.5 million from the issuance of the original notes were used to finance, in part, our acquisition of Carlton-Bates Company ( Carlton-Bates ) and to redeem a portion of our then outstanding 9<sup>1</sup>/<sub>8</sub> % Senior Subordinated Notes due 2008 (the 2008 Notes ).

**CAPITALIZATION**

The following table sets forth WESCO International 's consolidated cash and cash equivalents and capitalization as of December 31, 2005. This table should be read in conjunction with Management 's Discussion and Analysis of Financial Condition and Results of Operations, WESCO International 's audited consolidated financial statements and related notes and the other information included elsewhere in this prospectus.

	<b>As of December 31, 2005</b>	
	<b>(In millions)</b>	
Cash and cash equivalents	\$	22.1
Total debt (including current portion):		
Revolving credit facility	\$	29.0
Mortgage financing facility		48.2
7.50 Senior Subordinated Notes due 2017		150.0
2.625% Convertible Senior Debentures due 2025		150.0
Other debt		26.4
Total debt		403.6
Total stockholders' equity:		
Preferred stock, \$.01 par value; 20,000,000 shares authorized; no shares issued or outstanding	\$	
Common stock, \$.01 par value; 210,000,000 shares authorized; 51,790,725 shares issued		0.5
Class B nonvoting convertible common stock, \$.01 par value; 20,000,000 shares authorized; 4,339,431 shares issued		
Additional capital		707.4
Retained deficit		(168.3)
Treasury stock, at cost; 8,418,607 shares		(61.8)
Accumulated other comprehensive income		13.7
Total stockholders' equity		491.5
Total capitalization	\$	895.1

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL DATA**

The table below sets forth certain of WESCO International's consolidated financial data as of and for each of the periods indicated. The financial information for the years ended December 31, 2005, 2004 and 2003, and as of December 31, 2004 and 2005, is derived from its audited consolidated financial statements which appear elsewhere in this prospectus. The financial information for the years ended December 31, 2002 and 2001, and as of December 31, 2001, 2002 and 2003, is derived from WESCO International's audited consolidated financial statements which do not appear in this prospectus. The data below should be read in conjunction with Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations, and WESCO International's audited consolidated financial statements, including the notes thereto, which appear elsewhere in this prospectus.

**Year Ended December 31,**

**2001                      2002                      2003                      2004                      2005**

**(In millions, except share and per share data and ratios)**

**Income Statement Data:**

Net sales	\$	3,658.0	\$	3,325.8	\$	3,286.8	\$	3,741.3	\$	4,421.1
Gross profit(1)		643.3		590.8		610.1		712.1		840.7
Selling, general and administrative expenses		517.2		494.4		501.5		544.5		612.8
Depreciation and amortization(2)		31.0		19.8		22.5		18.1		18.6
Income from operations		95.3		76.6		86.1		149.5		209.3
Interest expense, net		45.1		43.0		42.3		40.8		30.2
Loss on debt extinguishment(3)				1.1		0.2		2.6		14.9
Other expenses(4)		16.9		6.6		4.5		6.6		13.3
Income before income taxes		33.3		25.9		39.1		99.5		150.9
Provision for income taxes(5)		13.1		2.8		9.1		34.6		47.4
Net income	\$	20.2	\$	23.1	\$	30.0	\$	64.9	\$	103.5
Earnings per common share										
Basic	\$	0.45	\$	0.51	\$	0.67	\$	1.55	\$	2.20
Diluted	\$	0.43	\$	0.49	\$	0.65	\$	1.47	\$	2.10
Weighted average common shares outstanding										
Basic		44,862,087		45,033,964		44,631,459		41,838,034		47,085,524
Diluted		46,901,673		46,820,093		46,349,082		44,109,153		49,238,436
<b>Other Financial Data and Ratios:</b>										
Capital expenditures	\$	13.8	\$	9.3	\$	8.4	\$	12.1	\$	14.2



Net cash provided by operating activities	161.3	20.3	35.8	21.9	295.1
Net cash used by investing activities	(69.2)	(23.1)	(9.2)	(46.3)	(291.0)
Net cash provided (used) by financing activities	(38.0)	(49.9)	(22.3)	30.7	(17.0)
Ratio of earnings to fixed charges(6)	1.6x	1.5x	1.7x	2.9x	4.7x
<b>Balance Sheet Data (as of the end of the period):</b>					
Total assets	\$ 1,158.0	\$ 1,019.5	\$ 1,161.2	\$ 1,356.9	\$ 1,651.2
Total long-term debt (including current portion)	452.0	418.0	422.2	417.6	403.6
Long term obligations(7)			53.0	2.0	4.3
Total stockholders equity	144.7	169.3	167.7	353.6	491.5

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- (1) Excludes depreciation and amortization.
- (2) Effective for 2002, WESCO International adopted Statement of Financial Accounting Standards ( SFAS ) No. 142, *Goodwill and Other Intangible Assets*, as described in Note 2 to WESCO International s audited consolidated financial statements included elsewhere in this prospectus.
- (3) Represents charges relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.
- (4) Represents costs relating to the sale of accounts receivable pursuant to our Receivables Facility. See Note 4 to WESCO International s audited consolidated financial statements included elsewhere in this prospectus.
- (5) Benefits of \$2.6 million and \$5.3 million in 2003 and 2002, respectively, from the resolution of prior year tax contingencies resulted in an unusually low provision for income taxes.
- (6) For purposes of calculating the ratio of earnings to fixed charges, earnings represents income before income taxes plus fixed charges. Fixed charges consist of interest expense, amortization of deferred financing costs and the component of rental expense that management believes is representative of the interest component of rental expense.
- (7) Includes amounts due under earnout agreements for past acquisitions.

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

*The following discussion should be read in conjunction with the audited consolidated financial statements of WESCO International and the related notes thereto included elsewhere in this prospectus. For purposes of this discussion, the terms we, us, our, the Company and WESCO refer to WESCO International and its consolidated subsidiaries. The principal asset of WESCO International is all of the outstanding capital stock of WESCO Distribution.*

**Company Overview**

In 2005, we achieved significant organic growth, completed two acquisitions, executed initiatives to reduce cost, redeemed higher cost senior subordinated notes and replaced them with lower-cost debt, and increased financing availability under our revolving credit agreement and our Receivables Facility.

Sales in 2005 increased 18.2% to \$4,421 million, compared with \$3,741 million in 2004, primarily as a result of strong growth in our markets served, acquisitions and market share gains. Sales from our 2005 acquisitions, both of which were purchased in the third quarter, were \$104.4 million or approximately 2.8% over 2004 sales. Sales in 2005 also benefited by approximately 4.0% over 2004 from price increases which kept pace with rising cost of sales, 0.9% from favorable currency exchange rates and the remaining 10.5% from higher sales volume, of which approximately 1.0% was hurricane related. Sales volume in 2005 grew faster than that of our end markets served.

Our end markets consist of industrial, construction, utility and commercial, institutional and governmental customers. Our sales to reach these markets can be categorized as stock, direct ship and special order. Stock orders are filled directly from existing inventory and generally represent approximately 46% of total sales. Approximately 42% of our total sales are direct ship sales. Direct ship sales are typically custom-built products, large orders or products that are too bulky to be easily handled and, as a result, are shipped directly to the customer from the supplier. Special orders are for products that are not ordinarily stocked in inventory and are ordered based on a customer's specific request. Special orders represent the remainder of total sales.

Operating income rose 40.0% in 2005 to \$209 million or 4.7% of net sales, compared with \$149.5 million or 4.0% of net sales in 2004, due mainly to sales growth, acquisitions and cost containment. Gross profit increased 18.1% in 2005 to \$840.7 million or 19.0% of sales, compared with \$712 million or 19.0% of sales in 2004. The 2005 increase was primarily due to increased volume, including from acquisitions. Price increases in 2005 matched increases in cost of sales. Selling, general and administrative expenses, as a percentage of sales, decreased to 13.9% in 2005, compared with 14.6% in 2004, as a result of cost containment programs and our sales, which grew 18.2% year over year, compared with our selling, general and administrative expenses which grew 12.5%. Included in our 2005 selling, general and administrative expenses was \$10.1 million associated with the settlement of a lawsuit. Depreciation and amortization expenses in 2005 were \$18.6 million, compared with \$18.1 million in 2004. Depreciation and amortization expense increased by \$2.7 million in 2005 as a result of acquisitions, while depreciation and amortization expenses in 2005, excluding acquisitions, decreased by \$2.2 million, compared with 2004, as certain assets became fully depreciated.

Interest expense decreased to \$30.2 million in 2005 from \$40.8 million in 2004 as we refinanced our indebtedness at lower interest rates. We redeemed, over the course of 2005, all of our remaining outstanding 2008 original notes and replaced these 2008 Notes in September 2005 with \$150 million in aggregate principal amount of original notes and with \$150 million in aggregate principal amount of Debentures.

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We incurred \$14.9 million in charges for debt extinguishment in 2005 upon redemption of \$324 million in aggregate principal amount of our 2008 Notes. In 2004, we incurred \$2.6 million in charges for debt extinguishment related to the redemption of \$55.0 million in aggregate principal amount of our 2008 Notes.

Other expenses increased in 2005 to \$13.3 million, compared to \$6.6 million in 2004, as a result of higher interest rates and increased borrowing under our Receivables Facility in 2005.

Our effective income tax rate decreased to 31.4% in 2005, compared with 34.7% in 2004, as a result of tax planning initiatives, which included U.S. tax benefits from foreign operations and U.S. tax credits.

Net income grew 59% to \$103.5 million in 2005. Diluted earnings per share were \$2.10 in 2005, compared with \$1.47 in 2004, an increase of 42.9%. Average dilutive shares outstanding grew to 49.2 million from 44.1 million in 2004.

We have historically financed our working capital requirements, capital expenditures, acquisitions and new branch openings through internally generated cash flow, borrowings under our credit facilities and funding through our Receivables Facility. In 2005, we purchased the assets and business of Fastec Industrial Corp. ( Fastec ) for approximately \$32 million using cash from operations, borrowing from our revolving credit facility and a \$3.3 million promissory note. Our acquisition of Carlton-Bates in September 2005 for approximately \$250 million was financed using our Receivables Facility and proceeds from the sale of original notes.

**Cash Flow**

We generated \$295.1 million in operating cash flow during 2005. Included in this amount was \$189.0 million of cash drawn under our Receivables Facility, whereby we sell, on a continuous basis, an undivided interest in all domestic accounts receivable to WESCO Receivables Corp., a wholly owned, special-purpose entity ( SPE ). Acquisition payments made in 2005 (net of cash acquired) were \$248.5 million for the acquisition of Carlton-Bates, \$28.8 million (exclusive of a promissory note in favor of the sellers) to acquire Fastec, and \$1.6 million in earnout payments arising from prior acquisitions. In June 2005, we paid \$30.0 million pursuant to the terms of a note payable relating to our acquisition in 1998 of Bruckner Supply Company, Inc. ( Bruckner ). During 2005, we received gross proceeds from the issuance of original notes of \$150.0 million and from the issuance of our Debentures of \$150.0 million. In 2005, we redeemed \$323.5 million in aggregate principal amount of 2008 Notes, incurring charges before taxes of \$14.9 million.

**Financing Availability**

As of December 31, 2005, we had approximately \$228 million in total available borrowing capacity under our revolving credit facility and had drawn \$397 million under our Receivables Facility.

**Outlook**

Management anticipates that overall economic growth will continue through 2006, and this is expected to lead to increased product demand and sales growth. Our continued focus on margin and operating productivity improvement should produce enhanced financial performance in 2006. We plan to use cash flow from operations plus our credit facilities to fund working capital requirements, and capital expenditures to pay down debt, and to fund the cost of acquisitions, if any.

**Table of Contents****Critical Accounting Policies and Estimates**

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

***Revenue Recognition***

Revenues are recognized for product sales when title, ownership and risk of loss pass to the customer, or for services when the service is rendered or evidence of a customer arrangement exists. In the case of stock sales and special orders, a sale occurs at the time of shipment from our distribution point, as the terms of WESCO's sales are FOB shipping point. In cases where we process customer orders but ship directly from our suppliers, revenue is recognized once product is shipped and title has passed. For some of our customers, we provide services such as inventory management or other specific support. Revenues are recognized upon evidence of fulfillment of the agreed upon services. In all cases, revenue is recognized once the sales price to our customer is fixed or is determinable and WESCO has reasonable assurance as to the collectibility in accordance with Staff Accounting Bulletin No. 104.

***Gross Profit***

Our calculation of gross profit is net sales less cost of goods sold. Cost of goods sold includes our cost of the products sold and excludes cost for warehousing, selling, general and administrative expenses and depreciation and amortization, which are reported separately in the statement of income.

***Allowance for Doubtful Accounts***

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We have a systematic procedure using estimates based on historical data and reasonable assumptions of collectibles made at the local branch level and on a consolidated corporate basis to calculate the allowance for doubtful accounts.

***Excess and Obsolete Inventory***

We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. A systematic procedure is used to determine excess and obsolete inventory reflecting historical data and reasonable assumptions for the percentage of excess and obsolete inventory on a consolidated basis.

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***Supplier Volume Rebates***

We receive rebates from certain suppliers based on contractual arrangements with them. Since there is a lag between actual purchases and the rebates received from the suppliers, we must estimate and accrue the approximate amount of rebates available at a specific date. We record the amounts as other accounts receivable on the balance sheet. The corresponding rebate income is recorded as a reduction of cost of goods sold. The appropriate level of such income is derived from the level of actual purchases made by WESCO from suppliers, in accordance with the provisions of Emerging Issues Task Force Issue No. 02-16, Accounting by a Reseller for Cash Consideration Received from a Vendor.

***Goodwill***

As described in the notes to the consolidated financial statements, we test goodwill for impairment annually or more frequently when events or circumstances occur indicating goodwill might be impaired. This process involves estimating fair value using discounted cash flow analyses. Considerable management judgment is necessary to estimate discounted future cash flows. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. Two primary assumptions were an average long-term revenue growth ranging from 3% to 13% depending on the end market served and a discount rate of 8%. We cannot predict certain events that could adversely affect the reported value of goodwill, which totaled \$542.2 million at December 31, 2005 and \$401.6 million at December 31, 2004.

***Intangible Assets***

We account for certain economic benefits purchased as a result of our acquisitions, including customer relations, distribution agreements and trademarks, as intangible assets and amortize them over a useful life determined by the expected cash flows produced by such intangibles and their respective tax benefits. Useful lives vary between five and 19 years, depending on the specific intangible asset.

***Insurance Programs***

We use commercial insurance for auto, workers compensation, casualty and health claims as a risk reduction strategy to minimize catastrophic losses. Our strategy involves large deductibles where we must pay all costs up to the deductible amount. We estimate our reserve based on historical incident rates and costs.

***Income Taxes***

We record our deferred tax assets at amounts that are expected to be realized. We evaluate future taxable income and potential tax planning strategies in assessing the potential need for a valuation allowance. Should we determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made. We review tax issues and positions taken on tax returns and determine the need and amount of contingency reserves necessary to cover any probable audit adjustments.

***Accounts Receivable Securitization Facility***

Our Receivables Facility, through an SPE, sells, without recourse, to a third-party conduit all the eligible receivables while maintaining a subordinated interest, in the form of over-collateralization, in a portion of the receivables.

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

We believe that the terms of the agreements governing this Receivables Facility not only provide a very favorable borrowing rate but also qualify our trade receivable sales transactions for sale treatment under generally accepted accounting principles, which requires us to remove the accounts receivable from our consolidated balance sheets. Absent this sale treatment, our consolidated balance sheet would reflect additional accounts receivable and debt. Our consolidated statements of income would not be impacted, except that other expenses would be classified as interest expense.

**Results of Operations**

The following table sets forth the percentage relationship to net sales of certain items in our consolidated statements of income for the periods presented.

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
Net sales	100.0%	100.0%	100.0%
Gross profit	19.0	19.0	18.6
Selling, general and administrative expenses	13.9	14.6	15.3
Depreciation and amortization	0.4	0.5	0.7
Income from operations	4.7	3.9	2.6
Interest expense	0.7	1.1	1.3
Loss on debt extinguishment	0.3		
Other expenses	0.3	0.2	0.1
Income before income taxes	3.4	2.6	1.2
Provision for income taxes	1.1	0.9	0.3
Net income	2.3%	1.7%	0.9%

**2005 Compared to 2004**

**Net Sales.** Sales in 2005 increased 18.2% to \$4,421 million, compared with \$3,741 million in 2004, primarily as a result of strong growth in our markets served, acquisitions and market share gains. Sales from our 2005 acquisitions, both of which were purchased in the third quarter, were \$104.4 million or approximately 2.8% over 2004 sales. Sales in 2005 also benefited by approximately 4.0% over 2004 from price increases which kept pace with rising cost of sales, approximately 0.9% from favorable currency exchange rates, and the remaining 10.5% from higher sales volume, of which approximately 1.0% was hurricane related. Sales volume in 2005 grew faster than that of our end markets served.

**Gross Profit.** Gross profit increased 18.1% in 2005 to \$841 million, compared with \$712 million in 2004, driven primarily by higher sales volume including acquisitions completed in 2005. Gross margin percentage was 19.0% in both years. Price increases in 2005 matched increases in cost of sales. Gross margin impact from sales mix was slightly less favorable in 2005 compared with 2004. However,

acquisitions contributed positively to gross margin in 2005, resulting in equivalent gross margin percentages for both years.



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***Selling, General and Administrative ( SG&A ) Expenses.*** SG&A expenses include costs associated with personnel, shipping and handling, travel, advertising, facilities, utilities and bad debts. SG&A expenses increased by \$68.3 million, or 12.5%, to \$612.8 million in 2005. However, as a percentage of net sales, SG&A expenses decreased to 13.9% of sales, compared with 14.6% in 2004, reflecting cost-containment initiatives and sales rising faster than expenses. Total payroll expense in 2005 increased approximately \$43.0 million over 2004, due principally to increases in salaries and non-cash compensation expense for equity awards in the amount of \$20.3 million, variable incentive compensation costs of \$13.5 million, healthcare and benefits costs of \$4.9 million and expenses for contracted labor of \$4.3 million. Approximately \$12.1 million of the 2005 increase in salaries and related compensation expense was attributed to acquisitions made in 2005. Bad debt expense increased to \$8.6 million in 2005, compared with \$5.8 million for 2004, reflecting increases in accounts receivable and charges in accordance with our policy. Shipping and handling expense, included in SG&A expenses, was \$44.8 million in 2005, compared with \$36.6 million in 2004. The \$8.2 million increase in 2005 shipping and handling expense included a \$1.4 million increase due to acquisitions with the remaining \$6.8 million or 18.7% of the increase over prior year driven by higher sales volume and transportation costs.

***Depreciation and Amortization.*** Depreciation and amortization increased \$0.5 million to \$18.6 million in 2005, compared with \$18.1 million in 2004. Depreciation and amortization related to acquisitions completed in 2005 was \$2.7 million. Depreciation and amortization from operations excluding acquisition declined by \$2.2 million from 2004 amounts as certain assets became fully depreciated.

***Income from Operations.*** Income from operations increased by \$59.8 million, or 40%, to \$209.3 million in 2005, compared with \$149.4 million in 2004. The increase in operating income resulted from higher sales, an increase in gross profit and control over SG&A expenses.

***Interest Expense.*** Interest expense totaled \$30.2 million in 2005, compared with \$40.8 million in 2004. The decrease was due primarily to redemptions of the 2008 Notes, which occurred in 2005 and to comparatively lower interest rates on the original notes and our Debentures.

***Loss on Debt Extinguishment.*** Loss on debt extinguishment was \$14.9 million in 2005 resulting from charges associated with the redemption of \$324 million in aggregate principal amount of 2008 Notes. Loss on debt extinguishment in 2004 was \$2.6 million, reflecting redemptions of \$55.0 million in aggregate principal amount of 2008 Notes.

***Other Expenses.*** Other expenses increased in 2005 to \$13.3 million, compared to \$6.6 million in 2004, as a result of higher interest rates and increased borrowing under our Receivables Facility in 2005.

***Income Taxes.*** Our effective income tax rate decreased to 31.4% in 2005, compared with 34.7% in 2004, as a result of tax planning initiatives, which included U.S. tax benefits from foreign operations and U.S. tax credits.

***Net Income.*** Net income and diluted earnings per share on a consolidated basis totaled \$103.5 million and \$2.10 per share, respectively, in 2005, compared with \$64.9 million and \$1.47 per share, respectively, in 2004.

***2004 Compared to 2003***

***Net Sales.*** Net sales for 2004 increased by approximately \$454 million, or 13.8%, compared with the prior year. Approximately 11% of the increase in sales was attributable to strong demand from our end markets served. The remaining increase was split between approximately 2% from improved pricing which compensated for rising costs of commodity products and approximately 1% from the strength of the Canadian dollar.

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**Gross Profit.** Gross profit in 2004 increased 16.7% to \$712.1 million or 19.0% of sales from \$610.1 million, or 18.6% of sales in 2003. Gross profit percentage improved by 40 basis points due primarily to improved performance with supplier volume rebate programs and improved sales mix, as stock and special order sales that have higher margins increased faster than direct ship sales with lesser margins. Price increases implemented in 2004 largely covered rising cost of sales.

**Selling, General and Administrative Expenses.** SG&A expenses include costs associated with personnel, shipping and handling, travel and entertainment, advertising, utilities and bad debts. SG&A expenses increased by \$43.1 million, or 8.6%, to \$544.5 million. Total payroll expense increased approximately \$40.9 million over last year principally from increased variable incentive compensation costs of \$19.7 million, increased healthcare and benefits costs of \$10.1 million, and expense related to equity awards, which increased by \$2.3 million compared to 2003. Bad debt expense decreased to \$5.8 million for 2004, compared to \$10.2 million for 2003, primarily due to efficient collection efforts and an improved economic environment. Shipping and handling expense included in SG&A was \$36.6 million in 2004 compared with \$36.2 million in 2003. As a percentage of net sales, SG&A expenses decreased to 14.6%, compared with 15.3% in 2003, reflecting LEAN initiatives and the leverage of higher sales volume.

**Depreciation and Amortization.** Depreciation and amortization decreased \$4.4 million to \$18.1 million in 2004 versus \$22.6 million in 2003. Amortization decreased by \$1.6 million due to less amortization associated with a non-compete agreement that was fully amortized in 2003. Amortization of capitalized software decreased \$1.1 million as assets became fully amortized. Depreciation decreased \$1.1 million principally due to less depreciation expense on computer hardware as the applicable assets became fully depreciated.

**Income from Operations.** Income from operations increased \$63.4 million to \$149.4 million in 2004, compared with \$86.0 million in 2003. The increase in operating income was principally attributable to the increase in gross profit partially offset by the increase in SG&A expenses.

**Interest and Other Expenses.** Interest expense totaled \$40.8 million for 2004, a decrease of \$1.5 million from 2003. The decline was primarily due to a lower average amount of indebtedness outstanding during the current period as compared to 2003, as we continued to improve our liquidity by reducing debt. Loss on debt extinguishments of \$2.6 million related to losses on the repurchase of 2008 Notes versus \$0.2 million last year. Other expenses, which reflects costs associated with the accounts receivable securitization, totaled \$6.6 million and \$4.5 million in 2004 and 2003, respectively, as a result of an increase in the average receivable balance and higher interest rates.

**Income Taxes.** Income tax expense totaled \$34.6 million in 2004, an increase of \$25.5 million from 2003. The effective tax rates for 2004 and 2003 were 34.7% and 23.2%, respectively. In 2004, we recapitalized our Canadian operations to reflect the proportionate debt structure of the Canadian and U.S. operations and to improve efficiency in cash flow movement of funds for business purposes. The 2003 tax provision included a benefit of \$2.6 million as a result of the favorable conclusion of an IRS examination. Additionally, foreign tax credits contributed to the reduction in the effective rate during 2003.

**Net Income.** Net income and diluted earnings per share totaled \$64.9 million and \$1.47 per share, respectively, in 2004, compared with \$30.0 million and \$0.65 per share, respectively, in 2003.

**Liquidity and Capital Resources**

Total assets were approximately \$1.7 billion at December 31, 2005, a \$294 million increase from December 31, 2004. The increase was principally attributable to acquisitions, as goodwill increased by \$141 million and intangible assets increased by \$83 million. Inventories increased by

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\$113 million, about half of which was due to acquisitions. Accounts receivable decreased by approximately \$68 million, as we utilized our Receivables Facility. Property, plant and equipment increased by approximately \$8 million as a result of increased investments, and other assets increased by approximately \$8 million as a result of issuance costs associated with new debt, including original notes and Debentures. Income taxes receivable increased in 2005 by approximately \$6.7 million as a result of an increase in the refunds due the Company, and the net change in all other assets was matched by a corresponding change in ending cash. Stockholders' equity increased by 38.7% to \$491 million at December 31, 2005, compared with \$354 million at December 31, 2004, as a result of net earnings of \$103.5 million, \$31 million related to exercises of stock options and \$3.8 million from foreign currency translation adjustments.

The following table sets forth our outstanding indebtedness:

	<b>As of December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Revolving credit facility	\$ 29,000	\$
Mortgage financing facility	48,213	49,391
Acquisition related notes		
Bruckner	20,000	50,000
Fastec	3,329	
Other	176	36
Capital leases	2,839	840
9 1/8% Senior Subordinated Notes due 2008(1)		317,319
7.50% Senior Subordinated Notes due 2017	150,000	
2.625% Convertible Senior Debentures	150,000	
	403,557	417,586
Less current portion	(36,825)	(31,413)
Less short-term debt	(14,500)	
	\$ 352,232	\$ 386,173

(1) Net of original issue discount of \$4,934, purchase discount of \$3,914 in 2004 and interest rate swaps of \$(2,669) in 2004.

The required annual principal repayments for all indebtedness for the next five years and thereafter, as of December 31, 2005 is set forth in the following table:

	<b>(In thousands)</b>	
2006	\$	51,325
2007		5,550
2008		2,004
2009		1,849
2010		1,690
Thereafter		341,139

\$ 403,557

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The following table sets forth details of our Receivables Facility:

	<b>As of December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In millions)</b>	
Secured accounts receivable	\$ 525.0	\$ 420.0
Subordinated retained interests	(128.0)	(212.0)
Net accounts receivable removed from balance sheet	\$ 397.0	\$ 208.0

Our liquidity needs arise from fluctuations in our working capital requirements, capital expenditures and debt service obligations.

In 2006, we will pay the remaining \$20.0 million of an acquisition note payable to the former owners of Bruckner. Additionally, we will pay \$2.0 million in the aggregate in 2006 and 2007 related to another acquisition earnout agreement. We will also finalize in 2006 the settlement amount of an earnout estimated at \$5.0 million with the sellers of Avon Electrical Supply, Inc., to be paid in 2006 through 2008.

In 2006, we anticipate capital expenditures to increase by approximately \$1.8 million from 2005 capital expenditures of approximately \$14.2 million, with the majority of the spending to occur in our information technology area.

**Revolving Credit Facility**

In March 2002, we entered into a revolving credit agreement that is collateralized by substantially all personal property owned by WESCO Distribution and its subsidiaries. In 2005, we amended and restated the revolving credit agreement to, among other things, amend the maturity date to June 2010 and to create two separate sub-facilities: (i) a U.S. sub-facility with a borrowing limit of up to \$225.0 million and (ii) a Canadian sub-facility with a borrowing limit of up to \$50 million.

Availability under the facility is limited to the amount of U.S. and Canadian eligible inventory and Canadian receivables applied against certain advance rates. Depending upon the amount of excess availability under the facility, interest is calculated at LIBOR plus a margin that ranges between 1.0% and 1.75% or at the Index Rate (prime rate published by the Wall Street Journal) plus a margin that ranges between (0.25%) and 0.50%. As long as the average daily excess availability for both the preceding and projected succeeding 90-day period is greater than \$50 million, we would be permitted to make acquisitions and repurchase outstanding public stock and bonds.

The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million and our fixed charge coverage ratio, as defined by the revolving credit agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if excess availability under the agreement is less than \$60 million, then we must maintain a fixed charge coverage ratio of 1.1 to 1.0. At December 31, 2005, the interest rate was 6.3%. We were in compliance with all such covenants as of December 31, 2005.

During 2005, we borrowed \$343 million in the aggregate under the facility and made repayments in the aggregate amount of \$314 million. During 2004, aggregate borrowings and repayments each were \$357.6 million. At December 31, 2005, we had an outstanding balance under the facility of \$29.0 million, of which \$14.5 is classified as short-term debt. We had approximately \$228 million available under the facility at December 31, 2005, after giving effect to outstanding letters of credit, as compared to approximately \$172 million at December 31, 2004.



**Table of Contents*****Mortgage Financing Facility***

In 2003, we finalized a mortgage financing facility of \$51.0 million, \$48.2 million of which was outstanding as of December 31, 2005. Total borrowings under the mortgage financing facility are subject to a 22-year amortization schedule, with a balloon payment due at the end of the ten-year term. The interest rate on borrowings under this facility is fixed at 6.5%. Proceeds from the borrowings were used primarily to reduce outstanding borrowings under our revolving credit facility.

***Bruckner Note Payable***

In 2004, we finalized the remaining amount due pursuant to the Bruckner purchase agreement. This resulted in establishing a promissory note in favor of the sellers in the amount of \$50 million. In June 2005, we paid \$30 million in accordance with the terms of the promissory note. The remaining \$20 million is due in June 2006 and is classified as short-term debt.

***9<sup>1</sup>/<sub>8</sub>% Senior Subordinated Notes due 2008***

In June 1998 and August 2001, WESCO Distribution, Inc. completed offerings of \$300 million and \$100 million, respectively, in aggregate principal amount of 2008 Notes. The 2008 Notes were issued at an average issue price of 98% of par. The net proceeds received from the 2008 Notes were approximately \$376 million. The net proceeds were used to repay outstanding indebtedness. The 2008 Notes were fully and unconditionally guaranteed by WESCO International, Inc.

During 2003 and 2004, we repurchased \$21.2 million and \$55.3 million, respectively, in aggregate principal amount of 2008 Notes. We recorded a net loss of \$2.6 million in 2004 and a net gain of \$0.6 million in 2003. As of December 31, 2004, we had outstanding \$323.5 million in aggregate principal amount of the 2008 Notes.

During 2005, we redeemed all the remaining principal amount of 2008 Notes, incurring a charge of \$14.9 million. The charge included the payment of a redemption price at 101.521% of par and the write-off of unamortized original issue discount and debt issue costs.

***Interest Rate Swap Agreements***

In September 2003, we entered into a \$50 million interest rate swap agreement, and in December 2003, we entered into two additional \$25 million interest rate swap agreements as a means to hedge our interest rate exposure and maintain certain amounts of variable rate and fixed rate debt. Net amounts to be received or paid under the swap agreements were reflected as adjustments to interest expense. These agreements had terms expiring concurrently with the maturity of 2008 Notes and were entered into with the intent of effectively converting \$100 million of the 2008 Notes from a fixed to a floating rate. Pursuant to these agreements, we received semi-annual fixed interest payment at the rate of 9.125% commencing December 1, 2003 and made semi-annual variable interest rate payments at six-month LIBOR rates plus a premium in arrears.

In October 2005, in conjunction with the redemption of the 2008 Notes, we terminated our three interest rate swap agreements, resulting in termination fees of \$2.3 million. Upon redemption of the 2008 Notes, the balance of the unamortized gain in the amount of \$2.4 million was recognized as income. The net of the termination fees and interest rate swap resulted in income before taxes of \$0.1 million in 2005.

***7.50% Senior Subordinated Notes due 2017***

At December 31, 2005, \$150 million in aggregate principal amount of the original notes were outstanding. The original notes were issued by WESCO Distribution under an indenture dated as

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of September 27, 2005, with J.P. Morgan Trust Company, National Association, as trustee, and are unconditionally guaranteed on an unsecured senior basis by WESCO International, Inc. The original notes accrue interest at the rate of 7.50% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006.

At any time on or after October 15, 2010, WESCO Distribution may redeem all or a part of the original notes. Between October 15, 2010 and October 14, 2011, WESCO Distribution may redeem all or a part of the original notes at a redemption price equal to 103.750% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the original notes at a redemption price equal to 102.500% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the original notes at a redemption price equal to 100% of the principal amount.

If WESCO Distribution undergoes a change of control prior to maturity, holders of original notes will have the right, at their option, to require WESCO Distribution to repurchase for cash some or all of their original notes at a repurchase price equal to 101% of the principal amount of the original notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

***2.625% Convertible Senior Debentures due 2025***

At December 31, 2005, \$150 million in aggregate principle amount of the Debentures were outstanding. The Debentures were issued by WESCO International, Inc. under an indenture dated as of September 27, 2005, with J.P. Morgan Trust Company, National Association as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The Debentures accrue interest at the rate of 2.625% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006. Beginning with the six-month interest period commencing October 15, 2010, we also will pay contingent interest in cash during any six-month interest period in which the trading price of the Debentures for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the Debentures. During any interest period when contingent interest shall be payable, the contingent interest payable per \$1,000 principal amount of Debentures will equal 0.25% of the average trading price of \$1,000 principal amount of the Debentures during the five trading days immediately preceding the first day of the applicable six-month interest period. As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedge Activities*, the contingent interest feature of the Debentures is an embedded derivate that is not considered clearly and closely related to the host contract. The contingent interest component had no value at issuance or at December 31, 2005.

The Convertible Debentures are convertible into cash and, in certain circumstances, shares of the Company's common stock at any time on or after October 15, 2023, or prior to October 15, 2023 in certain circumstances. The Convertible Debentures will be convertible based on an initial conversion rate of 23.8872 shares of common stock per \$1,000 principal amount of the Debentures (equivalent to an initial conversion price of approximately \$41.86 per share). The conversion rate and the conversion price may be adjusted under certain circumstances.

At any time on or after October 15, 2010, we may redeem all or part of the Debentures at a redemption price equal to 100% of the principal amount of the Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of Debentures may require us to repurchase all or a portion of their Debentures on October 15, 2010, October 15, 2015 and October 15, 2020 at a cash repurchase price equal to 100% of the principal amount of the Debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. If we undergo certain fundamental changes prior to maturity, holders of Debentures will



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have the right, at their option, to require us to repurchase for cash some or all of their Debentures at a repurchase price equal to 100% of the principal amount of the Debentures being repurchased, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date.

***Covenant Compliance***

We were in compliance with all relevant covenants contained in our debt agreements as of December 31, 2005.

***Cash Flow***

An analysis of cash flows for 2005 and 2004 follows:

***Operating Activities.*** Cash provided by operating activities for 2005 totaled \$295.1 million, including a \$189.0 million cash inflow from our Receivables Facility, compared with \$21.9 million of cash generated in 2004, which included net outflows of \$17.0 million related to payments to reduce our Receivables Facility. Cash generated in 2005 resulted from net income of \$103.5 million and an increase of \$95.7 million in accounts payable, reflecting an increase in purchases in response to business growth. Additional items generating cash flow in 2005 were prepaid expenses and other current assets of \$12.4 million, resulting from collection of \$9.9 million of tax refunds and a \$2.5 million reduction in prepaid items; and an increase in accrued payroll and benefit costs of \$6.7 million resulting from increases in these related costs. The remaining sources of cash were \$28.0 million from non-cash expenses included in net income and \$3.7 million from other net working capital items. Primary uses of cash in 2005 were \$83.7 million for receivables and \$60.2 million for investment in inventories, both of which reflected increased business activity. In 2004, primary sources of cash were net income of \$64.9 million, an \$88.5 million increase in accounts payable driven by increased purchases due to growth, a \$16.4 million increase in accrued payroll and benefit costs reflecting increases in related costs, and \$12.7 million increase in prepaid and other related assets, principally driven by tax refunds and reduction in other assets. The remaining sources of cash were \$25.0 million of non-cash expenses included in net income and \$5.8 million from other net working capital items.

***Investing Activities.*** Net cash used by investing activities was \$291.0 million in 2005, compared to \$46.3 million in 2004. Net cash used by investing activities comprised \$278.8 million in acquisition payments, net of cash acquired, primarily for the acquisition of Carlton-Bates in the amount of \$248.5 million, Fastec in the amount of \$28.7 million and earnout payments related to prior acquisitions of \$1.6 million. Capital expenditures were \$14.2 million in 2005 and \$12.1 million in 2004, and were primarily for computer equipment and software, and branch and distribution center facility improvements.

***Financing Activities.*** Cash used by financing activities in 2005 was \$17.0 million, which included \$300 million of cash inflow from the issuance of the original notes and the Debentures and \$343 million from borrowings under our revolving credit facility. We also received \$8.2 million from employees for the exercise of equity awards. Uses of cash included \$317.3 million of net principal amount for the redemption of our 2008 Notes, payments of \$314 million to reduce our revolving credit facility, \$30.0 million payment pursuant to the Bruckner note in June 2005 and \$1.3 million for payments on mortgages. We also paid \$9.0 million for debt issuance costs related to our original notes and the Debentures. Cash provided by financing activities in 2004 was \$30.7 million, primarily from net proceeds related to our stock offering of \$99.9 million, net of issuance costs and proceeds from the exercise of stock options of \$8.4 million, offset by net debt repayments of \$57.4 million and cash payments made to certain employees for the redemption of stock options of \$20.1 million.

**Table of Contents****Contractual Cash Obligations and Other Commercial Commitments**

The following summarizes our contractual obligations, including interest, at December 31, 2005 and the effect such obligations are expected to have on liquidity and cash flow in future periods.

	2006	2007 to 2008	2009 to 2010	2010 - After	Total
(In millions)					
Contractual cash obligations (including interest)					
Revolving credit facility	\$ 29.0	\$	\$	\$	\$ 29.0
Mortgage financing facility	4.3	8.6	8.6	46.8	68.3
Non-cancelable operating and capital leases	28.9	41.9	20.4	11.7	102.9
Bruckner note	21.6				21.6
Fastec note		3.6			3.6
Acquisition agreements	2.7	4.4	0.1	0.1	7.3
7.50% Senior Subordinated Notes due 2017	11.3	22.5	22.5	228.7	285.0
2.625% Convertible Senior Debentures due 2025	3.9	7.9	7.9	209.1	228.8
Total contractual cash obligations	\$ 101.7	\$ 88.9	\$ 59.5	\$ 496.4	\$ 746.5

Purchase orders for inventory requirements and service contracts are not included in the table above. Generally, our purchase orders and contracts contain clauses allowing for cancellation. We do not have significant agreements to purchase material or goods that would specify minimum order quantities.

Management believes that cash generated from operations, together with amounts available under our revolving credit facility and the Receivables Facility, will be sufficient to meet our working capital, capital expenditures estimated to be \$16.0 million in 2006 and other cash requirements for the foreseeable future. There can be no assurance, however, that this will be or will continue to be the case.

**Off-Balance Sheet Arrangements**

We maintain the Receivables Facility, which had a total purchase commitment of \$400 million as of December 31, 2005. The Receivables Facility has a term of three years and is subject to renewal in May 2008. Under the Receivables Facility, we sell, on a continuous basis, an undivided interest in all domestic accounts receivable to WESCO Receivables Corporation, a wholly owned SPE. The SPE sells, without recourse, to a third-party conduit all the eligible receivables while maintaining a subordinated interest, in the form of over-collateralization, in a portion of the receivables. We have agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded.

As of December 31, 2005 and 2004, accounts receivable eligible for securitization totaled approximately \$525 million and \$420 million, respectively, of which the subordinated retained interest was approximately \$128 million and \$212 million, respectively. Accordingly, \$397.0 million and \$208.0 million of accounts receivable balances were removed from the consolidated balance sheets at December 31, 2005 and 2004, respectively. Costs associated with the Receivables Facility totaled \$13.3 million, \$6.6 million and \$4.5 million in 2005, 2004 and 2003, respectively. These amounts are recorded as other expenses in the consolidated statements of income and are primarily related to the discount and loss on the sale of accounts receivables, partially offset by related servicing revenue.

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The key economic assumptions used to measure the retained interest at the date of the securitization for securitizations completed in 2005 were a discount rate of 3.5% and an estimated life of 1.5 months. At December 31, 2005, an immediate adverse change in the discount rate or estimated life of 10% and 20% would result in a reduction in the fair value of the retained interest of \$0.2 million and \$0.4 million, respectively. These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this example, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another.

**Inflation**

The rate of inflation, as measured by changes in the consumer price index, did not have a material effect on our sales or operating results during the periods presented. However, inflation in the future could affect our operating costs. Overall, price changes from suppliers have historically been consistent with inflation and have not had a material impact on the results of operations. In recent years, prices of certain commodities have increased much faster than inflation. In most cases we have been able to pass through a majority of these increases to customers.

**Seasonality**

Our operating results are not significantly affected by seasonal factors. Sales during the first quarter are generally less than 2% below the sales of the remaining three quarters due to a reduced level of activity during the winter months of January and February. Sales increase beginning in March with slight fluctuations per month through December.

**Impact of Recently Issued Accounting Standards**

In May 2005, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 154, *Accounting Changes and Error Corrections*, which changes the requirements for the accounting and reporting of a change in accounting principle. SFAS No. 154 applies to all voluntary changes in accounting principle as well as to changes required by an accounting pronouncement that does not include specific transition provisions. SFAS No. 154 eliminates the requirement to include the cumulative effect of changes in accounting principle in the income statement and instead requires that changes in accounting principle be retroactively applied. A change in accounting estimate continues to be accounted for in the period of change and future periods if necessary. A correction of an error continues to be reported by restating prior period financial statements. SFAS No. 154 is effective for us for accounting changes and correction of errors made on or after January 1, 2006.

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*. This statement is a revision of SFAS Statement No. 123, *Accounting for Stock-Based Compensation*, and supersedes APB Opinion No. 25 *Accounting for Stock Issued to Employees*, and its related implementation guidance. SFAS No. 123R addresses all forms of share-based payment ( SBP ) awards, including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, SBP awards result in a cost that will be measured at fair value on the awards grant date, based on the estimated number of awards that are expected to vest, and will be reflected as compensation expense in the financial statements. In addition, this statement will apply to unvested options granted prior to the effective date. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 regarding the SEC Staff's interpretation of SFAS No. 123R and provides the Staff's view regarding interaction between SFAS No. 123R and certain SEC rules and regulations, and provides interpretation of the

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valuation of SBP for public companies. In April 2005, the SEC approved a rule that delays the effective date of SFAS No. 123R for annual, rather than interim, reporting periods that begin after June 15, 2005. In January 2006, the FASB approved the release of FASB Staff Position ( FSP ) No. FAS 123(R)-4, *Clarification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement Upon the Occurrence of a Contingent Event*. The FSP addresses certain contingencies we might have incurred related to our stock option plans. We will adopt SFAS No. 123R utilizing a modified prospective method and beginning with the reporting period ending March 31, 2006. The adoption of SFAS No. 123R and the subsequently issued FSP will not produce a material impact on the Company's financial position, results of operations and cash flows.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs an amendment of Accounting Research Bulletin ( ARB ) No. 43, Chapter 4*. This statement amends the guidance in ARB No. 43, Chapter 4, *Inventory Pricing*, to clarify the accounting for normal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). This statement is effective for fiscal years beginning after June 15, 2005. This statement will not have a material effect on our financial statements.

In May 2004, the FASB issued FSP No. FAS 109-2, *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004* (FSP 109-2), which provides guidance under SFAS No. 109, *Accounting for Income Taxes*, with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the Jobs Act ) on enterprises' income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. In 2005, we elected to repatriate earnings of approximately \$23.0 million under the provisions of the Jobs Act, incurring only a \$1.0 million income tax charge.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

### **Foreign Currency Risks**

Approximately 90% of our sales are denominated in U.S. dollars and are primarily from customers in the United States. As a result, currency fluctuations are currently not material to our operating results. We do have foreign subsidiaries located in North America, Europe and Asia and may establish additional foreign subsidiaries in the future. Accordingly, we may derive a more significant portion of our sales from international operations, and a portion of these sales may be denominated in foreign currencies. As a result, our future operating results could become subject to fluctuations in the exchange rates of those currencies in relation to the U.S. dollar. Furthermore, to the extent that we engage in international sales denominated in U.S. dollars, an increase in the value of the U.S. dollar relative to foreign currencies could make our products less competitive in international markets. We have monitored and will continue to monitor our exposure to currency fluctuations.

### **Interest Rate Risk**

At various times, we have refinanced our fixed rate debt to better leverage the impact of interest rate fluctuations. The majority of our debt portfolio is comprised of fixed rate debt in order to mitigate the impact of fluctuations in interest rates. Our variable rate borrowings at December 31, 2005 and 2004 of \$29.0 million and \$49.4 million, respectively, represented approximately 7% and 12% of total indebtedness at December 31, 2005 and 2004, respectively.

**Fixed Rate Borrowings:** In 2005 we reduced our borrowing rate on a major portion of our fixed-rate debt, redeeming \$323.5 million in aggregate, principal outstanding on our 2008 Notes

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at 9.125%, and issuing \$150 million of our original notes at 7.50% and \$150 million of our Debentures at 2.625%. As these borrowings were issued at fixed rates, interest expense would not be impacted by interest rate fluctuations, although market value would be. Historically, we have used interest swap agreements to mitigate the risk of changes in fair value due to interest rate fluctuations. At December 31, 2005, interest rates were within 100 basis points of the coupon rate of the original notes and the Debentures. Fair value exceeded carrying value of these debt instruments (see Note 8 to WESCO International's audited consolidated financial statements appearing elsewhere in this prospectus). Interest expense on our other fixed rate debt also was not impacted due to changes in market interest rates, and fair value approximated carrying value for this debt as well.

***Floating Rate Borrowings:*** We borrow under our revolving credit facility for general corporate purposes, including working capital requirements and capital expenditures. During 2005, our average daily borrowing under the facility was \$11.9 million. Borrowings under our facility bear interest at the applicable LIBOR or base rate, as defined, and therefore we are subject to fluctuations in interest rates.

Table of Contents**BUSINESS****The Company**

With sales of \$4.4 billion in 2005, we are a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as MRO. We believe we are the largest distributor in terms of sales in the estimated \$74 billion\* U.S. electrical wholesale distribution industry based upon published industry sources and our assessment of peer company 2005 sales. We believe we are also the largest provider of integrated supply services for MRO goods and services in the United States.

Our distribution capability combined with integrated supply solutions and outsourcing services are designed to fulfill a customer's MRO procurement needs. We have more than 370 full service branches and eight distribution centers located in the United States, Canada, Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. We serve approximately 100,000 customers worldwide, offering more than 1,000,000 products from more than 24,000 suppliers utilizing a highly automated, proprietary electronic procurement and inventory replenishment system. Our diverse customer base includes a wide variety of industrial companies; contractors for industrial, commercial and residential projects; utility companies; and commercial, institutional and governmental customers. Our top ten customers accounted for approximately 14% of our sales in 2005. Our leading market positions, experienced workforce, extensive geographic reach, broad product and service offerings and acquisition program have enabled us to grow our market position.

**Industry Overview**

The electrical distribution industry serves customers in a number of markets including the industrial, electrical contractors, utility, government and institutional markets. Electrical distributors provide logistical and technical services for customers along with a wide range of products typically required for the construction and maintenance of electrical supply networks, including wire, lighting, distribution and control equipment and a wide variety of electrical supplies. Many customers demand that distributors provide a broader and more complex package of services as they seek to outsource non-core functions and achieve cost savings in purchasing, inventory and supply chain management.

**Electrical Distribution.** According to *Electrical Wholesaling Magazine*, the U.S. electrical wholesale distribution industry had forecasted sales of approximately \$74 billion in 2005. According to published sources\*, our industry has grown at an approximate 5% compounded annual rate over the past 20 years. This expansion has been driven by general economic growth, increased price levels for key commodities, increased use of electrical products in businesses and industries, new products and technologies and customers who are seeking to more efficiently purchase a broad range of products and services from a single point of contact, thereby eliminating the costs and expenses of purchasing directly from manufacturers or multiple sources. The U.S. electrical distribution industry is highly fragmented. In 2004, the latest year for which market share data is available, the four national distributors, including us, accounted for approximately 18% of estimated total industry sales.

**Integrated Supply.** The market for integrated supply services has grown rapidly in recent years. Growth has been driven primarily by the desire of large industrial companies to reduce operating expenses by implementing comprehensive third-party programs, which outsource cost-

\* Source: Electrical wholesale estimated industry sales per *Electrical Wholesaling (November, 2005)* based upon revised U.S. Census Bureau Survey segregating electrical wholesale vs. electrical retail sales. *Electrical Wholesaling's* 2004 estimated industry sales of \$83 billion had aggregated \$67 billion wholesale and \$16 billion retail sales.

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intensive procurement, stocking and administrative functions associated with the purchase and consumption of MRO supplies. For some of our customers, we believe these costs can account for up to 35% of the total costs for MRO products and services. We believe that significant opportunities exist for further expansion of integrated supply services, as the total potential in the United States for purchases of industrial MRO supply and services through all channels is currently estimated to be approximately \$380 billion.

**Business Strategy**

We believe we are the leading provider of electrical products and MRO supplies and services to companies in North America and selected international markets. Our goal is to grow earnings at a faster rate than sales by continuing to focus on margin enhancement and continuous productivity improvement. Our growth strategy utilizes our existing strengths and focuses on developing new initiatives and programs to position us to grow at a faster rate than the industry.

***Enhance Our Leadership Position in Electrical Distribution.*** We will continue to capitalize on our extensive market presence and brand equity in the WESCO name to grow our market position in electrical distribution. As a result of our geographical coverage, effective information systems and value-added products and services, we believe we have become a leader in serving several important and growing markets including:

industrial customers with large, complex plant maintenance operations, many of which require a national multi-site service solution for their electrical product needs;

large contractors for major industrial and commercial construction projects;

the electric utility industry; and

manufacturers of factory-built homes, recreational vehicles and other modular structures.

We are focusing our sales and marketing efforts in three primary areas:

expanding our product and service offerings to existing customers in industries we currently serve;

targeting new customers in industries we currently serve; and

targeting markets that provide significant growth opportunities, such as multi-site retail construction, education and healthcare facilities, OEM and regional and national contractors.

***Continue to Grow Our Premier Position in National Accounts.*** From 2002 through 2005, revenue from our national accounts program increased at a compound annual growth rate of 10%. We plan to continue to invest in the expansion of this program. Through our national accounts program, we coordinate electrical MRO procurement and purchasing activities across multiple locations, primarily for large industrial and commercial companies and for electric utilities. We have well-established relationships with more than 290 companies, providing us with a recurring base of revenue through multi-year agreements with these companies. Our objective is to continue to increase revenue from our national account customers by:

offering existing national account customers new products and services and serving additional customer locations;

extending certain established national account relationships to include our integrated supply services; and

expanding our customer base by leveraging our existing industry expertise in markets served to enter into new markets.

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***Focus on Large Construction Projects.*** We intend to increase our customer base, where we have targeted new construction accounts, with a focus on large commercial, industrial and institutional projects. We seek to secure new major project contracts through:

active national marketing of our demonstrated project management capabilities;

further development of relationships with leading regional and national contractors and engineering firms; and

close coordination with multi-location contractor customers on their major project requirements.

***Extend Our Leadership Position in Integrated Supply Services.*** We believe we are the largest provider of integrated supply services for MRO goods and services in the United States. We provide a full complement of outsourcing solutions, focusing on improving the supply chain management process for our customers' indirect purchases. Our integrated supply programs replace the traditional multi-vendor, resource-intensive procurement process with a single, outsourced, fully automated process capable of managing all MRO and related service requirements. Our solutions range from timely product delivery to assuming full responsibility for the entire procurement function. Our customers include some of the largest industrial companies in the United States. We plan to expand our leadership position as the largest integrated supply services provider in the United States by building upon established relationships within our large customer base and premier supplier network, to meet customer's continued interest in outsourcing.

***Gain Share in Fragmented Local Markets.*** Significant opportunities exist to gain market share in highly fragmented local markets. We intend to increase our market share in key geographic markets through a combination of increased sales and marketing efforts at existing branches, acquisitions that expand our product and customer base and new branch openings. To promote this growth, we have a compensation system for branch managers that encourage them to increase sales and optimize business activities in their local markets, including managing the sales force, configuring inventories, targeting potential customers for marketing efforts and tailoring local service options.

***Expand our LEAN Initiative.*** LEAN is a company-wide, strategic initiative to drive continuous improvement across the entire enterprise, including sales, operations and administrative processes. The basic principles behind LEAN are to rapidly identify and implement improvements through simplification, elimination of waste and reducing errors throughout a defined process. We have been highly successful in applying LEAN in a distribution environment and have developed and deployed numerous initiatives through the Kaizen approach. The initiatives are primarily centered around our branch operations and target nine key areas: sales, pricing, warehouse operations, transportation, purchasing, inventory, accounts receivable, accounts payable and administrative processes. In 2006, our objective is to continue to implement the initiatives across our branch locations and headquarters operations, consistent with our long-term strategy of continuously refining and improving our processes to achieve both sales and operational excellence.

***Pursue Strategic Acquisitions.*** Since 1995, we have completed and successfully integrated 27 acquisitions. Our most recent acquisitions were completed in July and September 2005. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will continue to provide us with acquisition opportunities. We expect that any future acquisitions will be financed with internally generated funds, additional debt and/or the issuance of equity securities. However, our ability to make acquisitions will be subject to our compliance with certain conditions under the terms of our revolving credit facility. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources, for a further description of the revolving credit facility.



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**Expand Product and Service Offerings.** We have developed a service capability to assist customers in improving their internal productivity and overall cost position. This service, which we call Cost Reduction Solutions, is based on applying LEAN principles and practices in our customers' work environment. To date, we have worked with manufacturers, assemblers and contractors to enhance supply chain operations and logistics. Our work on productivity projects, in cooperation with our customers, significantly increases the breadth of products that can be supplied and creates fee-for-service opportunities in kitting, assembly and warehouse operations. Additionally, we have demonstrated our ability to introduce new products and services to meet existing customer demands and capitalize on new market opportunities. For example, we developed the platform to sell integrated lighting control and power distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores. These are strong growth markets where our national accounts strategies and logistics infrastructure provide significant benefits for our customers.

**Capitalize on Our Information System Capabilities.** We intend to utilize our sophisticated information technology capabilities to drive increased sales performance and market share. Our information systems support targeted direct mail marketing campaigns, sales promotions, sales productivity and profitability assessments and coordination with suppliers and overall supply chain programs that improve customer profitability and enhance our working capital productivity. Our information systems provide us with detailed, actionable information across all facets of our broad network, allowing us to quickly and effectively identify and act on profitability and efficiency-related initiatives.

**Expand Our International Operations.** Our international sales, the majority of which are in Canada, accounted for approximately 13% of total sales in 2005. We believe that there is significant additional demand for our products and services outside the United States and Canada. Many of our multinational domestic customers are seeking distribution, integrated supply and project management solutions globally. We follow our established customers and pursue business that we believe utilizes and extends our existing capabilities. We believe this strategy of working through well-developed customer and supplier relationships significantly reduces risk and provides the opportunity to establish profitable incremental business. We currently have seven locations in Mexico. Additionally, our locations in Aberdeen, Scotland and London, England support our sales efforts in Europe and the former Soviet Union. We also have operations in Nigeria to serve West Africa, an office in Singapore to support our operations in Asia and an office in United Arab Emirates to serve the Middle East.

**Competitive Strengths**

We believe the following strengths are central to the successful execution of our business strategy:

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

**Value-added Services.** We are a leader in providing a wide range of services and procurement solutions that draw on our product knowledge, supply and logistics expertise and systems capabilities, enabling our customers with large operations and multiple locations to reduce supply chain costs and improve efficiency. Our expansive geographical coverage is essential to our ability to provide these services. We have more than 370 branches to

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complement our national sales and marketing activities with local customer service, product information and technical support, order fulfillment and a variety of other on-site services. These programs include:

***National Accounts*** we coordinate product supply and materials management activities for MRO supplies, project needs and direct material for national and regional customers with multiple locations who seek purchasing leverage through a single electrical products provider. Regional and national contractors and top engineering and construction firms that specialize in major projects such as airport expansions, power plants and oil and gas facilities are also a focus group for our national accounts program; and

***Integrated Supply*** we design and implement programs that enable our customers to significantly reduce the number of MRO suppliers they use through services that include highly automated, proprietary electronic procurement and inventory replenishment systems and on-site materials management and logistics services.

***Broad Product Offering.*** We provide our customers with a broad product selection consisting of more than 1,000,000 electrical, industrial, data communications, MRO and utility products sourced from more than 24,000 suppliers. Our broad product offering and stable source of supply enables us to meet virtually all of a customer's electrical product and MRO requirements.

***Extensive Distribution Network.*** We are a full-line distributor of electrical supplies and equipment with operations in the United States, Canada, Mexico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. We operate more than 370 branch locations and eight distribution centers (six in the United States and two in Canada). This extensive network, which would be extremely difficult and expensive to duplicate, allows us to: maintain local sourcing of customer service, technical support and sales coverage;

tailor branch products and services to local customer needs;

offer multi-site distribution capabilities to large customers and national accounts; and

provide same-day deliveries.

***Low Cost Operator.*** Our competitive position has been enhanced by our low cost position, which is based on: extensive use of automation and technology;

centralization of functions such as purchasing, accounting and information systems;

strategically located distribution centers;

purchasing economies of scale; and

incentive programs that increase productivity and encourage entrepreneurship.

As a result of these factors, we believe that our operating costs as a percentage of sales is one of the lowest in our industry. Our selling, general and administrative expenses as a percentage of revenues for 2005 decreased to 13.9%, significantly below our peer group 2004 average of approximately 20%, according to the National Association of Electrical Distributors. Our low cost position enables us to generate a significant amount of net cash flow, as the amount of capital investment required to maintain our business is relatively low. Consequently, more of the cash we generate is available for debt reduction, continued investment in the growth of the business and strategic acquisitions.

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**Products and Services**

***Products***

Our network of branches and distribution centers stock more than 200,000 unique product SKUs. Each branch tailors its inventory to meet the needs of the customers in its local market, stocking an average of approximately 2,500 SKUs. Our business allows our customers to access more than 1,000,000 products.

Representative products and services that we offer include:

***Electrical Supplies.*** Wiring devices, fuses, terminals, connectors, boxes, enclosures, fittings, lugs, terminations, tape, and splicing and marking equipment;

***Industrial Supplies.*** Tools and testers, safety and security, fall protection, personal protection, consumables, janitorial and other MRO supplies;

***Power Distribution.*** Circuit breakers, transformers, switchboards, panel boards, metering products and busway products;

***Lighting.*** Lamps, fixtures, ballasts and lighting control products;

***Wire and Conduit.*** Wire, cable, raceway, metallic and non-metallic conduit;

***Control, Automation and Motors.*** Motor control devices, drives, surge and power protection, relays, timers, pushbuttons and operator interfaces; and

***Data Communications.*** Cables, cable management and connecting hardware.

We purchase products from a diverse group of more than 24,000 suppliers. In 2005, our ten largest suppliers accounted for approximately 34% of our purchases. The largest of these was Eaton Corporation, through its Eaton Electrical division, accounting for approximately 12% of total purchases. No other supplier accounted for more than 5% of total purchases.

Our supplier relationships are important to us, providing access to a wide range of products, technical training and sales and marketing support. We have preferred supplier agreements with more than 200 of our suppliers and purchase over 60% of our stock inventory pursuant to these agreements. Consistent with industry practice, most of our agreements with suppliers, including both distribution agreements and preferred supplier agreements, are terminable by either party on 60 days notice or less.

***Services***

In conjunction with product sales, we offer customers a wide range of services and procurement solutions that draw on our product and supply management expertise and systems capabilities. These services include national accounts programs, integrated supply programs and major project programs. We are responding to the needs of our customers, particularly those in processing and manufacturing industries. To more efficiently manage the MRO process on behalf of our customers, we offer a range of supply management services, including:

outsourcing of the entire MRO purchasing process;

providing technical support for manufacturing process improvements using state-of-the-art automated solutions;

implementing inventory optimization programs;

participating in joint cost savings teams;

assigning our employees as on-site support personnel;



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recommending energy-efficient product upgrades; and

offering safety and product training for customer employees.

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

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

**Markets and Customers**

We have a large base of approximately 100,000 customers diversified across our principal markets. No customer accounted for more than 4% of our total sales in 2005.

**Industrial Customers.** Sales to industrial customers, which include numerous manufacturing and process industries and OEMs accounted for approximately 41% of our sales in 2005.

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

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

**Electrical Contractors.** Sales to electrical contractors accounted for approximately 36% of our sales in 2005. These customers range from large contractors for major industrial and commercial projects, which represent the customer types we principally serve, to small residential contractors, which represent a small portion of our sales. Electrical products purchased by electrical subcontractors typically account for approximately 40% to 50% of their installed project cost, so therefore, accurate cost estimates and competitive material costs are critical to a contractor's success in obtaining profitable projects.

**Utilities.** Sales to utilities accounted for approximately 17% of our sales in 2005. This market includes large investor-owned utilities, rural electric cooperatives and municipal power authorities. We provide our utility customers with transmission and distribution products and an extensive range of supplies to meet their MRO and capital projects needs. Full materials

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management and procurement outsourcing arrangements are also important in this market as cost pressures and deregulation cause utility customers to streamline purchasing and inventory control practices.

**Commercial, Institutional and Governmental ( CIG ) Customers.** Sales to CIG customers accounted for approximately 6% of our sales in 2005. This fragmented market includes schools, hospitals, property management firms, retailers and government agencies of all types. We have a platform to sell integrated lighting control and distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores.

**Distribution Network**

**Branch Network.** We have more than 370 branches, of which approximately 310 are located in the United States, about 50 are located in Canada and the remainder located in Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. In addition to consolidations in connection with acquisitions, we occasionally open, close or consolidate existing branch locations to improve market coverage and operating efficiency.

**Distribution Centers.** To support our branch network, we have eight distribution centers located in the United States and Canada, with facilities located near Pittsburgh, Pennsylvania, serving the Northeast and Midwest United States; near Reno, Nevada, serving the Western United States; near Memphis, Tennessee, serving the Southeast and Central United States; in Columbia, South Carolina, serving the Southeast United States; near Dayton, Ohio, serving the Midwest United States; in Little Rock, Arkansas, serving the Northeast, Central and Western United States; near Montreal, Quebec, serving Eastern and Central Canada; and near Vancouver, British Columbia, serving Western Canada.

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

**Sales Organization**

**Sales Force.** Our general sales force is based at the local branches and comprises of approximately 2,100 of our employees, almost half of whom are outside sales representatives with the remainder being inside sales personnel. Outside sales representatives are paid under a compensation structure that is primarily weighted toward commissions. They are responsible for making direct customer calls, performing on-site technical support, generating new customer relations and developing existing territories. The inside sales force is a key point of contact for responding to routine customer inquiries such as price and availability requests and for entering and tracking orders.

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

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

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

**E-Commerce.** Our primary e-business strategy is to serve existing customers by tailoring our catalog and Internet-based procurement applications to their internal systems or through their preferred technology and trading exchange partnerships. We continue to expand our e-commerce capabilities, meeting our customers' requirements as they develop and implement their e-procurement business strategies. We have strengthened our business and technology relationships with the trading exchanges chosen by our customers as their e-procurement partners. We continue to enhance and enrich our customized electronic catalogs provided to our customers for use with their internal business systems. We believe that we lead our industry in rapid e-implementation to customers' procurement systems and integrated procurement functionality using punch-out technology, a direct system-to-system link with our customers.

We continue to enhance WESCO Express, a direct ship fulfillment operation responsible for supporting smaller customers and select national account locations. Customers can order from more than 83,000 electrical and data communications products stocked in our warehouses through a centralized customer service center or over the Internet at [www.WESCOdirect.com](http://www.WESCOdirect.com). We also use a proactive sales approach utilizing catalogs, direct mail, e-mail and personal phone selling to provide a high level of customer service. Our 2005-2006 WESCO's Buyers Guide® was produced and released in 2005.

**International Operations**

To serve the Canadian market, we operate a network of approximately 50 branches in nine provinces. Branch operations are supported by two distribution centers located near Montreal and Vancouver. With sales of approximately US\$500 million, Canada represented approximately 11% of our total sales in 2005. The Canadian market for electrical distribution is considerably smaller than the U.S. market, with roughly US\$4.3 billion in total sales in 2005, according to the Canadian Distribution Council.

We also have seven locations in Mexico headquartered in Tlalnepantla, which serve all of metropolitan Mexico City and the Federal District and the states of Chihuahua, Hidalgo, Mexico, Morelos and Nuevo Leon.

We sell to other international customers through domestic export sales offices located within North America and sales offices in international locations. Our operations in Aberdeen, Scotland and London, England support sales efforts in Europe, oil and gas customers on a global basis, engineering procurement companies and the former Soviet Union. We have an operation in Nigeria to serve West Africa, an office in United Arab Emirates to serve the Middle East and an office in Singapore to support our sales to Asia and global oil and gas customers. All of the international locations have been established to primarily serve our growing list of customers with global operations referenced under National Accounts above.

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

	Net Sales			Long-Lived Assets		
	Year Ended December 31,			December 31,		
	2005	2004	2003	2005	2004	2003
	(In thousands)					
United States	\$ 3,829,755	\$ 3,265,280	\$ 2,872,239	\$ 728,329	\$ 488,787	\$ 491,515
Foreign Operations						
Canada	499,817	394,375	335,695	12,375	11,958	11,926
Other foreign	91,531	81,598	78,832	1,592	1,194	1,341
Subtotal Foreign Operations	591,348	475,973	414,527	13,967	13,152	13,267
Total U.S. and Foreign	\$ 4,421,103	\$ 3,741,253	\$ 3,286,766	\$ 742,296	\$ 501,939	\$ 504,782

**Management Information Systems**

We have implemented data processing systems to provide support for a full range of business functions, such as customer service, inventory and logistics management, accounting and administrative support. Our branch information system, known as WESNET, is the primary data processing vehicle for all branch operations (other than our Bruckner Integrated Supply Division and certain acquired branches). The WESNET system provides all of the basic day-to-day order management and order fulfillment functions. The WESNET application and server reside locally within each branch and provide us with a flexible and cost-effective approach to facilitate expansion and organizational growth. The distributed systems are connected to a centralized data processing center via a wide area network that provides a tightly coupled, yet flexible system.

The centralized corporate information system and data warehouse provide a platform with capability that we believe exceeds many of the most advanced enterprise resource planning packages available on the market. Our centralized servers contain near real-time transactional data from each branch system, as well as multiple years of historical transaction data. The centralized server and data warehouse technology provide a cost-effective mechanism to better monitor, manage and enhance operational processes. These systems have become the principal technology supporting inventory management, purchasing management, automated stock replenishment, margin analysis, and financial and operating analytics.

The data warehouse is also utilized to perform extensive operational analysis and provide detailed insight for all major business processes. By providing this technology, employees at all levels have the ability to analyze their area of responsibility and drive improvements through the organization. The system contains a variety of analytic tools, including activity-based costing capability for analyzing profitability by customer, sales representative, product type and shipment type. Many other tools permit analysis of sales and margins, supplier sales planning, item analysis, market analysis, product insight and many other operational reporting and trending applications.

The centralized platform facilitates the processing of customer orders, shipping notices, suppliers purchase orders and funds transfer via EDI. We have long supported standard EDI with many trading partners. Over the years we have added capability to support several other integration vehicles beyond standard EDI to better support our customers' needs. The evolving integration capability allows us to seamlessly connect our information systems platform with those of our customers and suppliers. Our



e-commerce purchasing and order fulfillment platform is a user-friendly platform that will be integrated with our legacy systems.

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

**Competition**

We believe that we are the largest distributor in the estimated \$74 billion\* U.S. electrical distribution industry and the largest provider of integrated supply services for MRO goods and services in the United States. We operate in a highly competitive and fragmented industry. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. In 2004, the latest year for which industry-published market share data is available, the four national distributors, including us, accounted for approximately 18% of estimated total industry sales. Competition is primarily focused on the local service area, and is generally based on product line breadth, product availability, service capabilities and price. Another source of competition is buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. While increased buying power may improve the competitive position of buying groups locally, we believe these groups have not been able to compete effectively with us for national account customers due to the difficulty in coordinating a diverse ownership group. Although certain Internet-based procurement service companies, auction businesses and trade exchanges remain in the marketplace, the impact on our business from these potential competitors has been minimal to date.

**Employees**

As of December 31, 2005, we had approximately 6,000 employees worldwide, of which approximately 5,300 were located in the United States and approximately 700 in Canada and our other international locations. Less than 5% of our employees are represented by unions. We believe our labor relations are generally good.

**Intellectual Property**

We currently have trademarks and service marks registered with the U.S. Patent and Trademark Office. The registered trademarks and service marks include: WESCO®, our corporate logo, the running man logo, the running man in box logo and The Extra Effort People®. In 2005, two trademarks, CB Only the Best is Good Enough and LADD, were added as a result of the acquisition of Carlton-Bates. Certain of these and other trademark and service mark registration applications have been filed in various foreign jurisdictions, including Canada, Mexico, the United Kingdom, Singapore and the European Community.

**Environmental Matters**

Our facilities and operations are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose strict, joint and several liabilities on certain persons for the cost of investigation or remediation of contaminated properties. These persons may include former, current or future owners or operators of properties and persons who arranged for the disposal of hazardous substances. Our owned and leased real property may give rise to such

\*Electrical wholesale estimated industry sales per *Electrical Wholesaling (November, 2005)* based upon U.S. Census Bureau Survey segregating electrical wholesale vs. electrical retail sales. *Electrical Wholesaling's* 2004 estimated industry sales of \$83 billion had aggregated wholesale and retail sales.

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investigation, remediation and monitoring liabilities under environmental laws. In addition, anyone disposing of certain products we distribute, such as ballasts, fluorescent lighting and batteries, must comply with environmental laws that regulate certain materials in these products.

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

**Seasonality**

Our operating results are not significantly affected by seasonal factors. Sales during the first quarter are generally less than 2% below the sales of the remaining three quarters due to a reduced level of activity during the winter months of January and February. Sales increase beginning in March, with slight fluctuations per month through December. As a result, our reported sales and earnings in the first quarter are generally lower than in subsequent quarters.

**Website Access**

Our Internet address is *www.wesco.com*. Information contained on our website is not part of, and should not be construed as being incorporated by reference into, this prospectus. We make available free of charge under the **Investors** heading on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), as well as proxy and information statements, as soon as reasonably practicable after such documents are electronically filed or furnished, as applicable, with the Securities and Exchange Commission (the **SEC**). You also may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements and other information regarding issuers like us who file electronically with the SEC.

In addition, our Charters for our Executive Committee, Nominating and Governance Committee, Audit Committee and Compensation Committee, as well as our Independence Standards and Governance Guidelines and our Code of Ethics and Business Conduct for our directors, officers and employees, are all available on our website in the **Corporate Governance** link under the **Investors** heading.

**PROPERTIES**

We have approximately 370 branches, of which approximately 310 are located in the United States, approximately 50 are located in Canada and the remainder are located in Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. Approximately 25% of our branches are owned facilities, and the remainder are leased.

The following table summarizes our distribution centers:

<b>Location</b>	<b>Square Feet</b>	<b>Leased/Owned</b>
Warrandale, PA	194,000	Owned
Sparks, NV	131,000	Leased
Byhalia, MS	148,000	Owned
Little Rock, AR	100,000	Leased
Dorval, QE	90,000	Leased
Columbia, SC	70,000	Leased
Burnaby, BC	65,000	Owned
Kettering, OH	48,000	Leased

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We also lease our 69,000-square-foot headquarters in Pittsburgh, Pennsylvania. We do not regard the real property associated with any single branch location as material to our operations. We believe our facilities are in good operating condition and are adequate for their respective uses.

**LEGAL PROCEEDINGS**

From time to time, a number of lawsuits and claims have been or may be asserted against us relating to the conduct of our business, including routine litigation relating to commercial and employment matters. The outcome of any litigation cannot be predicted with certainty, and some lawsuits may be determined adversely to us. However, management does not believe, based on information presently available, that the ultimate outcome of any such pending matters is likely to have a material adverse effect on our financial condition or liquidity, although the resolution in any quarter of one or more of these matters may have a material adverse effect on our results of operations for that period.

We are a defendant in a lawsuit in a state court in Florida in which a former supplier alleges that we failed to fulfill our commercial obligations to purchase product and seeks monetary damages in excess of \$17 million. We believe that we have meritorious defenses. Neither the outcome nor the monetary impact of this litigation can be predicted at this time. A trial is scheduled for October 2006.

Information relating to legal proceedings is included in Note 14 to WESCO International's audited consolidated financial statements included elsewhere in this prospectus.

Table of Contents**MANAGEMENT**

The executive officers and directors of WESCO International and WESCO Distribution and their respective ages and positions as of March 31, 2006 are set forth below.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Roy W. Haley	59	Chairman and Chief Executive Officer
Sandra Beach Lin	48	Director
Michael J. Cheshire	57	Director
George L. Miles, Jr.	64	Director
Steven A. Raymund	50	Director
James L. Singleton	50	Director
James A. Stern	55	Director
Robert J. Tarr, Jr.	62	Director
Lynn M. Utter	43	Director
William J. Vareschi	63	Director
Kenneth L. Way	66	Director
John J. Engel	44	Senior Vice President and Chief Operating Officer
Stephen A. Van Oss	51	Senior Vice President, Chief Financial and Administrative Officer
William M. Goodwin	60	Vice President, Operations
Robert B. Rosenbaum	48	Vice President, Operations
Donald H. Thimjon	62	Vice President, Operations
Ronald P. Van, Jr.	45	Vice President, Operations
Daniel A. Brailer	48	Treasurer and Director of Investor Relations
Marcy Smorey-Giger	34	Corporate Counsel and Secretary

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

**Roy W. Haley** has been Chief Executive Officer of the Company since February 1994, and Chairman of the Board since 1998. From 1988 to 1993, Mr. Haley was an executive at American General Corporation, a diversified financial services company, where he served as Chief Operating Officer, as President and as a Director. Mr. Haley is also a Director of United Stationers, Inc. and Cambrex Corporation, and is Chairman of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland.

**Sandra Beach Lin**, a director, joined Avery Dennison Corporation in 2005 as Group Vice President, Specialty Materials & Converting Worldwide. She previously served as President, Alcoa Closure Systems International, joining Alcoa in 2002 after 20 years of business experience in the specialty chemicals, medical products, and automotive components industries.

**Michael J. Cheshire**, a director, was the Chairman and Chief Executive Officer of Gerber Scientific, Inc., from 1998 to 2001 and President and Chief Operating Officer from 1997 to 1998. Prior to joining Gerber Scientific, Mr. Cheshire spent 21 years with the General Signal Corporation and was most recently President of their electrical group. Mr. Cheshire is a Director of Del Global Technologies Corporation, United Way of the Connecticut Capital Region and a corporator with Farmington Savings Bank. Mr. Cheshire has announced his intention to retire from the Board of Directors effective May 17, 2006.

**George L. Miles, Jr.**, a director, has been President and Chief Executive Officer of WQED Multimedia since September 1994. Mr. Miles is also a Director of Equitable Resources, Westwood One, ATS-Chester, Inc., Citizens Financial Group and Harley-Davidson, Inc.



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**Steven A. Raymund**, a director, has been the Chief Executive Officer of Tech Data Corporation, a NASDAQ listed company and leading distributor of information technology products, since 1986, and in 1991 was appointed Chairman of the Board of Directors. Mr. Raymund also is a member of the Board of Advisors of the Moffitt Cancer Center in Tampa, Florida and sits on the Board for the Alliance for Excellent Education, which is based in Washington, D.C.

**James L. Singleton**, a director, is Co-Chairman of The Cypress Group, L.L.C. and was a founding partner of that firm in April 1994. Prior to that time, he was a Managing Director in the Merchant Banking Group at Lehman Brothers. Mr. Singleton is also a Director of ClubCorp Inc., Danka Business Systems PLC, Scotsman Holdings, Inc., and The Meow Mix Company.

**James A. Stern**, a director, is CEO and Co-Chairman of The Cypress Group L.L.C. since its formation in April 1994. Prior to joining Cypress, Mr. Stern was a managing Director with Lehman Brothers, Inc. and served as head of the Merchant Banking Group. During his career at Lehman Brothers, he also served as head of that firm's Investment Banking, High Yield and Primary Capital Markets Groups. Mr. Stern is also a Director of AMTROL, Inc., Lear Corporation, Medpointe, Inc., and Affinia Group, Inc., and is Chairman of the Board of Trustees of Tufts University. Mr. Stern has announced his intention to retire from the Board of Directors effective May 17, 2006.

**Robert J. Tarr, Jr.**, a director, is a professional director and private investor. He is also a special partner of Chartwell Investments, LLP, a private equity firm. He was the Chairman, Chief Executive Officer and President of HomeRuns.com, Inc. from February 2000 to September 2001. Prior to joining HomeRuns.com, he worked for more than 20 years in senior executive roles for Harcourt General, Inc., including six years as President, Chief Executive Officer, Chief Operating Officer, and he currently is a Director of Harcourt General, Inc. (formerly General Cinema Corporation) and The Neiman Marcus Group, Inc.

**Lynn M. Utter**, a director, joined Coors Brewing Company in 1997 and is currently its Chief Strategy Officer. Prior to her current position, she served in several operational capacities, including Group Vice President of Container, Quality and Technology, Vice President of Container Operations and Vice President of Logistics, Coors Transportation Operations and Transload. Ms. Utter is Chairperson of the University of Texas McComb School of Business Administration Dean's Advisory Council and serves as a Trustee for Mile High United Way.

**William J. Vareschi**, a director, retired as Chief Executive Officer of Central Parking Corporation in May 2003. Before joining Central Parking Corp., his prior business career of more than 35 years of service was spent with the General Electric Company, which he joined in 1965. He held numerous financial management positions within GE, including Chief Financial Officer for GE Plastics Europe (in the Netherlands), GE Lighting (Cleveland, Ohio), and GE Aircraft Engines (Cincinnati, Ohio). Mr. Vareschi was elected to the Board of WMS Industries Inc. on December 9, 2004.

**Kenneth L. Way**, a director, served as Chairman of Lear Corporation from 1988 to 2003, and was affiliated with Lear Corporation and its predecessor companies for 36 years in engineering, manufacturing and general management capacities. Mr. Way retired in January 2003. Mr. Way is also a Director of Comerica, Inc., CMS Energy Corporation, Cooper Standard Automotive, United Way and Karmanos Cancer Institute, and is on the Board of Trustees for Henry Ford Health Systems.

**John J. Engel** has been Senior Vice President and Chief Operating Officer since July 2004. Mr. Engel served from 2003 to 2004 as Senior Vice President and General Manager of Gateway, Inc. From 1999 to 2002, Mr. Engel served as an Executive Vice President and Senior Vice President of Perkin Elmer, Inc. In addition Mr. Engel was a Vice President and General Manager

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of Allied Signal from 1994 to 1999 and held various management positions in General Electric from 1985 to 1994.

**Stephen A. Van Oss** has been Senior Vice President and Chief Financial and Administrative Officer since July 2004 and, from 2000 to July 2004 served as the Vice President and Chief Financial Officer. Mr. Van Oss also served as our Director, Information Technology from 1997 to 2000 and as our Director, Acquisition Management in 1997. From 1995 to 1996, Mr. Van Oss served as Chief Operating Officer and Chief Financial Officer of Paper Back Recycling of America, Inc. He also held various management positions with Reliance Electric Corporation. Mr. Van Oss is also a director of Williams Scotsman International, Inc. and a member of its audit committee.

**William M. Goodwin** has been Vice President, Operations since March 1994. From 1987 to 1994, Mr. Goodwin served as a branch, district and region manager in various locations and also served as Managing Director of WESCOSA, a former Westinghouse-affiliated manufacturing and distribution business in Saudi Arabia.

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

**Donald H. Thimjon** has been Vice President, Operations since March 1994. Mr. Thimjon served as Vice President, Utility Group for us from 1991 to 1994 and as Regional Manager from 1980 to 1991.

**Ronald P. Van, Jr.** has been Vice President, Operations since October 1998. Mr. Van was a Vice President and Controller of EESCO, an electrical distributor that we acquired in 1996.

**Daniel A. Brailer** has been Treasurer and Director of Investor Relations since March 1999. From 1982 to 1999, Mr. Brailer held various positions at Mellon Financial Corporation, most recently as Senior Vice President.

**Marcy Smorey-Giger** has been Corporate Counsel and Secretary since May 2004. From 2002 to 2004, Ms. Smorey-Giger served as Corporate Attorney and Manager, Compliance Programs. From 1999 to 2002, Ms. Smorey-Giger served as Compliance and Legal Affairs Manager.



Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth compensation information for WESCO International's Chief Executive Officer and for WESCO International's four other most highly compensated executive officers for 2005 (the Named Executive Officers).

Name and Principal Position(s)	Fiscal Year	Annual Compensation		Long Term Compensation Securities Underlying Equity Awards	All Other Compensation (\$)	Total Compensation
		Salary (\$)	Bonus \$(1)	(#s)(2)	(3)(4)(5)(6)(7)(8)	
Roy W. Haley Chairman and Chief Executive Officer	2005	700,000	1,600,000	200,000	136,632	2,436,632
	2004	685,833	1,470,000	200,000	70,678	2,226,511
	2003	615,000	300,000	300,000	35,072	950,072
John J. Engel Senior Vice President and Chief Operating Officer	2005	450,000	530,000	75,000	102,778	1,082,778
	2004	209,711	200,000	200,000	215,560	625,271
	2003					
Stephen A. Van Oss Senior Vice President and Chief Financial and Administrative Officer	2005	408,333	430,000	75,000	65,156	903,489
	2004	325,000	387,000	70,000	38,051	750,051
	2003	300,000	130,000	70,000	25,710	455,710
William M. Goodwin Vice President, Operations	2005	261,667	225,000	25,000	59,338	546,005
	2004	242,000	280,500	30,000	38,308	560,808
	2003	235,833	118,000	38,000	23,548	377,381
Donald H. Thimjon Vice President, Operations	2005	245,333	225,000	25,000	54,071	524,404
	2003	242,000	280,500	35,000	35,852	558,352
	2002	235,833	76,200	38,000	23,874	335,907

(1) Bonus amounts reflect compensation earned in the indicated fiscal year, but approved and paid in the following year. Bonus amounts reflect awards under documented performance objectives and plans, and are inclusive of a special one-year Value Acceleration Program payment approved by the Board for performance substantially above established goals.

(2) All equity awards granted to the Named Executive Officers in 2005, 2004 and 2003 were granted under WESCO International's 1999 Long-Term Incentive Plan (LTIP), as amended and approved by the Board and stockholders. SARs granted in 2005 have an exercise price of \$31.65 per share. SARs granted in 2004 have an exercise price of

\$24.02 per share. Mr. Engel, after joining WESCO International in 2004 was granted stock options at an exercise price of \$16.82 per share. Stock options granted in 2003 have an exercise price of \$5.90 per share. Awards granted under the LTIP are subject to certain time and performance based vesting requirements.

- (3) Includes contributions under the WESCO Distribution, Inc. Retirement Savings Plan in the amounts of (a) \$2,583, \$4,200, \$2,800, \$5,250, and \$6,150 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2005 (b) \$6,000, \$3,938, \$2,600, \$4,925, and \$6,000 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2004, (c) \$6,000, \$-0-, \$2,400, \$4,500, and \$6,000 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2003. An award under WESCO International's Retirement Savings Plan in the form of a discretionary contribution was made to all employees in 2005 for 2004 performance, specifically, in the amounts of \$10,000, \$5,729, \$10,000, \$14,000, and \$14,000 for Messrs. Haley, Engel, Van Oss, Goodwin and Thimjon, respectively.
- (4) Includes contributions by under the WESCO Distribution, Inc. Deferred Compensation Plan in the amounts of (a) \$62,517 \$15,300, \$21,060, \$11,015, and \$8,775 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2005 (b) \$22,700, \$-0-, \$10,613, \$5,779, and \$3,341 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2004, (c) \$14,750, \$-0-, \$10,500, \$5,036 and \$2,666 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2003. An award under WESCO International's Retirement Savings Plan in the form of a discretionary contribution was made in 2005 to the Deferred Compensation Plan in the amounts of \$39,115, \$-0-, \$12,646, \$11,183, and \$8,257 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively.
- (5) Includes an annual automobile allowance paid by WESCO International in the amount of \$12,000 for each of Messrs. Haley, Van Oss, Goodwin, and Thimjon in each of 2005, 2004, and 2003. Includes automobile allowance in the amount of \$12,000 in 2005 and \$5,500 in 2004, the year Mr. Engel became employed with WESCO International.
- (6) Includes the dollar value of insurance premiums paid by WESCO International for each executive officer's term life insurance in the amounts of (a) \$2,322, \$540, \$1,242, \$3,713 and \$3,366 for Messrs. Haley, Engel, Van Oss,

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Goodwin, and Thimjon, respectively, in 2005, (b) \$2,419, \$225, \$1,294, \$2,208, and \$3,152 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2004, (c) \$2,322, \$-0-, \$810, \$2,012, and \$3,208 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2003.

(7) Includes non-cash awards in the amounts of (a) \$8,095, \$-0-; \$5,408, \$2,177, and \$1,523 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2005, (b) \$7,809, \$1,675, \$5,094, \$2,177 and \$840 for Messrs. Haley, Engel, Van Oss, Goodwin, and Thimjon, respectively, in 2004.

(8) Includes relocation allowance paid by WESCO International for Mr. Engel in the amounts of \$65,009 and \$204,222 in 2005 and 2004 respectively.

**SARs Grants in Last Fiscal Year**

Name	Number of Securities Underlying SARs Granted	% of Total SARs Granted to Employees in Fiscal Year	Exercise		Potential Realizable Value at Assumed Rates of Stock Price Appreciation for SAR Term(1)	
			Price (\$/Sh)	Expiration Date	5%	10%
Roy W. Haley	200,000	22.00%	31.65	7/1/2015	3,980,000	10,088,000
John J. Engel	75,000	8.25%	31.65	7/1/2015	1,492,500	3,783,000
Stephen A. Van Oss	75,000	8.25%	31.65	7/1/2015	1,492,500	3,783,000
William M. Goodwin	25,000	2.75%	31.65	7/1/2015	497,500	1,261,000
Donald H. Thimjon	25,000	2.75%	31.65	7/1/2015	497,500	1,261,000

*Note:* During 2003, WESCO International adopted the measurement provisions of SFAS No. 123, Accounting for Stock-Based Compensation and began expensing equity awards. WESCO International recognized \$8.6 million of compensation expense related to all awards in the year ended December 31, 2005.

(1) Amounts represent hypothetical gains that could be achieved for the respective SARs if exercised at the end of the SARs term. These gains are based on assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective SARs were granted to their expiration date. These assumptions are not intended to forecast future appreciation of our stock price. The potential realizable value computation does not take into account federal or state income tax consequences of SARs exercises or sales of appreciated stock.

**Aggregated Option/ SARs Exercises in Last Fiscal Year and Fiscal Year-End Option/ SARs Values**

The table below sets forth information for each Named Executive Officer with regard to the aggregate (stock options and SARs) held at December 31, 2005.

Number of Securities Underlying Unexercised	Value of Unexercised In-the-Money Option/SARs
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**Option/SARs Awards  
at  
FY-End**

Name	Shares Acquired on Exercise (#)	Value Realized (#)	Option/SARs Awards at FY-End		Awards at FY-End (\$)(1)	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable 10%
Roy W. Haley	N/A	N/A	808,542	958,458	29,942,502	25,899,658
John J. Engel	N/A	N/A	33,334	241,666	863,684	5,149,316
Stephen A. Van Oss	25,000	668,250	130,963	271,009	4,217,782	6,962,181
William M. Goodwin	10,525	261,651	84,283	175,352	2,634,489	4,853,667
Donald H. Thimjon	54,808	1,494,674	11,667	178,685	218,290	5,193,027

(1) Based on the closing market price per share of \$42.73 as reported on the NYSE on December 31, 2005.

During December 2003, in a privately negotiated transaction with 19 employees, including Messrs. Haley, Goodwin, and Thimjon, WESCO International redeemed the net equity value of stock options originally granted in 1994 and 1995, representing approximately 2.9 million shares. The options held by the employees had a weighted average price of \$1.75. The options were redeemed at a price of \$8.63 per share, effective for accounting purposes, as of December 31, 2003. The transaction was settled, and the aggregate cash payment of \$20.1 million was made on January 6, 2004.

Table of Contents**Employment Agreements**

***Employment Agreement with the Chief Executive Officer.*** WESCO International is a party to an employment agreement with Mr. Haley providing for a rolling employment term of three years. Pursuant to this agreement, Mr. Haley is entitled to an annual base salary of at least \$500,000, the actual amount of which may be adjusted by the Board from time to time, and an annual incentive bonus equal to a percentage of his annual base salary ranging from 0% to 200%. The actual amount of Mr. Haley's annual incentive bonus will be determined based upon WESCO International's financial performance as compared to the annual performance objectives established for the relevant fiscal year. If Mr. Haley's employment is terminated by WESCO International without cause, by Mr. Haley for good reason or as a result of Mr. Haley's death or disability, Mr. Haley is entitled to continued payments of his average annual base salary and his average annual incentive bonus, reduced by any disability payments for the three-year period, or in the case of a termination due to Mr. Haley's death or disability, the two-year period, following such termination, and continued welfare benefit coverage for the two-year period following such termination. In addition, in the event of any such qualifying termination, all outstanding options held by Mr. Haley will become fully vested.

The agreement further provides that, in the event of the termination of Mr. Haley's employment by WESCO International without cause or by Mr. Haley for good reason, in either such case, within the two-year period following a change in control of WESCO International, in addition to the termination benefits described above, Mr. Haley is entitled to receive continued welfare benefit coverage and payments in lieu of additional contributions to WESCO International's Retirement Savings Plan and Deferred Compensation Plan for the three-year period following such change in control. WESCO International has agreed to provide Mr. Haley with an excise tax gross up with respect to any excise taxes Mr. Haley may be obligated to pay pursuant to Section 4999 of the United States Internal Revenue Code of 1986 on any excess parachute payments. In addition, following a change in control, Mr. Haley is entitled to a minimum annual bonus equal to 50% of his base salary, and the definition of good reason is modified to include certain additional events. The agreement also contains customary covenants regarding nondisclosure of confidential information and non-competition and nonsolicitation restrictions.

***Employment Agreement with the Chief Operating Officer.*** WESCO International is a party to an employment agreement with Mr. Engel providing for an employment term of two years, subject to automatic renewals for an additional year as of each annual anniversary of the agreement. The agreement provides that Mr. Engel is entitled to an annual base salary of at least \$450,000, subject to adjustment by the Board, and incentive compensation under WESCO International's incentive compensation and other bonus plans for senior executives in amounts ranging from 0% to 100% his annual base salary, based upon WESCO International's achievement of earnings, sales growth and return on investment or other performance criteria established by the Compensation Committee.

If Mr. Engel's employment is terminated by reason of his death, WESCO International will pay the amount of his accrued but unpaid base salary through his date of death, any accrued but unpaid incentive compensation, any other reimbursable amounts and any payments required to be made under WESCO International's employee benefit plans or programs. If Mr. Engel's employment is terminated by reason of disability, he will continue to receive his base salary and all welfare benefits through the date of disability, offset by the amount of any disability income payments provided under WESCO International's disability insurance. If Mr. Engel's employment is terminated by WESCO International without cause or by him for good reason, he is entitled to his accrued but unpaid base salary through the date of termination, a cash amount equal to his pro rata incentive compensation for the fiscal year in which the termination occurs, monthly cash payments equal to 1.5 times his monthly base salary as of the date of termination for the greater of (i) the remainder of the employment agreement's term, or (ii) eighteen months

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following the date of termination, and continued welfare benefit coverage for the two years. In such event, all stock options, except those that will remain unvested due to specified operational or financial performance criteria not being satisfactorily achieved, will become fully vested, and WESCO International will pay the full cost of his COBRA continuation coverage. If Mr. Engel's employment is so terminated within one year following a change in control of WESCO International, the cash amount equal to 1.5 times his monthly base salary will be paid in monthly installments for 24 months. WESCO International has agreed to provide Mr. Engel with a partial excise tax gross up with respect to any excise taxes Mr. Engel may be obligated to pay. The agreement also contains customary covenants regarding nondisclosure of confidential information and non-competition and non-solicitation restrictions. Additionally, under the terms of the agreement, WESCO International paid approximately \$204,222 and \$65,009 in relocation expenses on behalf of Mr. Engel in 2004 and 2005, respectively.

***Employment Agreement with the Chief Financial Officer.*** WESCO International is party to an employment agreement with Mr. Van Oss providing for an employment term of two years, subject to automatic renewals for an additional year as of each annual anniversary of the agreement. The agreement provides that Mr. Van Oss is entitled to an annual base salary of at least \$450,000, subject to adjustment by the Board, and incentive compensation under WESCO International's incentive compensation and other bonus plans for senior executives in amounts ranging from 0% to 100% his annual base salary, based upon WESCO International's achievement of earnings, sales growth and return on investment or other performance criteria established by the Compensation Committee.

If Mr. Van Oss's employment is terminated by reason of his death, WESCO International will pay the amount of his accrued but unpaid base salary through his date of death, any accrued but unpaid incentive compensation, any other reimbursable amounts and any payments required to be made under WESCO International's employee benefit plans or programs. If Mr. Van Oss's employment is terminated by reason of disability, he will continue to receive his base salary and all welfare benefits through the date of disability, offset by the amount of any disability income payments provided under WESCO International's disability insurance. If Mr. Van Oss's employment is terminated by WESCO International without cause or by him for good reason, he is entitled to his accrued but unpaid base salary through the date of termination, a cash amount equal to his pro rata incentive compensation for the fiscal year in which the termination occurs, monthly cash payments equal to 1.5 times his monthly base salary as of the date of termination for the greater of (i) the remainder of the employment agreement's term, or (ii) eighteen months following the date of termination, and continued welfare benefit coverage for the two years. In such event, all stock options, except those that will remain unvested due to specified operational or financial performance criteria not being satisfactorily achieved, will become fully vested, and WESCO International will pay the full cost of his COBRA continuation coverage. If Mr. Van Oss's employment is so terminated within one year following a change in control of WESCO International, the cash amount equal to 1.5 times his monthly base salary will be paid in monthly installments for 24 months. WESCO International has agreed to provide Mr. Van Oss with a partial excise tax gross up with respect to any excise taxes Mr. Van Oss may be obligated to pay. The agreement also contains customary covenants regarding nondisclosure of confidential information and non-competition and non-solicitation restrictions.

**Compensation Committee Interlocks**

None of WESCO International's executive officers serve as an executive officer of, or as a member of the compensation committee of any public company entity that has an executive officer, Director or other designee serving as a member of WESCO International's Board.

**Table of Contents****SECURITY OWNERSHIP**

The following table sets forth the beneficial ownership of WESCO International's Common Stock as of April 3, 2006, by each person or group known by WESCO International to beneficially own more than five percent of its outstanding Common Stock, each Director, each of the Named Executive Officers, and all Directors and executive officers as a group. Unless otherwise indicated, the holders of all shares shown in the table have sole voting and investment power with respect to such shares. In determining the number and percentage of shares beneficially owned by each person, shares that may be acquired by such person pursuant to options or convertible stock exercisable or convertible within 60 days of April 3, 2006 are deemed outstanding for purposes of determining the total number of outstanding shares for such person and are not deemed outstanding for such purpose for all other stockholders.

Name	Shares Beneficially Owned(1)	Percent Owned Beneficially
FMR Corporation 82 Devonshire Street Boston, Massachusetts 02109	7,106,159(2)	14.8%
Putnam, LLC d/b/a Putnam Investments One Post Office Square Boston, Massachusetts 02109	2,631,966(3)	5.5%
Roy W. Haley	1,569,387	3.2%
Stephen A. Van Oss	246,928	*
William M. Goodwin	84,252	*
John J. Engel	83,334	*
Donald H. Thimjon	69,359	*
Robert J. Tarr, Jr.	15,000	*
James L. Singleton	10,000	*
Kenneth L. Way	5,453	*
George L. Miles, Jr.	5,000	*
Sandra Beach Lin	350	*
William J. Vareschi		
Lynn M. Utter		
Steven A. Raymund		
All 19 executive officers and Directors as a group	2,180,661	4.4%

\* Indicates ownership of less than 1% of the Common Stock.

- (1) The beneficial ownership of Directors set forth in the following table does not reflect shares of common stock payable to any such Director following the Director's termination of Board service with respect to portions of annual fees deferred under WESCO International's Deferred Compensation Plan for Non-Employee Directors or in settlement of any options or SARs granted to any such Director under that plan to the extent that those options or SARs may not be exercised or settled within 60 days of April 3, 2006. The beneficial ownership of Directors set forth in the following table also does not reflect shares of common stock beneficially owned by Michael J. Cheshire or James L. Stern. Effective May 17, 2006, Messrs. Cheshire and Stern will retire from the Board of Directors and accordingly will not stand for re-election.

(2)

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Based on a Schedule 13G/A filed under the Securities Exchange Act of 1934 by FMR Corporation and its affiliates on February 14, 2006.

- (3) Based on a schedule 13G/A filed under the Securities Exchange Act of 1934 by Putnam, LLC d/b/a Putnam Investments and its affiliates on February 10, 2006.



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**THE EXCHANGE OFFER**

**Purpose and Effect**

We issued the original notes on September 27, 2005 in a private placement to a limited number of qualified institutional buyers, as defined under the Securities Act. The original notes were issued under an indenture dated September 27, 2005. In connection with the issuance of the original notes, we and WESCO International entered into an exchange and registration rights agreement. The exchange and registration rights agreement requires that we offer to you the opportunity to exchange your original notes for a like principal amount of exchange notes. The exchange notes will be issued without a restrictive legend, and, except as set forth below, we believe that the exchange notes may be reoffered and resold by you without registration under the Securities Act. After we complete the exchange offer, our obligations with respect to the registration of the original notes will terminate, except as provided in the last paragraph of this Purpose and Effect section. Copies of the indenture and the exchange and registration rights agreement have been filed as exhibits to the registration statement of which this prospectus is a part.

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties unrelated to us, if you are not our affiliate within the meaning of Rule 405 under the Securities Act or a broker-dealer referred to in the next paragraph, we believe that exchange notes to be issued to you in the exchange offer may be offered for resale, resold and otherwise transferred by you, without compliance with the registration and prospectus delivery provisions of the Securities Act. This interpretation, however, is based on your representations to us that:

the exchange notes to be issued to you in the exchange offer are acquired in the ordinary course of your business;

you are not engaging in and do not intend to engage in a distribution of the exchange notes to be issued to you in the exchange offer;

you have no arrangement or understanding with any person to participate in the distribution of the exchange notes to be issued to you in the exchange offer; and

you are not an affiliate of ours, as defined under Rule 405 of the Securities Act.

We have not applied to the SEC for no-action relief with respect to this exchange offer, and we cannot assure you that the staff of the SEC would make a similar determination with respect to this exchange offer.

If you tender your original notes in the exchange offer for the purpose of participating in a distribution of the exchange notes to be issued to you in the exchange offer, you cannot rely on this interpretation by the staff of the SEC. Under those circumstances, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. Each broker-dealer that receives exchange notes in the exchange offer for its own account in exchange for original notes that were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of those exchange notes. See Plan of Distribution.

If (i) because of any change in law or applicable interpretations by the SEC's staff, we are not permitted to effect the exchange offer; (ii) any original notes validly tendered pursuant to the exchange offer are not exchanged for exchange notes prior to 300 days after the issue date of the original notes; (iii) any initial purchaser of original notes so requests with respect to the original notes not eligible to be exchanged for exchange notes in the exchange offer and held by it following the consummation of the exchange offer; (iv) any applicable law or interpretations do not permit any holder of original notes to participate in the exchange offer, (v) any holder of

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original notes that participates in the exchange offer does not receive freely transferable exchange notes in exchange for tendered original notes, or (vi) we so elect, we will register your original notes in a shelf registration statement on an appropriate form pursuant to Rule 415 under the Securities Act. If we are obligated to file a shelf registration statement, we will be required to keep the shelf registration statement effective until the earlier of (i) two years from the issue date of the original notes or such shorter period that will terminate when all the securities covered by the shelf registration statement have been sold pursuant to the shelf registration statement and (ii) the date on which the securities covered by the shelf registration statement become eligible for resale without volume restrictions pursuant to Rule 144 under the Securities Act. Other than as set forth in this paragraph, you will not have the right to require us to register your original notes under the Securities Act following the consummation of the exchange offer. See Procedures for Tendering below.

We will, in the event a shelf registration statement is filed, among other things, provide to each holder of original notes for whom the shelf registration statement was filed a copy of the shelf registration statement, each amendment of the shelf registration statement and each amendment or supplement to the prospectus included in the shelf registration statement, notify each of those holders when the shelf registration statement has been filed with the SEC and when the shelf registration statement or any post-effective amendment to it has become effective and take certain other actions as are required to permit unrestricted resales of the original notes. A holder selling original notes pursuant to the shelf registration statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the exchange and registration rights agreement which are applicable to that holder (including certain indemnification obligations).

We will pay additional cash interest on the original notes, subject to certain exceptions, if:

the exchange offer is not consummated on or prior to 300 days after the date of the issuance of the original notes (other than in the event we file a shelf registration statement with respect to the original notes); or

we file a shelf registration statement with respect to the original notes, and such shelf registration statement is declared effective within 270 days after the date of the issuance of the original notes (or in the case of a shelf registration statement required to be filed in response to a change in law or the applicable interpretations of the SEC's staff, if later, within 90 days after publication of the change in law or interpretation, but in no event before 270 days after the date of the issuance of the original notes) but shall thereafter cease to be effective (at any time that we are obligated to maintain the effectiveness of that shelf registration statement) without being succeeded within 90 days by an additional registration statement filed and declared effective

(each such event referred to in clauses (1) through (3) above, a Registration Default ) from and including the date on which such Registration Default occurs to but excluding the date on which all Registration Defaults have been cured.

The additional interest to be paid in the event of a Registration Default during the period of one or more such registration defaults is an amount equal to \$0.192 per week per \$1,000 principal amount of the original notes whose transfer is restricted until the Registration Default is cured. The additional interest will be in addition to any other interest payable from time to time with respect to the original notes. All accrued additional interest shall be paid to holders in the same manner as interest payment on the original notes on semi-annual payment dates which correspond to interest payment dates for the original notes. Following the cure of all Registration Defaults, the accrual of additional interest will cease. Notwithstanding the foregoing, we and WESCO International may issue a notice that the shelf registration statement is unusable pending

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the announcement of a material development or event and may issue any notice suspending use of the shelf registration statement required under securities laws to be issued and, in the event that the aggregate number of days in any consecutive twelve-month period for which all such notices are issued and effective exceeds 45 days in the aggregate, we and WESCO International will be obligated to pay additional interest in an amount equal to \$0.192 per week per \$1,000 principal amount of the original notes whose transfer is restricted held by such holder. Upon the issuer declaring that the shelf registration statement is usable after the period of time described in the preceding sentence, the accrual of additional interest shall cease; provided, however, that if after any such cessation of the accrual of additional interest the shelf registration statement again ceases to be usable beyond the period permitted above, additional interest will again accrue pursuant to the foregoing provisions.

Original notes which you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities. You may not offer or sell untendered original notes except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue exchange notes in exchange for the original notes pursuant to the exchange offer only following the satisfaction of procedures and conditions described elsewhere in this prospectus. These procedures and conditions include timely receipt by the exchange agent of the original notes and a properly completed and duly executed letter of transmittal.

Because we anticipate that most holders of original notes will elect to exchange their original notes, we expect that the liquidity of the market for any original notes remaining after the completion of the exchange offer may be substantially limited. Any original note tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the original notes outstanding. Following the exchange offer, untendered original notes generally will not have any further associated registration rights, and untendered original notes will continue to be subject to transfer restrictions. Accordingly, the liquidity of the market for any original notes could be adversely affected.

**Consequences of Failure to Exchange**

Original notes which you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities. You may not offer or sell untendered original notes except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue exchange notes in exchange for the original notes pursuant to the exchange offer only following the satisfaction of procedures and conditions described elsewhere in this prospectus. These procedures and conditions include timely receipt by the exchange agent of the original notes and a properly completed and duly executed letter of transmittal.

Because we anticipate that most holders of original notes will elect to exchange their original notes, we expect that the liquidity of the market for any original notes remaining after the completion of the exchange offer may be substantially limited. Any original note tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the original notes outstanding. Following the exchange offer, untendered original notes generally will not have any further associated registration rights, and untendered original notes will continue to be subject to transfer restrictions. Accordingly, the liquidity of the market for any original notes could be adversely affected.

**Terms of the Exchange Offer**

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, we will accept any and all original notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue \$1,000

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principal amount of exchange notes in exchange for each \$1,000 principal amount of original notes accepted in the exchange offer. You may tender some or all of your original notes pursuant to the exchange offer. However, original notes may be tendered only in integral multiples of \$1,000 principal amount.

The form and terms of the exchange notes are substantially the same as the form and terms of the original notes, except that the exchange notes to be issued in the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer. The exchange notes will be issued pursuant to, and entitled to the benefits of, the indenture. The indenture also governs the original notes. The exchange notes and the original notes are deemed one issue of notes under the indenture.

As of the date of this prospectus, \$150.0 million in aggregate principal amount of original notes were outstanding. This prospectus, together with the accompanying letter of transmittal, is being sent to all registered holders and to others believed to have beneficial interests in the original notes. You do not have any appraisal or dissenters' rights in connection with the exchange offer under the General Corporation Law of the State of Delaware or the governing indenture. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC promulgated under the Exchange Act.

We will be deemed to have accepted validly tendered outstanding original notes when, as, and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as our agent for the tendering holders for the purpose of receiving the exchange notes from us. If we do not accept any tendered original notes because of an invalid tender, the occurrence of certain other events set forth in this prospectus or otherwise, we will return certificates for any unaccepted original notes, without expense, to the tendering holder promptly after the expiration date.

You will not be required to pay brokerage commissions or fees or, except as set forth below under Transfer Taxes, transfer taxes with respect to the exchange of your original notes in the exchange offer. We will pay all charges and expenses, other than certain applicable taxes, in connection with the exchange offer. See Fees and Expenses below.

**Expiration Date; Amendments**

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2006, unless we determine, in our sole discretion, to extend the exchange offer, in which case it will expire at the later date and time to which it is extended. We currently do not intend to extend the exchange offer, although we reserve the right to do so. The exchange offer will not remain in effect for more than 45 business days after the date on which notice of the exchange offer is mailed to you. If we extend the exchange offer, we will give oral or written notice of the extension to the exchange agent and give each registered holder notice by means of a press release or other public announcement of any extension prior to 9:00 a.m., New York City time, on the next business day after the scheduled expiration date.

We also reserve the right, in our sole discretion:

to delay accepting any original notes or, if any of the conditions, other than those relating to necessary governmental approvals, set forth below under Conditions have not been satisfied or waived prior to the expiration date, to terminate the exchange offer by giving oral or written notice of such delay or termination to the exchange agent; provided, however, we will not delay payment subsequent to the expiration date other than in anticipation of receiving necessary governmental approvals; or

to amend the terms of the exchange offer in any manner by complying with Rule 14e-1(d) under the Exchange Act to the extent that rule applies.

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We acknowledge and undertake to comply with the provisions of Rule 14e-1(c) under the Exchange Act, which requires us to pay the consideration offered, or return the original notes surrendered for exchange, promptly after the termination or withdrawal of the exchange offer. We will notify you promptly of any extension, termination or amendment.

If the exchange offer is amended in a manner determined by us to constitute a material change, we promptly will disclose such amendment by means of a prospectus supplement that will be distributed to the registered holders of the original notes, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure to the holders, if the exchange offer would otherwise expire during such five- to ten-business day period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, amendment or termination of the exchange offer, we will have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

**Procedures for Tendering**

***Book-Entry Interests***

The original notes were issued as global securities in fully registered form without interest coupons. Beneficial interests in the global securities, held by direct or indirect participants in DTC, are shown on, and transfers of these interests are effected only through, records maintained in book-entry form by DTC with respect to its participants.

If you hold your original notes in the form of book-entry interests and you wish to tender your original notes for exchange pursuant to the exchange offer, you must transmit to the exchange agent on or prior to the expiration date either:

a written or facsimile copy of a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal, to the exchange agent at the address set forth on the cover page of the letter of transmittal; or

a computer-generated message transmitted by means of DTC's Automated Tender Offer Program system and received by the exchange agent and forming a part of a confirmation of book-entry transfer, in which you acknowledge and agree to be bound by the terms of the letter of transmittal.

In addition, in order to deliver original notes held in the form of book-entry interests:

a timely confirmation of book-entry transfer of such original notes into the exchange agent's account at DTC pursuant to the procedure for book-entry transfers described below under **Book-Entry Transfer** must be received by the exchange agent prior to the expiration date; or

you must comply with the guaranteed delivery procedures described below.

The method of delivery of original notes and the letter of transmittal and all other required documents to the exchange agent is at your election and risk. Instead of delivery by mail, we recommend that you use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the expiration date. You should not send the letter of transmittal or original notes to us. You may request your broker, dealer, commercial bank, trust company, or nominee to effect the above transactions for you.

***Certificated Original Notes***

Only registered holders of certificated original notes may tender those original notes in the exchange offer. If your original notes are certificated notes and you wish to tender those original

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notes for exchange pursuant to the exchange offer, you must transmit to the exchange agent on or prior to the expiration date, a written or facsimile copy of a properly completed and duly executed letter of transmittal, including all other required documents, to the address set forth below under Exchange Agent. In addition, in order to validly tender your certificated original notes:

the certificates representing your original notes must be received by the exchange agent prior to the expiration date; or

you must comply with the guaranteed delivery procedures described below.

**Procedures Applicable to All Holders**

If you tender an original note and you do not withdraw the tender prior to the expiration date, you will have made an agreement with us in accordance with the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal.

If your original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your notes, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your original notes, either make appropriate arrangements to register ownership of the original notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless: original notes tendered in the exchange offer are tendered either:  
by a registered holder who has not completed the box entitled Special Registration Instructions or Special Delivery Instructions on the letter of transmittal or

for the account of an eligible institution; and

the box entitled Special Registration Instructions on the letter of transmittal has not been completed.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantee must be by a financial institution, which includes most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchanges Medallion Program.

If the letter of transmittal is signed by a person other than you, your original notes must be endorsed or accompanied by a properly completed bond power and signed by you as your name appears on those original notes.

If the letter of transmittal or any original notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive this requirement, in this instance you must submit with the letter of transmittal proper evidence satisfactory to us of their authority to act on your behalf.

We will determine, in our sole discretion, all questions regarding the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered original notes. This determination will be final and binding. We reserve the absolute right to reject any and all original notes not properly tendered or any original notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions

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of tender as to particular original notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

You must cure any defects or irregularities in connection with tenders of your original notes within the time period we will determine unless we waive that defect or irregularity. Although we intend to notify you of defects or irregularities with respect to your tender of original notes, neither we, the exchange agent nor any other person will incur any liability for failure to give this notification. Your tender will not be deemed to have been made and your notes will be returned to you if:

you improperly tender your original notes;

you have not cured any defects or irregularities in your tender; and

we have not waived those defects, irregularities or improper tender.

In this event, the exchange agent will return your original notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration of the exchange offer.

In addition, we reserve the right in our sole discretion to:

purchase or make offers for, or offer exchange notes for, any original notes that remain outstanding subsequent to the expiration of the exchange offer;

terminate the exchange offer if a condition to the exchange offer is not satisfied; or

to the extent permitted by applicable law, purchase original notes in the open market, in privately negotiated transactions or otherwise.

The terms of any of these purchases or offers could differ from the terms of the exchange offer.

By tendering original notes in the exchange offer, you will represent to us that, among other things:

the exchange notes to be acquired by you in the exchange offer are being acquired in the ordinary course of your business;

you are not engaging in and do not intend to engage in a distribution of the exchange notes to be acquired by you in the exchange offer;

you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes to be acquired by you in the exchange offer; and

you are not our affiliate, as defined under Rule 405 of the Securities Act.

In all cases, issuance of exchange notes in exchange for original notes that are accepted for exchange in the exchange offer will be made only after timely receipt by the exchange agent of certificates for your original notes or a timely book-entry confirmation of your original notes into the exchange agent's account at DTC, a properly completed and duly executed letter of transmittal, or a computer-generated message instead of the letter of transmittal, and all other required documents. If any tendered original notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if original notes are submitted for a greater principal amount than you desire to exchange, the unaccepted or non-exchanged original notes, or original notes in substitution therefor, will be returned without expense to you. In addition, in the case of original notes tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the book-entry transfer procedures described below, the non-exchanged original notes will be credited to your account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer.

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**Guaranteed Delivery Procedures**

If you desire to tender your original notes in the exchange offer and your original notes are not immediately available, you may tender your original notes if:

you tender your original notes through an eligible financial institution;

on or prior to 5:00 p.m., New York City time, on the expiration date, the exchange agent receives from an eligible institution, a written or facsimile copy of a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us; and

the certificates for all certificated original notes, in proper form for transfer, or a book-entry confirmation, and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

The notice of guaranteed delivery may be sent by facsimile transmission, mail or hand delivery. The notice of guaranteed delivery must set forth:

your name and address;

the amount of original notes you are tendering; and

a statement that your tender is being made by the notice of guaranteed delivery and that you guarantee that within three New York Stock Exchange trading days after the execution of the notice of guaranteed delivery, the eligible institution will deliver the following documents to the exchange agent:

the certificates for all certificated original notes being tendered, in proper form for transfer or a book-entry confirmation of tender;

a written or facsimile copy of the letter of transmittal, or a book-entry confirmation instead of the letter of transmittal; and

any other documents required by the letter of transmittal.

**Book-Entry Transfer**

The exchange agent will establish an account with respect to the book-entry interests at DTC for purposes of the exchange offer promptly after the date of this prospectus. You must deliver your book-entry interest by book-entry transfer to the account maintained by the exchange agent at DTC. Any financial institution that is a participant in DTC's systems may make book-entry delivery of book-entry interests by causing DTC to transfer the book-entry interests into the exchange agent's account at DTC in accordance with DTC's procedures for transfer.

If one of the following situations occur:

you cannot deliver a book-entry confirmation of book-entry delivery of your book-entry interests into the exchange agent's account at DTC; or

you cannot deliver all other documents required by the letter of transmittal to the exchange agent prior to the expiration date,

then you must tender your book-entry interests according to the guaranteed delivery procedures discussed above.

**Withdrawal Rights**

You may withdraw tenders of your original notes at any time prior to 5:00 p.m., New York City time, on the expiration date.



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For your withdrawal to be effective, the exchange agent must receive a written or facsimile transmission notice of withdrawal at its address set forth below under Exchange Agent prior to 5:00 p.m., New York City time, on the expiration date.

The notice of withdrawal must:

state your name;

identify the specific original notes to be withdrawn, including the certificate number or numbers and the principal amount of withdrawn notes;

be signed by you in the same manner as you signed the letter of transmittal when you tendered your original notes, including any required signature guarantees or be accompanied by documents of transfer sufficient for the exchange agent to register the transfer of the original notes into your name; and

specify the name in which the original notes are to be registered, if different from yours.

We will determine all questions regarding the validity, form and eligibility, including time of receipt, of withdrawal notices. Our determination will be final and binding on all parties. Any original notes tendered and withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any original notes which have been tendered for exchange but which are not exchanged for any reason will be returned to you without cost promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn original notes may be retendered by following one of the procedures described under Procedures for Tendering above at any time on or prior to 5:00 p.m., New York City time, on the expiration date.

**Conditions**

Notwithstanding any other provision of the exchange offer and subject to our obligations under the exchange and registration rights agreement, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any original notes and may terminate or amend the exchange offer, if at any time before the expiration of the exchange offer any of the following events occur:

any injunction, order or decree has been issued by any court or any governmental agency that would prohibit, prevent or otherwise materially impair our ability to proceed with the exchange offer; or

the exchange offer violates any applicable law or any applicable interpretation of the staff of the SEC.

We currently do not believe that any of these events has occurred, or that the exchange offer violates any applicable law or any applicable interpretation of the staff of the SEC.

These conditions are for our sole benefit, and we may assert them regardless of the circumstances giving rise to them, subject to applicable law. We also may waive in whole or in part at any time and from time to time any particular condition, other than those relating to necessary governmental approvals, in our sole discretion prior to the expiration of the exchange offer. If we waive a condition, we may be required in order to comply with applicable securities laws to extend the expiration date of the exchange offer. To the extent that we waive a condition with respect to one tender of notes, we will waive that condition for all other tenders as well. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of these rights and these rights will be deemed ongoing rights which may be asserted at any time and from time to time prior to the expiration of the exchange offer.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any of those original notes, if at the time the original notes

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are tendered any stop order is threatened by the SEC or in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the Trust Indenture Act of 1939.

The exchange offer is not conditioned on any minimum principal amount of original notes being tendered for exchange.

**Exchange Agent**

We have appointed J.P.Morgan Trust Company, National Association as exchange agent for the exchange offer. Questions, requests for assistance and requests for additional copies of the prospectus, the letter of transmittal and other related documents should be directed to the exchange agent addressed as follows:

*By Mail, Hand, or Express Delivery Prior to 5:00 p.m.  
On the Expiration Date as follows:*

**By First Class/  
Registered/Certified Mail:**  
**J.P.Morgan Trust Company,  
National Association**  
Worldwide Securities Services  
P.O. Box 2320  
Dallas, Texas 75221-2320

**By Express Delivery Only:**  
**J.P.Morgan Trust Company,  
National Association**  
Worldwide Securities Services  
2001 Bryan St., 9th Floor  
Dallas, Texas 75201

**By Hand Only:**  
**J.P.Morgan Trust Company,  
National Association**  
Worldwide Securities Services  
Window  
4 New York Plaza 1st Floor  
New York, New York 10004

*By Facsimile: (214) 468-6494  
Attention: Mr. Frank Ivins  
Confirmation of Receipt:  
(214) 468-6464*

**Fees and Expenses**

We will not pay brokers, dealers, or others soliciting acceptances of the exchange offer. The principal solicitation is being made by mail. Additional solicitations, however, may be made in person or by telephone by our officers and employees.

We will pay the cash expenses to be incurred in connection with the exchange offer. These expenses include fees and expenses of the exchange agent, accounting, legal, printing and related fees and expenses.

**Transfer Taxes**

You will not be obligated to pay any transfer taxes in connection with a tender of your original notes for exchange unless you instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder, in which event the registered tendering holder will be responsible for the payment of any applicable transfer tax.

**Accounting Treatment**

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the expense of the exchange offer over the term of the exchange notes under generally accepted accounting principles.

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**DESCRIPTION OF OTHER INDEBTEDNESS**

We are party to a revolving credit facility, an accounts receivable securitization facility, a mortgage financing facility, a note payable to Bruckner Supply Company, Inc. and a note payable to Fastec Industrial Corp. The principal terms of these financing arrangements are summarized under Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources elsewhere in this prospectus

In addition, the Debentures are guaranteed on a senior subordinated basis by us. The guarantee of the Debentures is subordinated in right of payment to all of our existing and future senior debt. The guarantee is *pari passu* with our other existing and future senior subordinated indebtedness, including the notes. The Debentures are not guaranteed by any of WESCO International's subsidiaries other than us. The principal terms of the Debentures are summarized under Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources elsewhere in this prospectus.

**Table of Contents****DESCRIPTION OF THE NOTES****General**

The original notes were issued, and the exchange notes will be issued, under an indenture dated as of September 27, 2005, among WESCO Distribution, WESCO International, as guarantor, and J.P. Morgan Trust Company, National Association, as trustee (the Indenture). Upon the effectiveness of the registration statement of which this prospectus is a part, the Indenture will be subject to and governed by the TIA. The following is a summary of all material provisions of the Indenture and the notes. The Indenture and the exchange and registration rights agreement have been filed as exhibits to the registration statement of which this prospectus is a part. Capitalized terms used herein and not otherwise defined have the meanings set forth below under Certain Definitions. For purposes of this Description of the Notes, the term WESCO Distribution refers only to WESCO Distribution, Inc. and not to any of its Subsidiaries.

We initially issued the original notes in an aggregate principal amount of \$150.0 million. The terms of the exchange notes are identical in all material respects to the original notes, except for certain transfer restrictions and registration and other rights relating to the exchange of the original notes for exchange notes. The trustee will authenticate and deliver exchange notes only in exchange for a like principal amount of original notes. Any original notes that remain outstanding after the consummation of the exchange offer, together with the exchange notes, will be treated as a single class of securities under the Indenture. Accordingly, all references herein to specified percentages in aggregate principal amount of the outstanding original notes shall be deemed to mean, at any time after the exchange offer is consummated, such percentage in aggregate principal amount of the original notes and exchange notes then outstanding.

Subject to the covenant described below under Certain Covenants Limitation on Indebtedness, we may issue additional notes from time to time having identical terms and conditions to the original notes and the exchange notes (the Additional Notes). The notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

Principal, premium, if any, and interest on the notes will be payable, and the notes may be exchanged or transferred, at the office or agency of WESCO Distribution in the Borough of Manhattan, the City of New York (which initially shall be the corporate trust office of the Trustee in New York, New York), except that, at our option, payment of interest may be made by check mailed to the registered holders of the notes at their registered addresses.

We will issue the notes only in fully registered form, without coupons, in denominations of \$2,000 and any integral multiple of \$1,000. We will not charge any service charge for any registration of transfer or exchange of notes, but may require payment of a sum sufficient to cover any transfer tax, assessment or other similar governmental charge payable in connection therewith.

**Terms of the Notes**

The notes will be unsecured senior subordinated obligations of WESCO Distribution and will mature on October 15, 2017. Each note will bear interest at a rate per annum shown on the front cover of this prospectus from September 27, 2005, or from the most recent date to which interest has been paid or provided for, payable semiannually to the Noteholders of record at the close of business on the April 1 or October 1 immediately preceding the interest payment date on April 15 and October 15 of each year, commencing April 15, 2006.

**Table of Contents****Optional Redemption**

Except as set forth in the following paragraph, we will not have the option to redeem the notes prior to October 15, 2010. On or after October 15, 2010, we will have the option to redeem the notes, in whole or in part, upon not less than 30 nor more than 60 days prior notice, at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest and additional interest (if any) to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if we redeem during the 12-month period commencing on October 15 of the years set forth below:

Year	Redemption Price
2010	103.750%
2011	102.500%
2012	101.250%
2013 and thereafter	100.000%

Notwithstanding the foregoing, at any time prior to October 15, 2008, WESCO Distribution may on any one or more occasions redeem up to an aggregate of 35% of the notes originally issued at a redemption price of 107.500% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to the redemption date, with the Net Cash Proceeds of one or more Equity Offerings by WESCO Distribution or the Net Cash Proceeds of one or more Equity Offerings by WESCO International that are contributed to WESCO Distribution as common equity capital; provided, that at least 65% of the notes originally issued remain outstanding immediately after the occurrence of each such redemption; and provided, further, that any such redemption must occur within 120 days of the date of the closing of such Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the redemption thereof, and any such redemption or notice may, at WESCO Distribution's discretion, be subject to the completion of the related Equity Offering.

**Selection**

In the case of any partial redemption, the Trustee will select the notes for redemption on a pro rata basis or by lot although we will not redeem in part any note of \$1,000 in original principal amount or less. If we are to redeem any note in part only, the notice of redemption relating to such note must state the certificate number and the portion of the principal amount of the note that we will redeem, and we will issue an exchange note in principal amount equal to the unredeemed portion thereof upon cancellation of the original note.

**Ranking**

The indebtedness evidenced by the notes will be unsecured Senior Subordinated Indebtedness of WESCO Distribution, will be subordinated in right of payment, as set forth in the Indenture, to all existing and future Senior Indebtedness of WESCO Distribution, will rank *pari passu* in right of payment with all existing and future Senior Subordinated Indebtedness of WESCO Distribution and will be senior in right of payment to all existing and future Subordinated Obligations of WESCO Distribution. The notes will also be effectively subordinated to any Secured Indebtedness of WESCO Distribution and its Subsidiaries to the extent of the value of the assets securing such Indebtedness and will be structurally subordinated to all other obligations of the Subsidiaries of WESCO Distribution. However, payment from the money or the proceeds of U.S. Government obligations held in any defeasance trust described under

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Defeasance below is not subordinated to any Senior Indebtedness or subject to the restrictions described herein.

We conduct certain of our operations through Subsidiaries of WESCO Distribution. Claims of creditors of such Subsidiaries, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of WESCO Distribution, including the Noteholders. The notes, therefore, will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of WESCO Distribution. As of December 31, 2005, the Subsidiaries of WESCO Distribution had no Indebtedness, excluding Guarantees of \$29 million of Indebtedness under the revolving credit facility and \$48 million of borrowings under the mortgage facility, other than trade payables and other liabilities incurred in the ordinary course of business. Although the Indenture will limit the Incurrence of Indebtedness by and the issuance of preferred stock of certain of WESCO Distribution's Subsidiaries, such limitation is subject to a number of significant qualifications.

As of December 31, 2005:

the outstanding Senior Indebtedness of WESCO Distribution was \$103 million, of which approximately \$80 million was Secured Indebtedness (exclusive of unused commitments under the revolving credit facility); and

WESCO Distribution had no outstanding Senior Subordinated Indebtedness other than the notes and its guarantee of the \$150.0 million of the Debentures and no outstanding Indebtedness that is subordinate or junior in right of repayment to the notes.

Although the Indenture contains limitations on the amount of additional Indebtedness which WESCO Distribution may incur, under certain circumstances the amount of such Indebtedness could be substantial and, in any case, such Indebtedness may be Senior Indebtedness. See Certain Covenants Limitation on Indebtedness.

With respect to WESCO Distribution, Senior Indebtedness means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of WESCO Distribution, regardless of whether or not a claim for post-filing interest is allowed in such proceedings), and fees and other amounts owing in respect of, Bank Indebtedness and all other Indebtedness of WESCO Distribution, whether outstanding on the Closing Date or thereafter Incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are not superior in right of payment to the notes; provided, however, that Senior Indebtedness does not include:

any obligation of WESCO Distribution to any Subsidiary;

any liability for federal, state, local or other taxes owed or owing by WESCO Distribution;

any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities);

any Indebtedness or obligation of WESCO Distribution (and any accrued and unpaid interest in respect thereof) that by its terms is subordinate or junior in any respect to any other Indebtedness or obligation of WESCO Distribution, including any Senior Subordinated Indebtedness of WESCO Distribution and any Subordinated Obligations of WESCO Distribution;

any payment obligations with respect to any Capital Stock; or

any Indebtedness incurred in violation of the Indenture.

Senior Indebtedness of WESCO International has a correlative meaning.



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Only Indebtedness of WESCO Distribution that is Senior Indebtedness will rank senior to the notes in accordance with the provisions of the Indenture. The notes will in all respects rank *pari passu* with all other Senior Subordinated Indebtedness of WESCO Distribution. WESCO Distribution has agreed in the Indenture that it will not incur, directly or indirectly, any Indebtedness which is subordinate or junior in ranking in any respect to Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness. Unsecured Indebtedness is not deemed to be subordinate or junior to Secured Indebtedness merely because it is unsecured.

WESCO Distribution may not pay principal of, premium (if any) or interest on the notes, or any additional interest payable pursuant to the provisions set forth in the notes and the Registration Rights Agreement, or make any deposit pursuant to the provisions described under Defeasance below, and may not otherwise repurchase, redeem or otherwise retire any notes (collectively, pay the notes ) if:

any Designated Senior Indebtedness is not paid in cash or cash equivalents when due; or

any other default on Designated Senior Indebtedness occurs and the maturity of such Designated Senior Indebtedness is accelerated in accordance with its terms unless, in either case the default has been cured or waived and any such acceleration has been rescinded or such Designated Senior Indebtedness has been paid in full in cash or cash equivalents.

However, WESCO Distribution may pay the notes without regard to the foregoing, if WESCO Distribution and the Trustee receive written notice approving such payment from the Representative of the Designated Senior Indebtedness with respect to which either of the events set forth above has occurred and is continuing. During the continuance of any default (other than a default described in the preceding paragraph) with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, WESCO Distribution may not pay the notes for a period, referred to as Payment Blockage Period, commencing upon the receipt by the Trustee (with a copy to WESCO Distribution) of written notice, or Blockage Notice, of such default from the Representative of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated by written notice to the Trustee and WESCO Distribution from the Person or Persons who gave such Blockage Notice, by repayment in full in cash or cash equivalents of such Designated Senior Indebtedness or because the default giving rise to such Blockage Notice is no longer continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of this paragraph), unless the holders of such Designated Senior Indebtedness or the Representative of such holders have accelerated the maturity of such Designated Senior Indebtedness, WESCO Distribution may resume payments on the notes after the end of such Payment Blockage Period. Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period. However, if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness other than the Bank Indebtedness, the Representative of the Bank Indebtedness may give another Blockage Notice within such period. In no event, however, may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any 360 consecutive day period. For purposes of this paragraph, no default or event of default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment Blockage Period by the Representative of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless



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such default or event of default has been cured or waived for a period of not less than 90 consecutive days.

Upon any payment or distribution of the assets of WESCO Distribution to creditors upon a total or partial liquidation or a total or partial dissolution of WESCO Distribution or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to WESCO Distribution or its property, (1) the holders of Senior Indebtedness of WESCO Distribution will be entitled to receive payment in full in cash or cash equivalents of such Senior Indebtedness before the Noteholders are entitled to receive any payment of principal of, interest, premium (if any) or additional interest on the notes and (2) until such Senior Indebtedness is paid in full in cash or cash equivalents, any payment or distribution to which Noteholders would be entitled but for the subordination provisions of the Indenture will be made to holders of such Senior Indebtedness as their interests may appear. If a distribution is made to Noteholders that due to the subordination provisions of the Indenture should not have been made to them, such Noteholders are required to hold it in trust for the holders of Senior Indebtedness of WESCO Distribution and pay it over to them as their interests may appear.

If payment of the notes is accelerated because of an Event of Default, WESCO Distribution or the Trustee shall promptly notify the holders of the Designated Senior Indebtedness (or their Representative) of the acceleration. If any Designated Senior Indebtedness is outstanding, WESCO Distribution may not pay the notes until five Business Days after such holders or the Representative of the Designated Senior Indebtedness receive notice of such acceleration and, thereafter, may pay the notes only if the subordination provisions of the Indenture otherwise permit payment at that time.

By reason of these subordination provisions contained in the Indenture, in the event of insolvency, creditors of WESCO Distribution who are holders of Senior Indebtedness of WESCO Distribution may recover more, ratably, than the Noteholders, and creditors of WESCO Distribution who are not holders of Senior Indebtedness of WESCO Distribution or of Senior Subordinated Indebtedness of WESCO Distribution (including the notes) may recover less, ratably, than holders of Senior Indebtedness of WESCO Distribution and may recover more, ratably, than the holders of Senior Subordinated Indebtedness of WESCO Distribution.

**WESCO International Guarantee**

WESCO International, as primary obligor and not merely as surety, will irrevocably and unconditionally Guarantee on an unsecured senior basis the performance and full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all obligations of WESCO Distribution under the Indenture and the notes, whether for payment of principal of or interest on or additional interest in respect of the notes, expenses, indemnification or otherwise (all such obligations guaranteed by WESCO International are referred to herein as the *Guaranteed Obligations*). WESCO International has agreed to pay, in addition to the amount stated above, any and all costs and expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the Noteholders in enforcing any rights under the WESCO International Guarantee. The WESCO International Guarantee will be limited in amount to an amount not to exceed the maximum amount that can be Guaranteed by WESCO International without rendering the Indenture, as it relates to WESCO International, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

The obligations of WESCO International under its Guarantee are senior obligations. As such, the rights of Noteholders to receive payment by WESCO International pursuant to the Guarantee will be *pari passu* in right of payment to the rights of holders of Senior Indebtedness of WESCO International, including the Debentures. You should not rely on the WESCO International Guarantee in evaluating an investment in the notes.

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**Change of Control**

Upon the occurrence of any of the following events, each of which is a Change of Control, unless all notes have been called for redemption pursuant to the provisions described above under Optional Redemption, each Noteholder will have the right to require WESCO Distribution to repurchase all or any part of such Noteholder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date):

(A) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner, as that term is defined in Rules 13d-3 and 13d-5 of the Exchange Act (except that for purposes of this clause, such person shall be deemed to have beneficial ownership of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of WESCO Distribution or WESCO International;

during any period of two consecutive years commencing on the Closing Date, individuals who at the beginning of such period constituted the board of directors of WESCO Distribution or WESCO International, as the case may be (together with any new directors whose election by such board of directors of WESCO Distribution or WESCO International, as the case may be, or whose nomination for election by the shareholders of WESCO Distribution or WESCO International, as the case may be, was approved by a vote of 66<sup>2</sup>/<sub>3</sub> % of the directors of WESCO Distribution or WESCO International, as the case may be, then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of WESCO Distribution or WESCO International, as the case may be, then in office; or

the merger or consolidation of WESCO Distribution or WESCO International with or into another Person or the merger of another Person with or into WESCO Distribution or WESCO International, or the sale of all or substantially all the assets of WESCO Distribution or WESCO International to another Person, and, in the case of any such merger or consolidation, the securities of WESCO Distribution or WESCO International that are outstanding immediately prior to such transaction and which represent 100% of the aggregate voting power of the Voting Stock of WESCO Distribution or WESCO International are changed into or exchanged for cash, securities or property, unless pursuant to such transaction such securities are changed into or exchanged for, in addition to any other consideration, securities of the surviving Person that represent immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving Person; provided, however, that any sale of accounts receivable in connection with a Qualified Receivables Transaction will not constitute a Change of Control.

Within 30 days following any Change of Control, unless all notes have been called for redemption pursuant to the provisions described above under Optional Redemption, WESCO Distribution will, except as described below, mail a notice, referred to as a Change in Control Offer, to each Noteholder with a copy to the Trustee stating:

that a Change of Control has occurred and that such Noteholder has the right to require WESCO Distribution to purchase such Noteholder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase (subject to the right of Noteholders of record on the relevant record date to receive interest on the relevant interest payment date);

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the circumstances and relevant facts regarding such Change of Control;

the repurchase date (which can be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

the instructions determined by WESCO Distribution, consistent with this covenant, that a Noteholder must follow in order to have its notes purchased.

WESCO Distribution will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by WESCO Distribution and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

The phrase all or substantially all, as used with respect to a sale of assets in the definition in the Indenture of Change of Control, varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under New York law (the law governing such Indenture) and is subject to judicial interpretation. Accordingly, in certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of all or substantially all of the assets of a Person and therefore it may be unclear whether a Change of Control has occurred.

WESCO Distribution will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, WESCO Distribution will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Our management has no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect WESCO Distribution's capital structure or credit ratings. Restrictions on the ability of WESCO Distribution to incur additional Indebtedness are contained in the covenants described under Certain Covenants Limitation on Indebtedness and Limitation on Liens. Such restrictions can only be waived with the consent of the holders of at least a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford holders of the notes protection in the event of a highly leveraged transaction.

The occurrence of certain of the events which would constitute a Change of Control would constitute a default under the Credit Agreement. Future Senior Indebtedness of WESCO Distribution may contain prohibitions of certain events which would constitute a Change of Control or require such Senior Indebtedness to be repurchased upon a Change of Control. Prior to the mailing of the notice referred to above, but in any event within 30 days following the date on which WESCO Distribution becomes aware that a Change of Control has occurred, if the purchase of the notes would violate or constitute a default under any other Indebtedness of WESCO Distribution, then WESCO Distribution must, to the extent needed to permit such purchase of notes, either repay all such Indebtedness and terminate all commitments outstanding thereunder or request the holders of such Indebtedness to give the requisite consents to permit the purchase of the notes as provided above. Until such time as WESCO Distribution is able to repay all such Indebtedness and terminate all commitments outstanding thereunder or such time as such requisite consents are obtained, WESCO Distribution will not be required to make the Change of Control Offer or purchase the notes pursuant to the provisions described above.

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Finally, WESCO Distribution's ability to pay cash to the Noteholders upon a repurchase may be limited by its then existing financial resources. We can make no assurance that sufficient funds will be available when necessary to make any required repurchases. See Ranking. The provisions under the Indenture relative to WESCO Distribution's obligation to make an offer to repurchase the notes as a result of a Change of Control, if WESCO Distribution is permitted by the terms of the Credit Agreement and any other Indebtedness to make such offer and repurchase, may only be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

**Certain Covenants**

The Indenture contains covenants including, among others, the following:

***Limitation on Indebtedness.***

WESCO Distribution will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that WESCO Distribution may Incur Indebtedness if on the date of such Incurrence and after giving effect thereto the Consolidated Coverage Ratio would be greater than 2.00:1.00.

Notwithstanding the foregoing paragraph (a), WESCO Distribution and its Restricted Subsidiaries may incur the following Indebtedness:

(i) Indebtedness Incurred pursuant to the Credit Agreement or any other Credit Facility in an aggregate principal amount up to the greater of the Borrowing Base and \$350.0 million;

(ii) Indebtedness of WESCO Distribution owed to and held by any Wholly Owned Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by WESCO Distribution or any Wholly Owned Subsidiary; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Wholly Owned Subsidiary ceasing to be a Wholly Owned Subsidiary or any subsequent transfer of any such Indebtedness (except to WESCO Distribution or a Wholly Owned Subsidiary) will be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof and (B) if WESCO Distribution is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes;

(iii) Indebtedness (A) represented by the notes (not including any Additional Notes), and the related exchange notes issued in a registered exchange offer pursuant to the Registration Rights Agreement, (B) outstanding on the Closing Date (including the Guarantee by WESCO Distribution of the Debentures) (other than the Indebtedness described in clauses (i) and (ii) above), (C) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iii) (including Indebtedness that Refinances any Refinancing Indebtedness) or the foregoing paragraph (a), and (D) consisting of Guarantees of Indebtedness permitted under clauses (i) and (ii) of this paragraph (b);

(iv) (A) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by WESCO Distribution (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of or was otherwise acquired by WESCO Distribution); provided, however, if the aggregate amount of all such Indebtedness of all such Restricted Subsidiaries would exceed \$50.0 million, that on the date that such Restricted Subsidiary is acquired by WESCO Distribution, it would have

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been able to Incur \$1.00 of additional Indebtedness pursuant to the foregoing paragraph (a) after giving effect to the Incurrence of such Indebtedness pursuant to this clause (iv) and (B) Refinancing Indebtedness Incurred by a Restricted Subsidiary in respect of Indebtedness Incurred by such Restricted Subsidiary pursuant to this clause (iv);

(v) Indebtedness (A) in respect of performance bonds, bankers' acceptances, letters of credit and surety or appeal bonds provided by WESCO Distribution and the Restricted Subsidiaries in the ordinary course of their business, and (B) under Hedging Obligations consisting of Interest Rate Agreements directly related (as determined in good faith by WESCO Distribution) to Indebtedness permitted to be Incurred by WESCO Distribution and its Restricted Subsidiaries pursuant to the Indenture and Currency Agreements Incurred in the ordinary course of business;

(vi) Indebtedness Incurred by WESCO Distribution or any Restricted Subsidiary (including Capitalized Lease Obligations) financing the purchase, lease or improvement of property (real or personal) or equipment (whether through the direct purchase of assets or the Capital Stock of the Person owning such assets), in each case Incurred no more than 180 days after such purchase, lease or improvement of such property and any Refinancing Indebtedness in respect of such Indebtedness; provided, however, that at the time of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount of all such Indebtedness Incurred pursuant to this clause (vi) (or, prior to the Closing Date, pursuant to the corresponding provision of the 1998 Notes Indenture) and then outstanding shall not exceed the greater of \$50 million and 7% of Adjusted Consolidated Assets;

(vii) Indebtedness Incurred by WESCO Distribution in connection with the acquisition of a Related Business and any Refinancing Indebtedness in respect of such Indebtedness; provided, however, that the aggregate amount of all such Indebtedness Incurred and outstanding pursuant to this clause (vii) shall not exceed \$75.0 million at any one time;

(viii) Attributable Debt Incurred by WESCO Distribution in respect of Sale/Leaseback Transactions; provided, however, that the aggregate amount of any such Attributable Debt Incurred and outstanding pursuant to this clause (viii) shall not exceed \$75.0 million at any one time;

(ix) Indebtedness arising from agreements of WESCO Distribution or a Restricted Subsidiary providing for indemnification, purchase price adjustment or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; provided, however, that the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by WESCO Distribution and its Restricted Subsidiaries in connection with such disposition;

(x) any Guarantee by WESCO Distribution of Indebtedness or other obligations of any of its Restricted Subsidiaries so long as the Incurrence of such Indebtedness Incurred by such Restricted Subsidiary is permitted under the terms of the Indenture;

(xi) Indebtedness arising from Guarantees to suppliers, lessors, licensees, contractors, franchisees or customers Incurred in the ordinary course of business;

(xii) Indebtedness Incurred by a Receivables Entity in a Qualified Receivables Transaction that is not recourse to WESCO Distribution or any other Restricted Subsidiary of WESCO Distribution (except for Standard Securitization Undertakings); and

(xiii) Indebtedness (other than Indebtedness permitted to be Incurred pursuant to the foregoing paragraph (a) or any other clause of this paragraph (b)) in an aggregate

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principal amount on the date of Incurrence that, when added to all other such Indebtedness Incurred pursuant to this clause (xiii) and then outstanding, shall not exceed \$75.0 million.

(c) WESCO Distribution will not incur any Indebtedness if such Indebtedness is subordinate or junior in ranking in any respect to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness.

(d) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that WESCO Distribution or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. For purposes of determining the outstanding principal amount of any particular Indebtedness Incurred pursuant to this covenant, (i) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness and (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this covenant, WESCO Distribution, in its sole discretion, shall classify or reclassify such Indebtedness and only be required to include the amount of such Indebtedness in one of such clauses.

***Limitation on Restricted Payments***

(a) WESCO Distribution will not, and will not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving WESCO Distribution) or similar payment to the direct or indirect holders of its Capital Stock except dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and except dividends or distributions payable to WESCO Distribution or another Restricted Subsidiary (and, if such Restricted Subsidiary has equity holders other than WESCO Distribution or other Restricted Subsidiaries, to its other equity holders on a pro rata basis), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of WESCO International, WESCO Distribution or any Restricted Subsidiary held by Persons other than WESCO Distribution or another Restricted Subsidiary, (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase or other acquisition of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition) or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Investment being herein referred to as a Restricted Payment ) if at the time WESCO Distribution or such Restricted Subsidiary makes such Restricted Payment: (1) a Default will have occurred and be continuing (or would result therefrom); (2) WESCO Distribution could not Incur at least \$1.00 of additional Indebtedness under paragraph (a) of the covenant described under Limitation on Indebtedness ; or (3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to June 5, 1998 would exceed the sum of: (A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter beginning June 5, 1998 to the end of the most recent fiscal quarter for which internal financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income will be a deficit, minus 100% of such deficit); (B) the aggregate Net Cash Proceeds or fair market value of assets or property received by WESCO Distribution as a contribution to its equity capital or as an inter-company

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advance from WESCO International or its Subsidiaries or from the issue or sale of its Capital Stock (in each case other than Disqualified Stock and Excluded Contributions) subsequent to June 5, 1998 (other than an issuance or sale to (x) a Subsidiary of WESCO Distribution or (y) an employee stock ownership plan or other trust established by WESCO Distribution or any of its Subsidiaries); (C) the amount by which Indebtedness or Disqualified Stock of WESCO Distribution or its Restricted Subsidiaries is reduced on WESCO Distribution's balance sheet upon the conversion or exchange (other than by a Subsidiary of WESCO Distribution) subsequent to June 5, 1998 of any Indebtedness or Disqualified Stock of WESCO Distribution or its Restricted Subsidiaries issued after June 5, 1998 for Capital Stock (other than Disqualified Stock) of WESCO Distribution (less the amount of any cash or the fair market value of other property distributed by WESCO Distribution or any Restricted Subsidiary upon such conversion or exchange); (D) the amount equal to the net reduction in Investments in any Person (other than a Restricted Subsidiary) since June 5, 1998 resulting from (i) payments of dividends, repayments of the principal of loans or advances or other transfers of assets to WESCO Distribution or any Restricted Subsidiary from such Person, (ii) the sale or liquidation for cash of such Investment or (iii) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by WESCO Distribution or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount was included in the calculation of the amount of Restricted Payments; (E) the amount of any dividends or distributions paid to WESCO International equal to amounts required for WESCO International to pay interest/and or principal, or accreted value payments on, or to make any mandatory redemptions or repurchases in respect of the Senior Discount Notes; and (F) less the amount equal to the sum of (x) the amount of Net Cash Proceeds from the initial Equity Offering by WESCO International, consummated on or about May 17, 1999, received by WESCO Distribution in connection with such Equity Offering, plus (y) the amount of net proceeds from the concurrent offering of the Debentures contributed to WESCO Distribution as equity capital.

As of December 31, 2005, the amount that would have been available to the Company for Restricted Payments pursuant to clause (3) of this paragraph (a) above is approximately \$260 million.

(b) The provisions of the foregoing paragraph (a) will not prohibit: (i) any Restricted Payment made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of WESCO Distribution (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of WESCO Distribution or an employee stock ownership plan or other trust established by WESCO Distribution or any of its Subsidiaries); provided, however, that (A) such Restricted Payment will be excluded in the calculation of the amount of Restricted Payments and (B) the Net Cash Proceeds from such sale applied in the manner set forth in this clause (i) will be excluded from the calculation of amounts under clause (3)(B) of paragraph (a) above; (ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of WESCO Distribution made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness of WESCO Distribution that is permitted to be Incurred pursuant to paragraph (b) of the covenant described under "Limitation on Indebtedness"; provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded in the calculation of the amount of Restricted Payments; (iii) any purchase or redemption of Subordinated Obligations from Net Available Cash to the extent permitted by the covenant described under "Limitation on Sales of Assets and Subsidiary Stock"; provided, however, that such purchase or redemption will be excluded in the calculation of the amount of Restricted Payments; (iv) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this covenant; provided, however, that such dividend will be included in the calculation of the amount of Restricted Payments; (v) any Restricted Payment made for the repurchase, redemption or other acquisition or retirement for





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value of any Capital Stock of WESCO International, WESCO Distribution or any of their respective Subsidiaries held by any employee, former employee, director or former director of WESCO International, WESCO Distribution or any of their respective Subsidiaries (and any permitted transferees thereof) pursuant to any equity subscription agreement, stock option agreement or plan or other similar agreement; provided, however, that the aggregate amount of such Restricted Payments shall not exceed \$5.0 million in any calendar year and \$20.0 million in the aggregate, in each case since the Closing Date; provided further, however, that such Restricted Payments shall be included in the calculation of the amount of Restricted Payments; (vi) payment of dividends, other distributions or other amounts by WESCO Distribution for the purposes set forth in clauses (A) through (D) below; provided, however, that such dividend, distribution or amount shall be excluded in the calculation of the amount of Restricted Payments: (A) to WESCO International in amounts equal to the amounts required for WESCO International to pay franchise taxes and other fees required to maintain its corporate existence and provide for other operating costs of up to \$5.0 million per calendar year; (B) to WESCO International in amounts equal to amounts required for WESCO International to pay federal, state and local income taxes that are then actually due and owing by WESCO International to the extent such items relate to WESCO Distribution and its Subsidiaries; (C) to WESCO International to permit WESCO International to pay any employment, noncompetition, compensation or confidentiality arrangements entered into with its employees in the ordinary course of business to the extent such employees are primarily engaged in activities which relate to WESCO Distribution and its Subsidiaries; and (D) to WESCO International to permit WESCO International to pay customary fees and indemnities to directors and officers of WESCO International to the extent such directors and officers are primarily engaged in activities which relate to WESCO Distribution and its Subsidiaries; (vii) any repurchase of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such option; provided, however, that such repurchase shall be included in the calculation of the amount of Restricted Payments; (viii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of WESCO Distribution issued in accordance with the covenant described under Limitation on Indebtedness to the extent such dividends are included in the definition of Consolidated Interest Expense; provided, however, that such dividends shall be included in the calculation of the amount of Restricted Payments; (ix) Investments made with Excluded Contributions; provided, however, that such Investments shall be excluded in the calculation of the amount of Restricted Payments; (x) dividends or distributions paid to WESCO International in amounts equal to amounts required for WESCO International to pay interest/and or principal, or to make any mandatory redemptions or repurchases in respect of, the Debentures; provided, however, that such dividends or distributions shall be excluded in the calculation of the amount of Restricted Payments; or (xi) other Restricted Payments in an aggregate amount not to exceed \$30.0 million since June 5, 1998; provided, however, that such payments shall be included in the calculation of the amount of Restricted Payments.

***Limitation on Restrictions on Distributions from Restricted Subsidiaries.***

WESCO Distribution will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to WESCO Distribution, (ii) make any loans or advances to WESCO Distribution or (iii) transfer any of its property or assets to WESCO Distribution, except: (1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Closing Date; (2) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary on or prior to the date on which such Restricted Subsidiary was acquired by WESCO Distribution (other than Indebtedness Incurred as consideration in, in contemplation of, or to provide all or any portion of the funds or credit

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support utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by WESCO Distribution) and outstanding on such date; (3) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (1) or (2) of this covenant or this clause (3) or contained in any amendment to an agreement referred to in clause (1) or (2) of this covenant or this clause (3); provided, however, that the encumbrances and restrictions contained in any such Refinancing agreement or amendment are no less favorable to the Noteholders than the encumbrances and restrictions contained in such predecessor agreements; (4) in the case of clause (iii), any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, (B) contained in security agreements or mortgages securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements or mortgages or (C) in connection with purchase money obligations for property acquired in the ordinary course of business; (5) with respect to a Restricted Subsidiary, any restriction imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition; (6) any encumbrance or restriction of a Receivables Entity effected in connection with a Qualified Receivables Transaction; provided, however, that such restrictions apply only to such Receivables Entity; and (7) any encumbrance or restriction existing pursuant to other Indebtedness permitted to be Incurred subsequent to the Closing Date pursuant to the provisions of the covenant described under Limitations on Indebtedness ; provided, however, that any such encumbrance or restrictions are ordinary and customary with respect to the type of Indebtedness being Incurred (under the relevant circumstances).

***Limitation on Sales of Assets and Subsidiary Stock.***

(a) WESCO Distribution will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless (i) WESCO Distribution or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the fair market value (as determined in good faith by WESCO Distribution) of the shares and assets subject to such Asset Disposition, (ii) at least 75% of the consideration thereof received by WESCO Distribution or such Restricted Subsidiary is in the form of cash or cash equivalents (provided that the amount of (w) any liabilities (as shown on WESCO Distribution's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of WESCO Distribution or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets without recourse to WESCO Distribution or any of the Restricted Subsidiaries, (x) any notes or other obligations received by WESCO Distribution or such Restricted Subsidiary from such transferee that are converted by WESCO Distribution or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Disposition, (y) any Designated Noncash Consideration received by WESCO Distribution or any of its Restricted Subsidiaries in such Asset Disposition having an aggregate fair market value, taken together with all other Designated Noncash Consideration received pursuant to this clause (y) not to exceed 5% of Adjusted Consolidated Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value) and (z) any assets received in exchange for assets related to a Related Business of comparable market value in the good faith determination of the Board of Directors shall be deemed to be cash for purposes of this provision) and (iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by WESCO Distribution (or such Restricted Subsidiary, as

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the case may be) (A) first, to the extent WESCO Distribution elects (or is required by the terms of any Indebtedness), to prepay, repay, redeem or purchase Senior Indebtedness of WESCO Distribution or Indebtedness (other than any Disqualified Stock and other than any Preferred Stock) of a Wholly Owned Subsidiary (in each case other than Indebtedness owed to WESCO Distribution or an Affiliate of WESCO Distribution) within 365 days after the later of the date of such Asset Disposition or the receipt of such Net Available Cash; (B) second, to the extent of the balance of Net Available Cash after application in accordance with clause (A), to the extent WESCO Distribution or such Restricted Subsidiary elects, to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by WESCO Distribution or another Restricted Subsidiary) within 365 days from the later of such Asset Disposition or the receipt of such Net Available Cash; and (C) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B), to make an Offer (as defined below) to purchase notes pursuant to and subject to the conditions set forth in section (b) of this covenant; provided, however, that if WESCO Distribution elects (or is required by the terms of any other Senior Subordinated Indebtedness), such Offer may be made ratably to purchase the notes and other Senior Subordinated Indebtedness of WESCO Distribution; provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A) or (C) above, WESCO Distribution or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased. Notwithstanding the foregoing provisions of this covenant, WESCO Distribution and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds \$20.0 million.

(b) In the event of an Asset Disposition that requires the purchase of notes (and other Senior Subordinated Indebtedness) pursuant to clause (a)(iii)(C) of this covenant, WESCO Distribution will be required to purchase notes (and other Senior Subordinated Indebtedness) tendered pursuant to an offer by WESCO Distribution for the notes (and other Senior Subordinated Indebtedness) (the Offer) at a purchase price of 100% of their principal amount plus accrued and unpaid interest and additional interest, if any, to the date of purchase in accordance with the procedures (including prorating in the event of oversubscription), set forth in the Indenture. If the aggregate purchase price of notes (and other Senior Subordinated Indebtedness) tendered pursuant to the Offer is less than the Net Available Cash allotted to the purchase of the notes (and other Senior Subordinated Indebtedness), WESCO Distribution may apply the remaining Net Available Cash for any purpose permitted by the terms of the Indenture. WESCO Distribution will not be required to make an Offer for notes (and other Senior Subordinated Indebtedness) pursuant to this covenant if the Net Available Cash available therefor (after application of the proceeds as provided in clauses (A) and (B) of paragraph (a)(iii) of this covenant is less than \$10.0 million for any particular Asset Disposition (which lesser amount will be carried forward for purposes of determining whether an Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) WESCO Distribution will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, WESCO Distribution will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

**Table of Contents*****Limitations on Transactions with Affiliates.***

(a) WESCO Distribution will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an Affiliate Transaction ) involving aggregate consideration in excess of \$5.0 million, unless (i) such Affiliate Transaction is on terms that are not materially less favorable to WESCO Distribution or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by WESCO Distribution or such Restricted Subsidiary with an unrelated Person and (ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, WESCO Distribution delivers to the Trustee a resolution adopted by the majority of the Board of Directors, approving such Affiliate Transaction and set forth in an Officers Certificate certifying that such Affiliate Transaction complies with clause (i) above.

(b) The provisions of the foregoing paragraph (a) will not prohibit (i) any Restricted Payment permitted to be paid pursuant to the covenant described under Limitation on Restricted Payments , (ii) any issuance of securities, or other payments, Guarantees, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors, (iii) the grant of stock options or similar rights to employees and directors of WESCO Distribution pursuant to plans approved by the Board of Directors, (iv) loans or advances to employees in the ordinary course of business in accordance with past practices of WESCO Distribution, but in any event not to exceed \$5.0 million in the aggregate outstanding at any one time, (v) the payment of reasonable fees to directors of WESCO Distribution and its Restricted Subsidiaries who are not employees of WESCO Distribution or its Subsidiaries, (vi) any transaction between WESCO Distribution and a Restricted Subsidiary or between Restricted Subsidiaries, (vii) any transaction effected as part of a Qualified Receivables Transaction, (viii) any payment by WESCO Distribution to WESCO International to permit WESCO International to pay any federal, state, local or other taxes that are then actually due and owing by WESCO International, (ix) indemnification agreements with, and the payment of fees and indemnities to, directors, officers and employees of WESCO Distribution and its Restricted Subsidiaries, in each case, in the ordinary course of business, (x) any employment, compensation, noncompetition or confidentiality agreement entered into by WESCO Distribution and its Restricted Subsidiaries with its employees in the ordinary course of business, (xi) any issuance of Capital Stock of WESCO Distribution (other than Disqualified Stock), (xii) any agreement as in effect as of the Closing Date or any amendment or replacement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Noteholders of the notes in any material respect than the original agreement as in effect on the Closing Date and (xiii) transactions in which WESCO Distribution or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to WESCO Distribution or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of the preceding paragraph.

***Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries.***

WESCO Distribution will not sell or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell or otherwise dispose of any shares of its Capital Stock except: (i) to WESCO Distribution or a Wholly Owned Subsidiary or to any director of a Restricted Subsidiary to the extent required as director s qualifying shares; (ii) if, immediately after giving effect to such issuance, sale or other disposition, neither WESCO Distribution nor any of its Subsidiaries own any Capital Stock of such Restricted Subsidiary or (iii) if, immediately after giving effect to such issuance or sale,

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such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted to be made under the covenant described under **Limitation on Restricted Payments** if made on the date of such issuance, sale or other disposition. The provisions of this covenant will not prohibit any transaction effected as part of a Qualified Receivables Transaction. The proceeds of any sale of such Capital Stock permitted hereby will be treated as Net Available Cash from an Asset Disposition and must be applied in accordance with the terms of the covenant described under **Limitation on Sales of Assets and Subsidiary Stock**.

***Limitation on Liens.***

WESCO Distribution will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien of any nature whatsoever that secures Senior Subordinated Indebtedness or Subordinated Obligations on any of its property or assets (including capital Stock of a Restricted Subsidiary), whether owned at the Closing Date or thereafter acquired, other than Permitted Liens, without effectively providing that the notes shall be secured equally and ratably with (or on a senior basis to in the case of Subordinated Obligations) the obligations so secured for so long as such obligations are so secured.

***SEC Reports.***

WESCO International shall continue to file with the SEC and provide the Trustee and any Noteholder or prospective Noteholder (upon the request of such Noteholder or prospective Noteholder) with such annual reports and such information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and applicable to a U.S. corporation subject to such Sections, such information, documents and other reports to be so filed and provided at the times specified for the filing of such information, documents and reports under such Sections. In the event that WESCO International is no longer permitted to file with the SEC, WESCO International shall continue to provide the Trustee and any Noteholder or prospective Noteholder (upon the request of such Noteholder or prospective Noteholder) with such annual reports and such information, documents and other reports.

***Merger and Consolidation***

WESCO Distribution will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless: (i) the resulting, surviving or transferee Person (the **Successor Company**) will be a corporation, partnership, trust or limited liability company organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the **Successor Company** (if not WESCO Distribution) will expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of WESCO Distribution under the notes and the Indenture; (ii) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the **Successor Company** or any Restricted Subsidiary as a result of such transaction as having been Incurred by the **Successor Company** or such Restricted Subsidiary at the time of such transaction), no Default will have occurred and be continuing; (iii) immediately after giving effect to such transaction, (A) the **Successor Company** would be able to Incur an additional \$1.00 of Indebtedness under paragraph (a) of the covenant described under

**Certain Covenants** **Limitation on Indebtedness** or (B) the Consolidated Coverage Ratio for the **Successor Company** and its Restricted Subsidiaries would be greater than such ratio for WESCO Distribution and its Restricted Subsidiaries immediately prior to such transaction; (iv) immediately after giving effect to such transaction, the **Successor Company** will have Consolidated Net Worth in an amount which is not less than the Consolidated Net Worth of WESCO Distribution immediately prior to such transaction; and (v) WESCO Distribution will have delivered to the Trustee an Officers

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Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture. Notwithstanding clause (iii) above, a Wholly Owned Subsidiary may be consolidated with or merged into WESCO Distribution and WESCO Distribution may consolidate with or merge with or into (A) another Person, if such Person is a single purpose corporation that has not conducted any business or incurred any Indebtedness or other liabilities and such transaction is being consummated solely to change the state of incorporation of WESCO Distribution and (B) WESCO International; provided, however, that, in the case of clause (B), (x) WESCO International shall not have owned any assets other than the Capital Stock of WESCO Distribution (and other immaterial assets incidental to its ownership of such Capital Stock) or conducted any business other than owning the Capital Stock of WESCO Distribution, (y) WESCO International shall not have any Indebtedness or other liabilities (other than Indebtedness that has been Guaranteed by, or is otherwise considered Indebtedness of, WESCO Distribution and ordinary course liabilities incidental to its ownership of the Capital Stock of WESCO Distribution) and (z) immediately after giving effect to such consolidation or merger, the Successor Company shall have a pro forma Consolidated Coverage Ratio that is not less than the Consolidated Coverage Ratio of WESCO Distribution immediately prior to such consolidation or merger.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, WESCO Distribution under the Indenture, but the predecessor Company in the case of a conveyance, transfer or lease of all or substantially all its assets will not be released from the obligation to pay the principal of and interest on the notes.

**Defaults**

An Event of Default is defined in the Indenture as (i) a default in any payment of interest on any note when due and payable, whether or not prohibited by the provisions described under **Ranking**, continued for 30 days, (ii) a default in the payment of principal of any note when due and payable at its Stated Maturity, upon required redemption or repurchase, upon declaration or otherwise, whether or not such payment is prohibited by the provisions described under **Ranking**, (iii) the failure by WESCO Distribution to comply with its obligations under the covenant described under **Merger and Consolidation**, (iv) the failure by WESCO Distribution to comply for 30 days after notice with any of its obligations under the covenants described under **Change of Control** or **Certain Covenants** (in each case, other than a failure to purchase the notes), (v) the failure by WESCO Distribution to comply for 60 days after notice with any other agreements contained in the notes or the Indenture, (vi) the failure by WESCO Distribution or any Significant Subsidiary to pay any Indebtedness within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default if the total amount of such Indebtedness unpaid or accelerated exceeds \$35 million or its foreign currency equivalent (the **cross acceleration provision**) and such failure continues for 10 days after receipt of the notice specified in the Indenture, (vii) certain events of bankruptcy, insolvency or reorganization of WESCO Distribution or a Significant Subsidiary (the **bankruptcy provisions**) or (viii) the rendering of any judgment or decree for the payment of money in excess of \$35 million or its foreign currency equivalent against WESCO Distribution or a Significant Subsidiary if (A) an enforcement proceeding thereon is commenced by any creditor or (B) such judgment or decree remains outstanding for a period of 60 days following such judgment and is not discharged, waived or stayed within 10 days after notice (the **judgment default provision**).

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

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However, a default under clauses (iv), (v), (vi) or (viii) will not constitute an Event of Default until the Trustee or the Noteholders of at least 25% in principal amount of the outstanding notes notify WESCO Distribution of the default and WESCO Distribution does not cure such default within the time specified in clauses (iv), (v), (vi) or (viii) hereof after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of WESCO Distribution) occurs and is continuing, the Trustee or the Noteholders of at least 25% in principal amount of the outstanding notes by notice to WESCO Distribution may declare the principal of and accrued but unpaid interest on all the notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of WESCO Distribution occurs, the principal of and interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Noteholders. Under certain circumstances, the Noteholders of a majority in principal amount of the outstanding notes may rescind any such acceleration with respect to the notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Noteholders unless such Noteholders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Noteholder may pursue any remedy with respect to the Indenture or the notes unless (i) such Noteholder has previously given the Trustee notice that an Event of Default is continuing, (ii) Noteholders of at least 25% in principal amount of the outstanding notes have requested the Trustee in writing to pursue the remedy, (iii) such Noteholders have offered the Trustee reasonable security or indemnity against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and (v) the Noteholders of a majority in principal amount of the outstanding notes have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the Noteholders of a majority in principal amount of the outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Noteholder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Noteholder notice of the Default within the earlier of 90 days after it occurs or 30 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any note (including payments pursuant to the redemption provisions of such note), the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Noteholders. In addition, WESCO Distribution is required to deliver to the Trustee, within 120 days after the end of each fiscal year of WESCO Distribution, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. WESCO Distribution also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Events of Default, their status and what action WESCO Distribution is taking or proposes to take in respect thereof.



**Table of Contents****Amendments and Waivers**

Subject to certain exceptions, the Indenture or the notes may be amended with the written consent of the Noteholders of at least a majority in principal amount of the notes then outstanding and any past default or compliance with any provisions may be waived with the consent of the Noteholders of a majority in principal amount of the notes then outstanding. However, without the consent of each Noteholder of an outstanding note affected, no amendment may, among other things, (i) reduce the principal amount of notes whose Noteholders must consent to an amendment, (ii) reduce the rate of or extend the time for payment of interest or any additional interest on any note, (iii) reduce the principal of or extend the Stated Maturity of any note, (iv) reduce the premium payable upon the redemption of any note or change the time at which any note may be redeemed as described under Optional Redemption, (v) make any note payable in money other than that stated in the note, (vi) make any change to the subordination provisions of the Indenture that adversely affects the rights of any Noteholder, (vii) impair the right of a Noteholder to institute suit for payment of any notes or (viii) make any change in the amendment provisions which require each Noteholder's consent or in the waiver provisions.

Without the consent of any Noteholder, WESCO Distribution, WESCO International and the Trustee may amend the Indenture to cure any ambiguity, omission, defect or inconsistency, to provide for the assumption by a successor corporation of the obligations of WESCO Distribution under the Indenture, to provide for uncertificated notes in addition to or in place of certificated notes (provided that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated notes are described in Section 163(f)(2)(B) of the Code), to make any change in the subordination provisions of the Indenture that would limit or terminate the benefits available to any holder of Senior Indebtedness of WESCO Distribution (or any representative thereof) under such subordination provisions, to add additional Guarantees with respect to the notes, to secure the notes, to add to the covenants of WESCO Distribution for the benefit of the Noteholders or to surrender any right or power conferred upon WESCO Distribution, to make any change that does not adversely affect the rights of any Noteholder, subject to the provisions of the Indenture, to provide for the issuance of the exchange notes or Additional Notes, to provide for a successor trustee, make any changes or modifications necessary in connection with the registration of the exchange notes as contemplated in the exchange and registration rights agreement; provided that such change or modification does not adversely affect the interests of the holders of the notes in any material respect or to comply with any requirement of the SEC in connection with the qualification of the Indenture under the TIA. However, no amendment may be made to the subordination provisions of the Indenture that adversely affects the rights of any holder of Senior Indebtedness of WESCO Distribution then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

The consent of the Noteholders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the Indenture becomes effective, WESCO Distribution is required to mail to Noteholders a notice briefly describing such amendment. However, the failure to give such notice to all Noteholders, or any defect therein, will not impair or affect the validity of the amendment.

**Transfer and Exchange**

A Noteholder may transfer or exchange notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Noteholder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes

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required by law or permitted by the Indenture. The Registrar is not required to register the transfer of or exchange any note selected for redemption (except, in the case of a note to be redeemed in part, the portion of the note not to be redeemed) or to transfer or exchange any note for a period of 15 days prior to a selection of notes to be redeemed or 15 days before an interest payment date. The notes will be issued in registered form and the registered holder of a note will be treated as the owner of such note for all purposes.

**Defeasance**

WESCO Distribution at any time may terminate all its obligations under the notes and the Indenture ( legal defeasance ), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes. WESCO Distribution at any time may terminate its obligations under the covenants described under Certain Covenants , the operation of the cross acceleration provision, the bankruptcy provisions with respect to Significant Subsidiaries and the judgment default provision described under Defaults and the limitations contained in clauses (iii) and (iv) under the first paragraph of Merger and Consolidation ( covenant defeasance ). In the event that WESCO Distribution exercises its legal defeasance option or its covenant defeasance option, WESCO International will be released from all of its obligations with respect to its WESCO International Guarantee.

WESCO Distribution may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If WESCO Distribution exercises its legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect thereto. If WESCO Distribution exercises its covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified under Defaults in clause (iv), (vi), (vii) (with respect only to Significant Subsidiaries) or (viii) (with respect only to Significant Subsidiaries) or because of the failure of WESCO Distribution to comply with clause (iii) or (iv) under the first paragraph of Merger and Consolidation.

In order to exercise either defeasance option, WESCO Distribution must irrevocably deposit in trust with the Trustee money or U.S. Government Obligations for the payment of principal, premium (if any) and interest on the notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that holders of the notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and defeasance and will be subject to Federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law).

**Concerning the Notes Trustee**

J.P. Morgan Trust Company, National Association is the Trustee under the Indenture and has been appointed by WESCO Distribution as Registrar and Paying Agent with regard to the notes.

**Governing Law**

The Indenture provides that it and the notes will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

**Table of Contents****Certain Definitions**

*Additional Assets* means (i) any property or assets (other than Indebtedness and Capital Stock) to be used by WESCO Distribution or a Restricted Subsidiary in a Related Business; (ii) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by WESCO Distribution or another Restricted Subsidiary; or (iii) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary; provided, however, that any such Restricted Subsidiary described in clauses (ii) or (iii) above is primarily engaged in a Related Business.

*Adjusted Consolidated Assets* means at any time the total amount of assets of WESCO Distribution and its Restricted Subsidiaries (less applicable depreciation, amortization and other valuation reserves), after deducting therefrom all current liabilities of WESCO Distribution and its Restricted Subsidiaries (excluding intercompany items), all as set forth on the Consolidated balance sheet of WESCO Distribution and its Restricted Subsidiaries as of the end of the most recent fiscal quarter for which financial statements are available prior to the date of determination.

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

*Asset Disposition* means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by WESCO Distribution or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a disposition), of (i) any shares of Capital Stock of a Restricted Subsidiary (other than directors qualifying shares or shares required by applicable law to be held by a Person other than WESCO Distribution or a Restricted Subsidiary), (ii) all or substantially all the assets of any division or line of business of WESCO Distribution or any Restricted Subsidiary or (iii) any other assets of WESCO Distribution or any Restricted Subsidiary outside the ordinary course of business of WESCO Distribution or such Restricted Subsidiary (other than, in the case of (i), (ii) and (iii) above, (A) a disposition by a Restricted Subsidiary to WESCO Distribution or by WESCO Distribution or a Restricted Subsidiary to a Wholly Owned Subsidiary, (B) for purposes of the provisions described under *Certain Covenants Limitation on Sales of Assets and Subsidiary Stock* only, a disposition subject to the covenant described under *Certain Covenants Limitation on Restricted Payments*, (C) a disposition of assets with a fair market value of less than \$5,000,000, (D) a sale of accounts receivables and related assets of the type specified in the definition of *Qualified Receivables Transaction* to a Receivables Entity in a *Qualified Receivables Transaction*, (E) a transfer of accounts receivables and related assets of the type specified in the definition of *Qualified Receivables Transaction* (or a fractional undivided interest therein) by a Receivables Entity in a *Qualified Receivables Transaction*, (F) the disposition of all or substantially all of the assets of WESCO Distribution in a manner permitted pursuant to the provisions described above under *Merger and Consolidation* or any disposition that constitutes a Change of Control pursuant to the Indenture, (G) any exchange of like property pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, for use in a Related Business, and (H) any sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary).

*Attributable Debt* in respect of a Sale/ Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the notes, compounded annually) of the total obligations of the lessee for rental payments during the

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remaining term of the lease included in such Sale/ Leaseback Transaction (including any period for which such lease has been extended).

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

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

*Board of Directors* means the Board of Directors of WESCO Distribution or any committee thereof duly authorized to act on behalf of such Board.

*Borrowing Base* means, as of the date of determination, an amount equal to the sum, without duplication, of (1) 60% of an amount equal to (A) the net book value of WESCO Distribution s and its Restricted Subsidiaries Canadian and U.S. accounts receivables less (B) any Qualified Receivables Transaction commitment; provided, however, that at such time as all Qualified Receivables Transactions have been terminated, then 85% of the net book value of WESCO Distribution s and its Restricted Subsidiaries Canadian and U.S. accounts receivables, plus (2) 50% of the net book value of WESCO Distribution s and its Restricted Subsidiaries inventories. Net book value shall be determined in accordance with GAAP and shall be that reflected on the most recent available balance sheet (it being understood that the accounts receivable and inventories of an acquired business may be included if such acquisition has been completed on or prior to the date of determination).

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

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

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

*Closing Date* means the date of the Indenture.

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

*Consolidated Coverage Ratio* as of any date of determination means the ratio of (i) the aggregate amount of EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available prior to the date of such determination to (ii) Consolidated Interest Expense for such four fiscal quarters; provided, however, that (A) if WESCO Distribution or any Restricted Subsidiary has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence

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of Indebtedness, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (1) the average daily balance of such Indebtedness (and any Indebtedness under a revolving credit facility replaced by such Indebtedness) during such four fiscal quarters or such shorter period when such facility and any replaced facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness (and any Indebtedness under a revolving credit facility replaced by such Indebtedness) during the period from the date of creation of such facility to the date of the calculation), (B) if WESCO Distribution or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Coverage Ratio, EBITDA and Consolidated Interest Expense for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if WESCO Distribution or such Restricted Subsidiary has not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness, (C) if since the beginning of such period WESCO Distribution or any Restricted Subsidiary shall have made any Asset Disposition, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of WESCO Distribution or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to WESCO Distribution and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent WESCO Distribution and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale), (D) if since the beginning of such period WESCO Distribution or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period and (E) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into WESCO Distribution or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (C) or (D) above if made by WESCO Distribution or a Restricted Subsidiary during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period. For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in



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good faith by a responsible financial or accounting Officer of WESCO Distribution, and such pro forma calculations shall include (A) (x) the savings in cost of goods sold that would have resulted from using WESCO Distribution's actual costs for comparable goods and services during the comparable period and (y) other savings in cost of goods sold or eliminations of selling, general and administrative expenses as determined by a responsible financial or accounting officer of WESCO Distribution in good faith in connection with WESCO Distribution's consideration of such acquisition and consistent with WESCO Distribution's experience in acquisitions of similar assets, less (B) the incremental expenses that would be included in cost of goods sold and selling, general and administrative expenses that would have been incurred by WESCO Distribution in the operation of such acquired assets during such period. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months).

*Consolidated Interest Expense* means, for any period, the total interest expense (net of interest income) of WESCO Distribution and its Consolidated Restricted Subsidiaries, plus, to the extent Incurred by WESCO Distribution and its Restricted Subsidiaries in such period but not included in such interest expense, (i) interest expense attributable to Capitalized Lease Obligations and the interest expense attributable to leases constituting part of a Sale/ Leaseback Transaction, (ii) amortization of debt discount, (iii) capitalized interest, (iv) non-cash interest expense, (v) commissions, discounts and other fees and charges attributable to letters of credit and bankers' acceptance financing, (vi) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by WESCO Distribution or any Restricted Subsidiary, (vii) net costs associated with Hedging Obligations (including amortization of fees), (viii) dividends in respect of all Preferred Stock of WESCO Distribution and any of the Restricted Subsidiaries of WESCO Distribution (other than pay in kind dividends and accretions to liquidation value) to the extent held by Persons other than WESCO Distribution or a Wholly Owned Subsidiary, (ix) interest Incurred in connection with investments in discontinued operations and (x) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than WESCO Distribution) in connection with Indebtedness Incurred by such plan or trust, less, to the extent included in such total interest expense, the amortization during such period of capitalized financing costs. Notwithstanding anything to the contrary contained herein, interest expense, commissions, discounts, yield and other fees and charges Incurred in connection with any Qualified Receivables Transaction pursuant to which WESCO Distribution or any Subsidiary may sell, convey or otherwise transfer or grant a security interest in any accounts receivable or related assets of the type specified in the definition of *Qualified Receivables Transaction* shall not be included in Consolidated Interest Expense; provided that any interest expense, commissions, discounts, yield and other fees and charges Incurred in connection with any receivables financing or securitization that does not constitute a Qualified Receivables Transaction shall be included in Consolidated Interest Expense.

*Consolidated Net Income* means, for any period, the net income of WESCO Distribution and its Consolidated Subsidiaries for such period; provided, however, that there shall not be included in such Consolidated Net Income: (i) any net income of any Person (other than WESCO Distribution) if such Person is not a Restricted Subsidiary, except that (A) subject to the limitations contained in clause (iv) below, WESCO Distribution's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to WESCO Distribution or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to a Restricted Subsidiary, to the limitations contained in clause (iii) below) and (B) WESCO Distribution's equity in a net loss of any such Person for





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such period shall be included in determining such Consolidated Net Income; (ii) any net income (or loss) of any person acquired by WESCO Distribution or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition; (iii) any net income (or loss) of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to WESCO Distribution, except that (A) subject to the limitations contained in clause (iv) below, WESCO Distribution's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash which could have been distributed by such Restricted Subsidiary during such period to WESCO Distribution or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to another Restricted Subsidiary, to the limitation contained in this clause) and (B) WESCO Distribution's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income; (iv) any gain (or loss) realized upon the sale or other disposition of any asset of WESCO Distribution or its Consolidated Subsidiaries (including pursuant to any Sale/ Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition of any Capital Stock of any Person; (v) any extraordinary gain or loss; (vi) the cumulative effect of a change in accounting principles; and (vii) any expenses or charges paid to third parties related to any Equity Offering, Permitted Investment, acquisition, recapitalization or Indebtedness permitted to be Incurred by the Indenture (whether or not successful). Notwithstanding the foregoing, for the purpose of the covenant described under Certain Covenants' Limitation on Restricted Payments only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to WESCO Distribution or a Restricted Subsidiary to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(3)(D) thereof.

*Consolidated Net Worth* means the total of the amounts shown on the balance sheet of WESCO Distribution and its Restricted Subsidiaries, determined on a Consolidated basis, as of the end of the most recent fiscal quarter of WESCO Distribution for which internal financial statements are available, as (i) the par or stated value of all outstanding Capital Stock of WESCO Distribution plus (ii) paid-in capital or capital surplus relating to such Capital Stock plus (iii) any retained earnings or earned surplus less (A) any accumulated deficit and (B) any amounts attributable to Disqualified Stock.

*Consolidation* means the consolidation of the amounts of each of the Restricted Subsidiaries with those of WESCO Distribution in accordance with GAAP consistently applied; provided, however, that Consolidation will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of WESCO Distribution or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term Consolidated has a correlative meaning.

*Credit Agreement* means the amended and restated credit agreement dated as of June 17, 2005 among WESCO Distribution, the other Credit Parties (as defined therein) party thereto, General Electric Capital Corporation, for itself as lender and as agent for lenders, the CIT Group/ Business Credit, Inc., as syndication agent and lender and the other lenders party thereto from time to time, as amended, restated, supplemented, waived, refinanced, replaced, renewed, extended or otherwise modified from time to time.

*Credit Facilities* means, with respect to WESCO Distribution, one or more debt facilities, or commercial paper facilities with banks or other institutional lenders or indentures providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against receivables), letters of credit or other long-term Indebtedness, in each case, as amended,

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restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

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

*Debentures* means the 2.625% convertible senior debentures due 2025 issued by WESCO International under the indenture dated as of September 27, 2005 among WESCO International, WESCO Distribution, as guarantor, and J.P. Morgan Trust Company, National Association, as trustee.

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

*Designated Noncash Consideration* means the fair market value of noncash consideration received by WESCO Distribution or any of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Noncash Consideration pursuant to an Officers Certificate, setting forth the basis of such valuation, less the amount of cash or cash equivalents received in connection with a subsequent sale of such Designated Noncash Consideration.

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

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

*EBITDA* for any period means the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income: (i) income tax expense of WESCO Distribution and its Consolidated Restricted Subsidiaries, (ii) Consolidated Interest Expense, (iii) depreciation expense of WESCO Distribution and its Consolidated Restricted Subsidiaries, (iv) amortization expense of WESCO Distribution and its Consolidated Restricted Subsidiaries (excluding amortization expense attributable to a prepaid cash item that was paid in a prior period), (v) all other non-cash charges of WESCO Distribution and its Consolidated Restricted Subsidiaries (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash expenditures in any future period) in each case for such period and (vi) income attributable to discontinued operations. Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and non-cash charges of, a Restricted Subsidiary of WESCO Distribution shall be

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added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to WESCO Distribution by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

*Equity Offering* means a public offering of Capital Stock (other than Disqualified Stock) of WESCO Distribution or WESCO International.

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

*Excluded Contribution* means the Net Cash Proceeds received by WESCO Distribution from (a) contributions to its common equity capital and (b) the sale (other than to a Subsidiary or to any Company or Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Capital Stock (other than Disqualified Stock) of WESCO Distribution, in each case designated as Excluded Contributions pursuant to an Officers Certificate executed by the principal executive officer and the principal financial officer of WESCO Distribution on the date such capital contributions are made or the date such Capital Stock is sold.

*GAAP* means generally accepted accounting principles in the United States of America as in effect as of the Closing Date, including those set forth in (i) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, (ii) statements and pronouncements of the Financial Accounting Standards Board, (iii) such other statements by such other entity as approved by a significant segment of the accounting profession and (iv) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. All ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP.

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

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

*Incur* means issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary. The term *Incurrence* when used as a noun shall have a correlative meaning. The accretion of principal of

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a non-interest bearing or other discount security shall not be deemed the Incurrence of Indebtedness.

*Indebtedness* means, with respect to any Person on any date of determination (without duplication), (i) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money; (ii) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto) (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (i), (ii), (iv) and (v) hereof) to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the 30th day following payment on the letter of credit so long as such letter of credit is entered into in the ordinary course of business); (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services; (v) all Capitalized Lease Obligations and all Attributable Debt of such Person; (vi) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends); (vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons; (viii) to the extent not otherwise included in this definition, Hedging Obligations of such Person; and (ix) all obligations of the type referred to in clauses (i) through (viii) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; provided, however, that the amount outstanding at any time of any Indebtedness Incurred with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP. Any Qualified Receivables Transaction, whether or not such transfer constitutes a sale for the purposes of GAAP, shall not constitute Indebtedness hereunder; provided that any receivables financing or securitization that does not constitute a Qualified Receivables Transaction and does not qualify as a sale under GAAP shall constitute Indebtedness hereunder.

*Independent Financial Advisor* means an accounting, appraisal, investment banking firm or consultant of nationally recognized standing that is, in the good faith determination of WESCO Distribution, qualified to perform the task for which it has been engaged.

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

*Investment* in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar

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instruments issued by such Person. For purposes of the definition of *Unrestricted Subsidiary* and the covenant described under *Certain Covenants - Limitation on Restricted Payments*, (i) Investment shall include the portion (proportionate to WESCO Distribution's equity interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of WESCO Distribution at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, WESCO Distribution shall be deemed to continue to have a permanent Investment in an Unrestricted Subsidiary in an amount (if positive) equal to (x) WESCO Distribution's Investment in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to WESCO Distribution's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

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

*Net Available Cash* from an Asset Disposition means cash payments received (including (a) any cash payments received upon the sale or other disposition of any Designated Noncash Consideration received in any Asset Disposition, (b) any cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and (c) any cash proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred (including, without limitation, all broker's and finder's fees and expenses, all investment banking fees and expenses, employee severance and termination costs, and trade payable and similar liabilities solely related to the assets sold or otherwise disposed of and required to be paid by the seller as a result thereof), and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP, as a consequence of such Asset Disposition, (ii) all relocation expenses incurred as a result thereof, (iii) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition, (iv) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition and (v) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by WESCO Distribution or any Restricted Subsidiary after such Asset Disposition.

*Net Cash Proceeds*, with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

*1998 Notes* means the \$300,000,000 aggregate principal amount of WESCO Distribution's 9 1/8 Senior Subordinated Notes due 2008 issued under the 1998 Notes Indenture.

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*1998 Notes Indenture* means the indenture dated as of June 5, 1998, among WESCO Distribution, Inc., WESCO International, Inc. and J.P. Morgan Trust Company, National Association, under which the 1998 Notes were issued.

*Noteholder* means the Person in whose name a note is registered on the registrar's books.

*Officer* means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of WESCO Distribution.

*Officers Certificate* means a certificate signed by two Officers.

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

*Permitted Investment* means an Investment by WESCO Distribution or any Restricted Subsidiary in (i) WESCO Distribution, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; (ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, WESCO Distribution or a Restricted Subsidiary; (iii) Temporary Cash Investments; (iv) receivables owing to WESCO Distribution or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as WESCO Distribution or any such Restricted Subsidiary deems reasonable under the circumstances; (v) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business; (vi) loans or advances to employees made in the ordinary course of business consistent with past practices of WESCO Distribution or such Restricted Subsidiary and not exceeding \$5.0 million in the aggregate outstanding at any one time; (vii) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to WESCO Distribution or any Restricted Subsidiary or in satisfaction of judgments; (viii) any Person to the extent such Investment represents the non-cash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with the covenant described under *Certain Covenants Limitation on Sale of Assets and Subsidiary Stock*; (ix) Investments made in connection with any Asset Disposition or other sale, lease, transfer or other disposition permitted under the Indenture; (x) a Receivables Entity or any Investment by a Receivables Entity in any other Person in connection with a Qualified Receivables Transaction, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Receivables Transaction or any related Indebtedness; provided that any Investment in a Receivables Entity is in the form of a Purchase Money Note, contribution of additional receivables or an equity interest; (xi) Investments in a Related Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (xi) that are at that time outstanding (and not including any Investments outstanding on the Closing Date, not to exceed 5% of Adjusted Consolidated Assets at the time of such Investments (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); and (xii) additional Investments in an aggregate amount which, together with all other Investments made pursuant to this clause that are then outstanding, does not exceed \$10.0 million.

*Permitted Liens* means (a) Liens of WESCO Distribution and its Restricted Subsidiaries securing Indebtedness of WESCO Distribution or any of its Restricted Subsidiaries Incurred under the Credit Agreement or other Credit Facilities to the extent permitted to be Incurred under clause (b)(i) and (xiii) of the description of the *Limitation on Indebtedness* covenant; (b) Liens in favor of WESCO Distribution or its Wholly Owned Restricted Subsidiaries; (c) Liens

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on property of a Person existing at the time such Person becomes a Restricted Subsidiary of WESCO Distribution or is merged into or consolidated with WESCO Distribution or any Restricted Subsidiary of WESCO Distribution; provided that such Liens were not Incurred in connection with, or in contemplation of, such merger or consolidation and such Liens do not extend to or cover any property other than such property, improvements thereon and any proceeds therefrom; (d) Liens of WESCO Distribution securing Indebtedness of WESCO Distribution Incurred under clause (b)(v) of the description of the Limitation on Indebtedness covenant; (e) Liens of WESCO Distribution and its Restricted Subsidiaries securing Indebtedness of WESCO Distribution or any of its Restricted Subsidiaries (including under a Sale/ Leaseback Transaction) permitted to be Incurred under clause (b)(vi), (vii) and (viii) of the description of the Limitation on Indebtedness covenant so long as the Capital Stock, property (real or personal) or equipment to which such Lien attaches solely consists of the Capital Stock, property or equipment which is the subject of such acquisition, purchase, lease, improvement, Sale/ Leaseback Transaction and additions and improvements thereto (and the proceeds therefrom); (f) Liens on property existing at the time of acquisition thereof by WESCO Distribution or any Restricted Subsidiary of WESCO Distribution; provided that such Liens were not Incurred in connection with, or in contemplation of, such acquisition and such Liens do not extend to or cover any property other than such property, additions and improvements thereon and any proceeds therefrom; (g) Liens Incurred or deposits made to secure the performance of tenders, bids, leases, statutory obligations, surety or appeal bonds, government contracts, performance and return of money bonds or other obligations of a like nature Incurred in the ordinary course of business; (h) Liens existing on the Closing Date and any additional Liens created under the terms of the agreements relating to such Liens existing on the Closing Date; (i) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings; provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (j) Liens Incurred in the ordinary course of business of WESCO Distribution or any Restricted Subsidiary with respect to obligations that do not exceed \$20.0 million in the aggregate at any one time outstanding and that (1) are not Incurred in connection with or in contemplation of the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (2) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of the business by WESCO Distribution or such Restricted Subsidiary; (k) statutory Liens of landlords and warehousemen s, carrier s, mechanics , suppliers , materialmen s, repairmen s or other like Liens (including contractual landlords liens) arising in the ordinary course of business of WESCO Distribution and its Restricted Subsidiaries; (l) Liens Incurred or deposits made in the ordinary course of business of WESCO Distribution and its Restricted Subsidiaries in connection with workers compensation, unemployment insurance and other types of social security; (m) easements, rights of way, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of WESCO Distribution or any of its Restricted Subsidiaries; (n) Liens securing reimbursement obligations with respect to letters of credit permitted under the covenant entitled Limitation on Indebtedness which encumber only cash and marketable securities and documents and other property relating to such letters of credit and the products and proceeds thereof; (o) judgment and attachment Liens not giving rise to an Event of Default; (p) any interest or title of a lessor in the property subject to any Capitalized Lease Obligation permitted under the covenant entitled Limitation on Indebtedness ; (q) Liens on accounts receivable and related assets of the type specified in the definition of Qualified Receivables Transaction Incurred in connection with a Qualified Receivables Transaction; (r) Liens securing Refinancing Indebtedness to the extent such Liens do not extend to or cover any property of WESCO Distribution not previously subjected to Liens relating to the Indebtedness being refinanced; or (s) Liens on pledges of the capital stock of any Unrestricted Subsidiary securing any Indebtedness of such Unrestricted Subsidiary.





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

*Preferred Stock*, as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the WESCO Distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

*principal* of a note means the principal of the note plus the premium, if any, payable on the note which is due or overdue or is to become due at the relevant time.

*Purchase Money Note* means a promissory note of a Receivables Entity evidencing a line of credit, which may be irrevocable, from WESCO Distribution or any Subsidiary of WESCO Distribution in connection with a Qualified Receivables Transaction to a Receivables Entity, which note (a) shall be repaid from cash available to the Receivables Entity, other than (i) amounts required to be established as reserves pursuant to agreements, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and amounts owing to such investors, (iv) amounts required to pay expenses in connection with such Qualified Receivables Transaction and (v) amounts paid in connection with the purchase of newly generated receivables and (b) may be subordinated to the payments described in (a).

*Qualified Receivables Transaction* means any financing by WESCO Distribution or any of its Subsidiaries of accounts receivable in any transaction or series of transactions that may be entered into by WESCO Distribution or any of its Subsidiaries pursuant to which (a) WESCO Distribution or any of its Subsidiaries sells, conveys or otherwise transfers to a Receivables Entity and (b) a Receivables Entity sells, conveys or otherwise transfers to any other Person or grants a security interest to any Person in, any accounts receivable (whether now existing or arising in the future) of WESCO Distribution or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all Guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable; provided that (i) the Board of Directors shall have determined in good faith that such Qualified Receivables Transaction is economically fair and reasonable to WESCO Distribution and the Receivables Entity and (ii) all sales of accounts receivable and related assets to the Receivables Entity are made at fair market value (as determined in good faith by WESCO Distribution). The grant of a security interest in any accounts receivable of WESCO Distribution or any of its Restricted Subsidiaries to secure Bank Indebtedness shall not be deemed a Qualified Receivables Transaction.

*Receivables Entity* means any Wholly Owned Subsidiary of WESCO Distribution (or another Person in which WESCO Distribution or any Subsidiary of WESCO Distribution makes an Investment and to which WESCO Distribution or any Subsidiary of WESCO Distribution transfers accounts receivable and related assets) (i) which engages in no activities other than in connection with the financing of accounts receivable, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, (ii) which is designated by the Board of Directors (as provided below) as a Receivables Entity and (iii) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (A) is Guaranteed by WESCO Distribution or any other Subsidiary of WESCO Distribution (excluding Guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (B) is recourse to or obligates WESCO Distribution or any other Subsidiary of WESCO Distribution in any way other than pursuant to Standard Securitization Undertakings or (C) subjects any property or asset of WESCO Distribution or any other Subsidiary of WESCO



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Distribution, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings. Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officers Certificate certifying that such designation complied with the foregoing conditions.

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

*Refinancing Indebtedness* means Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness of WESCO Distribution or any Restricted Subsidiary existing on the Closing Date or Incurred in compliance with the Indenture (including Indebtedness of WESCO Distribution that Refinances Refinancing Indebtedness); provided, however, that (i) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced, (ii) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced and (iii) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced (plus any accrued interest and premium thereon and reasonable expenses Incurred in connection therewith); provided further, however, that Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of WESCO Distribution or (y) Indebtedness of WESCO Distribution or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

*Registration Rights Agreement* means that certain registration rights agreement dated as of the date of Indenture by and among WESCO Distribution, WESCO International and the initial purchasers set forth therein.

*Related Business* means any businesses of WESCO Distribution and the Restricted Subsidiaries on the Closing Date and any business related, ancillary or complementary thereto.

*Representative* means the trustee, agent or representative (if any) for an issue of Senior Indebtedness of WESCO Distribution.

*Restricted Subsidiary* means any Subsidiary of WESCO Distribution other than an Unrestricted Subsidiary.

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

*SEC* means the Securities and Exchange Commission.

*Secured Indebtedness* means any indebtedness of WESCO Distribution secured by a Lien.

*Secured Indebtedness* of WESCO International has a correlative meaning.

*Securities Act* means the Securities Act of 1933, as amended.

*Senior Discount Notes* means the 111/8% senior discount notes due 2008 issued by WESCO International under the indenture dated as of June 5, 1998 between WESCO International and J.P. Morgan Trust Company, National Association.

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*Senior Subordinated Indebtedness* of WESCO Distribution means the 1998 Notes, the notes and any other Indebtedness of WESCO Distribution that specifically provides that such Indebtedness is to rank *pari passu* with the notes in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of WESCO Distribution which is not Senior Indebtedness. Senior Subordinated Indebtedness of WESCO International has a correlative meaning.

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

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

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

*Subordinated Obligation* means any Indebtedness of WESCO Distribution (whether outstanding on the Closing Date or thereafter Incurred) that is subordinate or junior in right of payment to the notes pursuant to a written agreement. *Subordinated Obligation* of WESCO International has a correlative meaning.

*Subsidiary* of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person.

*Temporary Cash Investments* means any of the following: (i) any investment in direct obligations of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof, (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing within one year of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits aggregating in excess of \$100,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated A (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker-dealer or mutual fund distributor, (iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a financial institution meeting the qualifications described in clause (ii) above, (iv) investments in commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of WESCO Distribution) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P-1 (or higher) according to Moody's Investors Service, Inc. or A-1 (or higher) according to Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ( S&P ), and (v) investments in securities with maturities of one year or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory

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of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P or A by Moody's Investors Service, Inc.

*TIA* means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbb) as in effect on the date of the Indenture.

*Trade Payables* means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

*Trustee* means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

*Trust Officer* means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

*Unrestricted Subsidiary* means (i) any Subsidiary of WESCO Distribution that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of WESCO Distribution (including any newly acquired or newly formed Subsidiary of WESCO Distribution) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, WESCO Distribution or any other Subsidiary of WESCO Distribution that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total Consolidated assets of \$1,000 or less or (B) if such Subsidiary has Consolidated assets greater than \$1,000, then such designation would be permitted under the covenant entitled Certain Covenants Limitation on Restricted Payments. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (x) WESCO Distribution could incur \$1.00 of additional Indebtedness under paragraph (a) of the covenant described under Certain Covenants Limitation on Indebtedness and (y) no Default shall have occurred and be continuing. Any such designation of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers Certificate certifying that such designation complied with the foregoing provisions.

*U.S. Government Obligations* means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

*Voting Stock* of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

*WESCO International Guarantee* means the Guarantee of WESCO International of the obligations with respect to the notes issued by WESCO Distribution pursuant to the terms of the Indenture. Such WESCO International Guarantee will be substantially in the form prescribed in the Indenture.

*Wholly Owned Subsidiary* means a Restricted Subsidiary of WESCO Distribution all the Capital Stock of which (other than directors' qualifying shares) is owned by WESCO Distribution or another Wholly Owned Subsidiary.

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**BOOK-ENTRY; DELIVERY AND FORM**

Except as set forth below, the exchange notes will be issued in registered, global form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

**The Global Notes**

Exchange notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the Global Notes ). The Global Notes will be deposited upon issuance with the trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form ( Certificated Notes ) except in the limited circumstances described below. See Exchange of Global Notes for Certificated Notes. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

**Depository Procedures**

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the Participants ) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the Indirect Participants ). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

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Investors in the Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Person will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

**Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.**

Payments in respect of the principal of, and interest and premium, if any, and additional interest, if any, or, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the trustee will treat the Person in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, the trustee nor any agent of us or the trustee has or will have any responsibility or liability for:

any aspect of DTC's records or any Participants or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effective in accordance with their respective rules and operating procedures. Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositories;

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however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear and Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, we reserve the right to exchange the Global Notes for notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we, the trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**Certificated Notes**

Subject to certain conditions, any Person having a beneficial interests in a Global Note may, upon prior written request to the trustee, exchange such beneficial interests for notes in the form of Certificated Notes. Upon any such issuance, the trustee is required to register such Certificated Notes in the name of, and cause the same to be delivered to, such Person or Persons (or their nominee).

Neither we nor the trustee will be liable for any delay by the Global Note Holder or DTC in identifying the beneficial owners of notes and we and the trustee may conclusively rely on, and will be protected in relying on, instructions from the Global Note Holder or DTC for all purposes.

**Exchange of Global Notes for Certificated Notes**

A Global Note is exchangeable for Certificated Notes if:

DTC (a) notifies us that it is unwilling or unable to continue as depository for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depository;

We, at our option, notifies the trustee in writing that it elects to cause the issuance of the Certificated Notes; or

there has occurred and is continuing a Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in Notice to Investors, unless that legend is not required by applicable law.



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**Same Day Settlement and Payment**

We will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, interest and additional interest, if any) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, and additional interest, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The notes represented by the Global Notes are expected to be eligible to trade in The PORTAL<sup>sm</sup> Market and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds. Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Table of Contents**EXCHANGE AND REGISTRATION RIGHTS AGREEMENT**

We and WESCO International entered into an exchange and registration rights agreement with the initial purchasers of the original notes concurrently with the issuance of the original notes. Pursuant to the exchange and registration rights agreement, we and WESCO International agreed to (i) file with the SEC within 210 days after the date of issuance of the original notes (the issue date) the registration statement of which this prospectus is a part on an appropriate form under the Securities Act (the exchange offer registration statement), with respect to the exchange offer and (ii) use our reasonable best efforts to cause the exchange offer registration statement to be declared effective under the Securities Act within 270 days after the issue date. As soon as practicable after the effectiveness of such exchange offer registration statement, we and WESCO International will offer to the holders of transfer restricted securities (as defined below) who are not prohibited by any law or policy of the SEC from participating in the exchange offer the opportunity to exchange their transfer restricted securities for exchange notes that are identical in all material respects to such transfer restricted securities (except that the exchange notes will not contain terms with respect to transfer restrictions) and that would be registered under the Securities Act. We and WESCO International will keep the exchange offer open for not less than 20 business days (or longer, if required by applicable law) after the date on which notice of the exchange offer is mailed to the holders of the original notes.

If (i) because of any change in law or applicable interpretations thereof by the staff of the SEC, we and WESCO International are not permitted to effect the exchange offer as contemplated hereby, (ii) any original notes validly tendered pursuant to the exchange offer are not exchanged for exchange notes prior to 300 days after the issue date, (iii) any initial purchaser of original notes so requests with respect to original notes not eligible to be exchanged for exchange notes in the exchange offer, (iv) any applicable law or interpretations do not permit any holder of original notes to participate in the exchange offer, (v) any holder of original notes that participates in an exchange offer does not receive freely transferable exchange notes in exchange for tendered original notes, or (vi) we and WESCO International so elect, then we and WESCO International will file with the SEC a shelf registration statement (a shelf registration statement) to cover sales of transfer restricted securities by such holders who satisfy certain conditions relating to the provision of information in connection with such shelf registration statement. For purposes of the foregoing, transfer restricted securities means each original note until (i) the date on which such original note has been exchanged for a freely transferable exchange note in the exchange offer, (ii) the date on which such original note has been effectively registered under the Securities Act and disposed of in accordance with a shelf registration statement; or (iii) the date on which such original note is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act.

We and WESCO International will each use our reasonable best efforts to have the exchange offer registration statement or, if applicable, the shelf registration statement (each a registration statement) declared effective by the SEC as promptly as practicable after the filing thereof. Unless the exchange offer would not be permitted by a policy of the SEC, we and WESCO International will commence the exchange offer and will each use our reasonable best efforts to consummate the exchange offer as promptly as practicable, but in any event prior to 300 days after the issue date. If applicable, we and WESCO International will each use our reasonable best efforts to keep the shelf registration statement effective for a period of two years after the issue date. If (i) in the case of a shelf registration statement required to be filed in response to a change in law or applicable interpretations of the SEC's staff, if the shelf registration statement is not filed within 45 days after publication of the change in law or interpretations, but in no event before 210 days after the issue date; (ii) the shelf registration statement, if required, is not declared effective within 270 days after the issue date (or in the case of a shelf registration statement required to be filed in response to a change in law or the

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interpretations of the SEC's staff, if later, within 90 days after publication of the change in law or interpretation, but in no event before 270 days after the issue date); (iii) the exchange offer is not consummated prior to 300 days after the issue date (other than in the event we and WESCO International file a shelf registration statement); or (iv) the shelf registration statement is filed and declared effective within 270 days after the issue date (or in the case of a shelf registration statement required to be filed in response to a change in law or the applicable interpretations of the SEC's staff, if later, within 90 days after publication of the change in law or interpretation, but in no event before 270 days after the issue date) but shall thereafter cease to be effective (at any time that the issuer is obligated to maintain the effectiveness thereof) without being succeeded within 90 days by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "registration default"), we and WESCO International will be obligated to pay additional interest to each holder of transfer restricted securities, during the period of one or more such registration defaults, in an amount equal to \$0.192 per week per \$1,000 principal amount of the notes constituting transfer restricted securities held by such holder until the registration statement is filed, the exchange offer registration statement is declared effective and the exchange offer is consummated or the shelf registration statement is declared effective or again becomes effective, as the case may be. All accrued additional interest shall be paid to holders in the same manner as interest payment on the notes on semi-annual payment dates which correspond to interest payment dates for the notes. Following the cure of all registration defaults, the accrual of additional interest will cease. Notwithstanding the foregoing, we and WESCO International may issue a notice that the shelf registration statement is unusable pending the announcement of a material development or event and may issue any notice suspending use of the shelf registration statement required under securities laws to be issued and, in the event that the aggregate number of days in any consecutive twelve-month period for which all such notices are issued and effective exceeds 45 days in the aggregate, we and WESCO International will be obligated to pay additional interest to each holder of transfer restricted securities in an amount equal to \$0.192 per week per \$1,000 principal amount of transfer restricted securities held by such holder. Upon us declaring that the shelf registration statement is usable after the period of time described in the preceding sentence the accrual of additional interest shall cease; provided, however, that if after any such cessation of the accrual of additional interest the shelf registration statement again ceases to be usable beyond the period permitted above, additional interest will again accrue pursuant to the foregoing provisions.

The exchange and registration rights agreement also provides that we and WESCO International (i) shall make available for a period of 180 days after the consummation of the exchange offer a prospectus meeting the requirements of the Securities Act to any broker-dealer for use in connection with any resale of any exchange notes and (ii) shall pay all expenses incident to the exchange offer (including the expense of one counsel to the holders of the original notes) and will indemnify certain holders of the original notes (including any broker-dealer) against certain liabilities, including liabilities under the Securities Act. A broker-dealer which delivers such a prospectus to purchasers in connection with such resales will be subject to certain of the civil liability provisions under the Securities Act and will be bound by the provisions of the exchange and registration rights agreement (including certain indemnification rights and obligations).

Each holder of original notes who wishes to exchange such original notes for exchange notes in the exchange offer will be required to make certain representations, including representations that (i) any exchange notes to be received by it will be acquired in the ordinary course of its business; (ii) it has no arrangement or understanding with any person to participate in the distribution of the exchange notes; and (iii) it is not an affiliate (as defined in Rule 405 under the Securities Act) of us or WESCO International, or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

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If the holder is not a broker-dealer, it will be required to represent that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes. If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of the market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

Holders of the notes will be required to make certain representations to us and WESCO International (as described above) in order to participate in the exchange offer and will be required to deliver information to be used in connection with a shelf registration statement in order to have their notes included in such shelf registration statement and benefit from the provisions regarding additional interest set forth in the preceding paragraphs. A holder who sells original notes pursuant to a shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the exchange and registration rights agreement which are applicable to such a holder (including certain indemnification obligations).

For so long as the original notes are outstanding, we and WESCO International will continue to provide to holders of the original notes and to prospective purchasers of the original notes the information required by Rule 144(d)(4) under the Securities Act.

Table of Contents**CERTAIN MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS**

The following general discussion represents the opinion of our counsel, Kirkpatrick & Lockhart Nicholson Graham LLP, as to the material U.S. federal income tax considerations with respect to the acquisition, ownership and disposition of a registered note acquired in exchange for an original note. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), the applicable treasury regulations promulgated and proposed thereunder, judicial authority and current administrative rulings and practice, all of which are subject to change, possibly with retroactive effect. This discussion is a summary for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the acquisition, ownership, and disposition of the registered notes by a prospective investor in light of his or her or its own personal circumstances. This discussion is limited to the U.S. federal income tax consequences to persons who acquired the original note for cash on its original issuance at its issue price and who held the original note and will hold the registered note as a capital asset within the meaning of Section 1221 of the Code. This discussion does not purport to deal with all aspects of U.S. federal income taxation that might be relevant to particular holders in light of their personal investment circumstances or status, nor does it discuss the U.S. federal income tax consequences to certain types of holders subject to special treatment under the U.S. federal income tax laws (for example, financial institutions, insurance companies, dealers in securities or foreign currency, tax-exempt organizations, banks, thrifts, insurance companies, taxpayers holding the original notes or registered notes through a partnership or similar pass-through entity or as part of a straddle, hedge or conversion transaction, or taxpayers that have a functional currency other than the U.S. dollar). We have not obtained a ruling from the Internal Revenue Service (the IRS) regarding the tax treatment of the original notes or registered notes.

For purposes of this discussion, a U.S. holder is a beneficial owner of a note that is:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The term non-U.S. holder means a beneficial owner of a note (other than a partnership) that is not a U.S. holder.

If a partnership holds the notes, the tax treatment of a partner of such partnership should generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the notes, you should consult your own tax advisors.

**Holders are urged to consult their own tax advisors concerning the particular U.S. Federal income and estate tax consequences of the ownership of the registered notes, as well as the consequences arising under the laws of any other taxing jurisdiction.**

**Consequences of Tendering Original Notes**

The exchange of your original notes for registered notes in the exchange offer should not constitute an exchange for U.S. federal income tax purposes. Accordingly, the exchange offer should have no federal income tax consequences to you if you exchange your original notes for registered notes. You should not recognize gain or loss as a result of the exchange, and you

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should have the same tax basis and holding period in the registered notes as you had in your original notes.

**U.S. Holders**

The following discussion is a summary of certain U.S. federal income tax consequences that will apply to you if you are a U.S. holder of registered notes.

***Interest***

Interest on a registered note will generally be taxable to a U.S. Holder as ordinary income at the time it is paid or accrued in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

***Sale, Exchange, Redemption or Repayment***

Upon the disposition of a registered note by sale, exchange or redemption, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the disposition, other than amounts attributable to accrued interest not yet taken into income which will be taxed as ordinary income, and the U.S. Holder's tax basis in the registered note.

Assuming the registered note is held as a capital asset, any gain will generally constitute capital gain, and will be long-term capital gain if the U.S. Holder has held the registered note for longer than 12 months. Any loss will be long-term capital loss if the U.S. Holder has held the registered note for longer than 12 months. The deductibility of capital losses is subject to limitations.

**Non-U.S. Holders**

The following discussion is limited to the U.S. federal income and estate tax consequences to a holder of a registered note that is a beneficial owner of a note and that is an individual, corporation, estate or trust other than a U.S. Holder (a Non-U.S. Holder). For purposes of the discussion below, interest and gain on the sale, exchange or other disposition of registered notes will be considered to be U.S. trade or business income if such income or gain is: effectively connected with the conduct of a U.S. trade or business or

in the case of a treaty resident, attributable to a U.S. permanent establishment (or, in the case of an individual, a fixed base) in the United States.

***Interest***

Generally, interest paid to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax if such interest is not U.S. trade or business income and is portfolio interest. Generally, interest on the registered notes will qualify as portfolio interest if such interest is not effectively connected with a U.S. trade or business and the Non-U.S. Holder:

does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock;

is not a controlled foreign corporation with respect to which we are a related person within the meaning of the Code;

is not a bank receiving interest on the extension of the credit made pursuant to a loan agreement made in the ordinary course of its trade or business; and

certifies, under penalties of perjury, that such holder is not a U.S. person and provides such holder's name and address.

The gross amount of payments of interest that do not qualify for the portfolio interest exception and that are not U.S. trade or business income will be subject to U.S. withholding tax at a rate of 30% unless a treaty applies to reduce or eliminate withholding or a Non-U.S. Holder

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claims such income is effectively connected with a U.S. trade or business. U.S. trade or business income will be taxed at regular graduated U.S. rates rather than the 30% gross rate. In the case of a Non-U.S. Holder that is a corporation, such U.S. trade or business income also may be subject to the branch profits tax. To claim an exemption from withholding in the case of U.S. trade or business income, or to claim the benefits of a treaty, a Non-U.S. Holder must provide a properly executed Form W-ECI (in the case of U.S. trade or business income) or Form W-8BEN (in the case of a treaty), or any successor form, as applicable, prior to the payment of interest. These forms must be periodically updated. A Non-U.S. Holder who is claiming the benefits of a treaty may be required, in certain instances, to obtain a U.S. taxpayer identification number and to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country. Also, special procedures are provided under applicable regulations for payment through qualified intermediaries.

***Sale, Exchange, or Redemption***

Any gain realized on the disposition of a registered note by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or

the gain is U.S. trade or business income.

***Federal Estate Tax***

The registered notes held (or treated as held) by an individual who is a Non-U.S. Holder at the time of his death will not be subject to U.S. federal estate tax, provided that the individual does not actually or constructively own 10% or more of the total voting power of our voting stock and income on the notes was not U.S. trade or business income.

***Backup Withholding and Information Reporting***

In general, if you are a U.S. holder of registered notes, information reporting requirements will apply to all payments we make to you and the proceeds from a sale of a registered note made to you (unless you are an exempt recipient such as a corporation). A backup withholding tax of 28% may apply to such payments if you fail to provide a taxpayer identification number or a certification of exempt status, or if you fail to report in full dividend and interest income.

In general, if you are a Non-U.S. holder, you will not be subject to backup withholding with respect to payments that we make to you provided that we do not have actual knowledge or reason to know that you are a U.S. person and you have given us the statement described above under *Interest* . We must report annually to the IRS and to each Non-U.S. Holder the amount of interest paid to such holder and the tax withheld with respect to such interest, regardless of whether withholding was required. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

In addition, if you are a Non-U.S. Holder, payments of the proceeds of a sale of a registered note within the United States or conducted through certain U.S.-related financial intermediaries are subject to both backup withholding and information reporting unless you certify under penalties of perjury that you are Non-U.S. Holder (and the payor does not have actual knowledge or reason to know that you are a U.S. person) or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS.

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**PLAN OF DISTRIBUTION**

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We and WESCO International have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until 40 days after the later of the commencement of the exchange offering and the issue date of the exchange notes, all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The accompanying letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

For a period of 180 days after the expiration date of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the accompanying letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the original notes) other than commissions or concessions of any broker-dealers and will indemnify the holders of the original notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.



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**LEGAL MATTERS**

Certain legal matters with respect to the exchange offer will be passed upon for us by Kirkpatrick & Lockhart Nicholson Graham LLP, Pittsburgh, Pennsylvania.

**EXPERTS**

The financial statements as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of December 31, 2005, included in this prospectus, have been so included in reliance on the report (which contains an explanatory paragraph relating to management's exclusion of Carlton-Bates Company and Fastec Industrial Corp. from its assessment of internal control over financial reporting as of December 31, 2005 because they were acquired by the Company in purchase business combinations during 2005) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The valuation of intangible assets referred to in this prospectus was conducted by American Appraisal Associates, Inc., an independent appraiser.

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**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations ( COSO ) of the Treadway Commission. Based on our evaluation under the framework in *Internal Control Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2005. Management has excluded Carlton-Bates Company and Fastec Industrial Corp. from its assessment of internal control over financial reporting as of December 31, 2005 because they were acquired by the Company in purchase business combinations during 2005. Carlton-Bates Company is a wholly-owned subsidiary whose total assets and total revenues represent \$291.7 million and \$76.8 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005. Fastec Industrial Corp. is a wholly-owned subsidiary whose total assets and total revenues represent \$44.8 million and \$27.7 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005.

Our management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

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**Report of Independent Registered Public Accounting Firm**

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

We have completed integrated audits of WESCO International, Inc.'s 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005 and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

**Consolidated financial statements and financial statement schedule**

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of WESCO International, Inc. and its subsidiaries at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**Internal control over financial reporting**

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing on Page F-2, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Carlton-Bates Company and Fastec Industrial Corp. from its assessment of internal control over financial reporting as of December 31, 2005 because they were acquired by the Company in purchase business combinations during 2005. We have also excluded Carlton-Bates Company and Fastec Industrial Corp. from our audit of internal controls over financial reporting. Carlton-Bates Company is a wholly-owned subsidiary whose total assets and total revenues represent \$291.7 million and \$76.8 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005. Fastec Industrial Corp. is a wholly-owned subsidiary whose total assets and total revenues represent \$44.8 million and \$27.7 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005.

PricewaterhouseCoopers LLP  
Pittsburgh, Pennsylvania  
March 15, 2006

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2005	2004
	(Dollars in thousands, except share data)	
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 22,125	\$ 34,523
Trade accounts receivable, net of allowance for doubtful accounts of \$12,609 and \$12,481 in 2005 and 2004, respectively <b>(Note 4)</b>	315,594	383,364
Other accounts receivable	36,235	30,237
Inventories, net	500,798	387,339
Current deferred income taxes <b>(Note 10)</b>	13,399	3,920
Income taxes receivable	12,814	6,082
Prepaid expenses and other current assets	7,898	9,451
<b>Total current assets</b>	<b>908,863</b>	<b>854,916</b>
Property, buildings and equipment, net <b>(Note 7)</b>	103,083	94,742
Intangible assets, net <b>(Note 3)</b>	83,892	537
Goodwill <b>(Note 3)</b>	542,217	401,610
Other assets	13,104	5,050
<b>Total assets</b>	<b>\$ 1,651,159</b>	<b>\$ 1,356,855</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 572,467	\$ 455,821
Accrued payroll and benefit costs <b>(Notes 12 and 13)</b>	51,220	43,350
Short-term debt <b>(Note 8)</b>	14,500	
Current portion of long-term debt <b>(Note 8)</b>	36,825	31,413
Deferred acquisition payable <b>(Note 5)</b>	2,680	1,014
Bank overdrafts	3,695	
Other current liabilities	38,499	32,647
<b>Total current liabilities</b>	<b>719,886</b>	<b>564,245</b>
Long-term debt <b>(Note 8)</b>	352,232	386,173
Long-term deferred acquisition payable <b>(Note 5)</b>	4,346	2,026
Other noncurrent liabilities	9,507	7,904
Deferred income taxes <b>(Note 10)</b>	73,738	42,954
<b>Total liabilities</b>	<b>\$ 1,159,709</b>	<b>\$ 1,003,302</b>
Commitments and contingencies <b>(Note 14)</b>		
<b>Stockholders Equity (Note 9):</b>		
Preferred stock, \$.01 par value; 20,000,000 shares authorized, no shares issued or outstanding		

Common stock, \$.01 par value; 210,000,000 shares authorized, 51,790,725 and 50,483,970 shares issued in 2005 and 2004, respectively	518	505
Class B nonvoting convertible common stock, \$.01 par value; 20,000,000 shares authorized, 4,339,431 shares issued in 2005 and 2004; no shares outstanding in 2005 and 2004	43	43
Additional capital	707,407	676,465
Retained deficit	(168,332)	(271,858)
Treasury stock, at cost; 8,418,607 and 8,407,790 shares in 2005 and 2004, respectively	(61,821)	(61,449)
Accumulated other comprehensive income	13,635	9,847
Total stockholders equity	491,450	353,553
Total liabilities and stockholders equity	\$ 1,651,159	\$ 1,356,855

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

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Year Ended December 31</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands, except share data)</b>		
Net sales	\$ 4,421,103	\$ 3,741,253	\$ 3,286,766
Cost of goods sold (excluding depreciation and amortization below)	3,580,398	3,029,132	2,676,701
Gross profit	840,705	712,121	610,065
Selling, general and administrative expenses	612,780	544,532	501,462
Depreciation and amortization	18,639	18,143	22,558
Income from operations	209,286	149,446	86,045
Interest expense, net	30,183	40,791	42,317
Loss on debt extinguishment, net <b>(Note 8)</b>	14,914	2,577	180
Other expenses <b>(Note 4)</b>	13,305	6,580	4,457
Income before income taxes	150,884	99,498	39,091
Provision for income taxes <b>(Note 10)</b>	47,358	34,566	9,085
Net income	\$ 103,526	\$ 64,932	\$ 30,006
Earnings per share <b>(Note 11)</b>			
Basic	\$ 2.20	\$ 1.55	\$ 0.67
Diluted	\$ 2.10	\$ 1.47	\$ 0.65

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



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

	Common Stock		Class B Common Stock		Additional Capital	Retained Earnings (Deficit)	Treasury Stock		Accumulated Other Income (Loss)	
	Comprehensive Income	Amount	Shares	Amount			Shares	Amount		Shares
Balance, December 31, 2002		\$ 445	44,483,513	\$ 46	4,653,131	\$ 570,923	\$ (366,796)	\$ (33,841)	(4,033,020)	\$ (1,483,000)
Exercise of stock options, including tax benefit of \$408		2	202,581			937		(234)	(28,048)	
Stock-based compensation expense					605					
Redemption of stock options, including tax benefit					(12,814)					
Repurchase of Class B common stock								(27,295)	(4,339,431)	
Conversion of Class B common stock		3	313,700	(3)	(313,700)					
Net income	\$ 30,006					30,006				
Translation adjustment	7,193									7,193
Comprehensive income	\$ 37,199									
Balance, December 31, 2003		450	44,999,794	43	4,339,431	559,651	(336,790)	(61,370)	(8,400,499)	5,700
Exercise of stock options, including tax benefit of \$5,386		15	1,484,176			13,999		(79)	(7,291)	
Stock-based compensation expense					2,923					
Issuance of common stock,		40	4,000,000			99,892				

et of capitalized suance costs										
et income	\$ 64,932					64,932				
translation adjustment	4,143									4,143
omprehensive come	\$ 69,075									
<b>alance, ecember 31, 004</b>		505	50,483,970	43	4,339,431	676,465	(271,858)	(61,449)	(8,407,790)	9,84
xercise of ock options, cluding tax enefit of 3,815		13	1,306,755			22,347		(372)	(10,817)	
ock-based ompensation xpense						8,595				
et income	\$ 103,526							103,526		
translation adjustment	3,788									3,788
omprehensive come	\$ 107,314									
<b>alance, ecember 31, 005</b>		\$ 518	51,790,725	\$ 43	4,339,431	\$ 707,407	\$(168,332)	\$(61,821)	(8,418,607)	\$ 13,63

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

Table of Contents**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year Ended December 31

2005                      2004                      2003

(In thousands)

**Operating Activities:**

Net income	\$ 103,526	\$ 64,932	\$ 30,006
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on debt extinguishment, (net of premium in 2005 of \$6,803)	1,446	754	180
Depreciation and amortization	18,639	18,143	22,558
Accretion and amortization of original issue discounts and purchase discounts, respectively	1,218	2,714	2,898
Amortization of gain on interest rate swap	(3,118)	(912)	(533)
Stock option expense	8,595	2,923	605
Amortization of debt issuance costs	1,263	1,426	1,248
Loss (gain) on sale of property, buildings and equipment	(36)	86	(513)
Deferred income taxes	3,560	2,504	3,647
Changes in assets and liabilities:			
Change in receivables facility	189,000	(17,000)	(68,000)
Trade and other account receivables	(83,660)	(107,786)	(5,699)
Inventories	(60,220)	(63,767)	25,238
Prepaid expenses and other current assets	12,386	12,703	1,347
Accounts payable	95,657	85,551	12,405
Accrued payroll and benefit costs	6,700	16,384	6,706
Other current and noncurrent liabilities	141	3,289	3,665
Net cash provided by operating activities	295,097	21,944	35,758

**Investing Activities:**

Capital expenditures	(14,154)	(12,149)	(8,379)
Acquisition payments, net of cash acquired	(278,829)	(34,114)	(2,028)
Other investing activities	2,014		1,177
Net cash used by investing activities	(290,969)	(46,263)	(9,230)

**Financing Activities:**

Proceeds from issuance of long-term debt	643,000	357,600	169,180
Repayments of long-term debt	(662,641)	(415,005)	(166,811)
Proceeds from issuance of common stock		105,000	
Equity issuance costs		(5,068)	
Redemption of stock options		(20,144)	
Proceeds from interest rate swap			4,563
Debt issuance costs	(9,043)	(112)	(2,389)
Proceeds from exercise of options	8,173	8,422	438
Increase in bank overdrafts	3,695		
Repurchase of Class B common stock			(27,295)

Payments on capital lease obligations	(215)		
Net cash provided (used) by financing activities	(17,031)	30,693	(22,314)
Effect of exchange rate changes on cash and cash equivalents	505	654	711
Net change in cash and cash equivalents	(12,398)	7,028	4,925
Cash and cash equivalents at the beginning of period	34,523	27,495	22,570
Cash and cash equivalents at the end of period	\$ 22,125	\$ 34,523	\$ 27,495
<b>Supplemental disclosures:</b>			
Cash paid for interest	\$ 29,606	\$ 36,539	\$ 38,814
Cash paid for taxes	28,917	18,271	2,544
Non-cash investing activities:			
Property, plant and equipment acquired through capital leases	2,000	857	
Deferred acquisition payable related to prior acquisition	5,000		
Note issued in connection with acquisition	3,329		
Conversion of deferred acquisition payable to note		50,000	
Non-cash financing activities:			
Decrease (increase) in fair value of outstanding interest rate swaps		583	(135)
Redemption of stock options			20,144

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

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization**

WESCO International, Inc. and its subsidiaries (collectively, WESCO ), headquartered in Pittsburgh, Pennsylvania, is a full-line distributor of electrical supplies and equipment and is a provider of integrated supply procurement services with operations in the United States, Canada, Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. WESCO currently operates approximately 370 branch locations and eight distribution centers (six in the United States and two in Canada).

**2. Accounting Policies**

***Basis of Consolidation***

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

***Use of Estimates***

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

***Revenue Recognition***

Revenues are recognized for product sales when title, ownership and risk of loss pass to the customer, or for services when the service is rendered or evidence of a customer arrangement exists. In the case of stock sales and special orders, a sale occurs at the time of shipment from our distribution point, as the terms of WESCO's sales are FOB shipping point. In cases where we process customer orders but ship directly from our suppliers, revenue is recognized once product is shipped and title has passed. For some of our customers, we provide services such as inventory management or other specific support. Revenues are recognized upon evidence of fulfillment of the agreed upon services. In all cases, revenue is recognized once the sales price to our customer is fixed or is determinable and WESCO has reasonable assurance as to the collectibility in accordance with Staff Accounting Bulletin No. 104.

***Gross Profit***

Our calculation of gross profit is net sales less cost of goods sold. Cost of goods sold includes our cost of the products sold and excludes cost for selling, general and administrative expenses and depreciation and amortization, which are reported separately in the statement of income.

***Supplier Volume Rebates***

WESCO receives rebates from certain suppliers based on contractual arrangements with such suppliers. An asset, included within other accounts receivable on the balance sheet, represents the estimated amounts due to WESCO under the rebate provisions of such contracts. The corresponding rebate income is recorded as a reduction of cost of goods sold. The appropriate level of such income is derived from the level of actual purchases made by WESCO

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

from suppliers, in accordance with the provisions of Emerging Issues Task Force ( EITF ) Issue No. 02-16, *Accounting by a Reseller for Cash Consideration Received from a Vendor*. Receivables under the supplier rebate program are within other accounts receivable and were \$30.6 million at December 31, 2005 and \$26.8 million at December 31, 2004. The total amount recorded as a reduction to cost of goods sold was \$47.2 million, \$44.5 million and \$29.3 million for 2005, 2004 and 2003, respectively.

**Shipping and Handling Costs and Fees**

WESCO records the majority of costs and fees associated with transporting its products to customers as a component of selling, general and administrative expenses. These costs totaled \$44.5 million, \$36.6 million and \$36.2 million in 2005, 2004 and 2003, respectively.

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

**Cash Equivalents**

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less when purchased. As of December 31, 2005, cash and cash equivalents were \$22.1 million, a decrease of \$12.4 million from December 31, 2004.

**Asset Securitization**

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

**Allowance for Doubtful Accounts**

WESCO maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. WESCO has a systematic procedure using estimates based on historical data and reasonable assumptions of collectibility made at the local branch level and on a consolidated corporate basis to calculate the allowance for doubtful accounts. If the financial condition of WESCO's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for doubtful accounts was \$12.6 million at December 31, 2005 and \$12.5 million at December 31, 2004, respectively. The total amount recorded as selling, general and administrative expense related to bad debts was \$8.6 million, \$5.8 million and \$10.2 million for 2005, 2004 and 2003, respectively.

**Inventories**

Inventories primarily consist of merchandise purchased for resale and are stated at the lower of cost or market. Cost is determined principally under the average cost method. WESCO makes provisions for obsolete or slow-moving inventories as necessary to reflect reduction in

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

inventory value. Reserves for excess and obsolete inventories were \$12.5 million and \$10.1 million at December 31, 2005 and 2004, respectively. The total expense related to excess and obsolete inventories, included in cost of goods sold, was \$4.1 million, \$5.5 million and \$5.0 million for 2005, 2004 and 2003, respectively. WESCO absorbs into the cost of inventory the general and administrative expenses related to inventory such as purchasing, receiving and storage and at December 31, 2005 and 2004 \$30.2 million and \$27.1 million, respectively, of these costs were included in the ending inventory.

***Other Assets***

WESCO amortizes deferred financing fees over the term of the various debt instruments. Deferred financing fees in the amount of \$9.6 million related to new and amended financing was incurred during the year ending December 31, 2005. As of December 31, 2005 and 2004, the amount of other assets related to unamortized deferred financing fees was \$12.7 million and \$4.6 million, respectively.

***Property, Buildings and Equipment***

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

Computer software is accounted for in accordance with Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. Capitalized computer software costs are amortized using the straight-line method over the estimated useful life, typically two to five years, and are reported at the lower of unamortized cost or net realizable value.

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

The Company assesses its long-lived assets for impairment by reviewing periodically the Company's operating performance by branch and respective utilization of real and tangible assets at such sites; by evaluating utilization of computer hardware and software, which is amortized over 3 to 5 years; utilization and serviceability of all other assets; and by comparing fair values of real properties against market values of similar properties. Upon closure of any branch, asset usefulness and remaining life are evaluated and any charges taken as appropriate. Of our \$103.1 million net book value of long-lived assets as of December 31, 2005, of which \$7.1 million was the net book value of assets acquired through acquisitions in 2005, \$64.6 million consists of land, buildings and leasehold improvements and are geographically dispersed among our 370 branches and eight distribution centers, mitigating the risk of impairment. Approximately \$19 million of assets consist of computer equipment and capitalized software and are evaluated for use and serviceability relative to carrying value. The remaining fixed assets, mainly of furniture and fixtures, warehousing equipment and transportation equipment, are similarly evaluated for serviceability and use. As of December 31, 2005 the net book value of long-lived assets was estimated to approximate the fair value of fixed assets.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Goodwill**

Effective January 1, 2002, WESCO adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. Under SFAS No. 142, goodwill is no longer amortized, but is reduced if impaired. Goodwill is tested for impairment annually during the fourth quarter or more frequently if events or circumstances occur indicating that goodwill might be impaired. This process involves estimating fair value using discounted cash flow analyses. Considerable management judgment is necessary to estimate discounted future cash flows. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. Two primary assumptions were an average long-term revenue growth rate of between 3% and 13% and a discount rate of 8%. Goodwill totaled \$542.2 million at December 31, 2005 and \$401.6 million at December 31, 2004.

**Intangible Assets**

Intangible assets are capitalized and amortized over 5 to 19 years when the life is determinable. For intangible assets that have an indefinite life, no amortization is recorded. Intangible assets related to customer relationships are amortized using an accelerated method whereas all other intangible assets subject to amortization use a straight-line method which reflects the pattern in which the economic benefits of the respective assets are consumed or otherwise used. Intangible assets are tested annually for impairment or more frequently if events or circumstances occur indicating that the respective asset might be impaired.

**Insurance Programs**

WESCO uses commercial insurance for auto, workers compensation, casualty and health claims as a risk-reduction strategy to minimize catastrophic losses. Our strategy involves large deductibles where WESCO must pay all costs up to the deductible amount. WESCO estimates our reserve based on historical incident rates and costs. The assumptions included in developing this accrual include the period of time from incurrence of a medical claim until the claim is paid by the insurance provider. Presently, this period is estimated to be eight weeks. The total liability related to the insurance programs was \$7.5 million at December 31, 2005 and \$6.7 million at December 31, 2004.

**Income Taxes**

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances, if any, are provided when a portion or all of a deferred tax asset may not be realized. WESCO reviews uncertain tax positions and assesses the need and amount of contingency reserves necessary to cover any probable audit adjustments.

**Foreign Currency**

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



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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

comprehensive income within stockholders' equity. Gains and losses from foreign currency transactions are included in net income for the period.

**Treasury Stock**

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

**Stock-Based Compensation**

During the year ended December 31, 2003, WESCO adopted the measurement provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. This change in accounting method was applied on a prospective basis in accordance with SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure - an amendment of SFAS No. 123*. Stock options awarded prior to 2003 are accounted for under the intrinsic value method under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*. WESCO recognized \$8.6 million and \$2.9 million of compensation expense related to equity awards in the years ended December 31, 2005 and 2004, respectively.

The following table presents the pro forma results as if the fair-value-based method of accounting for stock-based awards had been applied to all outstanding options:

	Year Ended December 31		
	2005	2004	2003
	(Dollars in thousands, except per share amounts)		
Net income reported	\$ 103,526	\$ 64,932	\$ 30,006
Add: Stock-based compensation expense included in reported net income, net of related tax	5,896	1,900	393
Deduct: Stock-based employee compensation expense determined under SFAS No. 123 for all awards net of related tax	(6,404)	(2,672)	(1,876)
Pro forma net income	\$ 103,018	\$ 64,160	\$ 28,523
Earnings per share:			
Basic as reported	\$ 2.20	\$ 1.55	\$ 0.67
Basic pro forma	\$ 2.19	\$ 1.53	\$ 0.64
Diluted as reported	\$ 2.10	\$ 1.47	\$ 0.65
Diluted pro forma	\$ 2.09	\$ 1.45	\$ 0.62

The weighted average fair value per equity award granted was \$15.23, \$13.84 and \$4.00 for the years ended December 31, 2005, 2004 and 2003, respectively.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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For purposes of presenting pro forma results, the fair value of each option grant or stock appreciation is estimated on the date of grant using the Black-Scholes option pricing model and the following weighted average assumptions:

	Year Ended December 31		
	2005	2004	2003
Risk-free interest rate	3.0%	3.9%	4.0%
Expected life (years)	4.0	6.0	7.0
Stock price volatility	59.0%	64.0%	67.0%

**Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, a revolving line of credit, a mortgage financing facility, notes payable, debentures and other long-term debt. The Company's 2017 Notes and Debentures have a fair value in excess of carrying value based upon market price quotes for these instruments including at December 31, 2005. The carrying value of our mortgage facility and other long-term debt are considered to approximate fair value, based upon market comparisons available for instruments with similar terms and maturities. For all remaining WESCO financial instruments, carrying values are considered to approximate fair value due to their short maturities.

**Environmental Expenditures**

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

**Recent Accounting Pronouncements**

In May 2005, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 154, *Accounting Changes and Error Corrections*, which changes the requirements for the accounting and reporting of a change in accounting principle. SFAS No. 154 applies to all voluntary changes in accounting principle as well as to changes required by an accounting pronouncement that does not include specific transition provisions. SFAS No. 154 eliminates the requirement to include the cumulative effect of changes in accounting principle in the income statement and instead requires that changes in accounting principle be retroactively applied. A change in accounting estimate continues to be accounted for in the period of change and future periods if necessary. A correction of an error continues to be reported by restating prior period financial statements. SFAS No. 154 is effective for WESCO for accounting changes and correction of errors made on or after January 1, 2006.

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*. This statement is a revision of SFAS Statement No. 123, *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and its related implementation guidance. SFAS No. 123R addresses all forms of share-based payment ( SBP ) awards, including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, SBP awards result in a cost that will



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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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be measured at fair value on the awards grant date, based on the estimated number of awards that are expected to vest and will be reflected as compensation expense in the financial statements. In addition, this statement will apply to unvested options granted prior to the effective date. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 regarding the SEC Staff's interpretation of SFAS No. 123R and provides the Staff's view regarding interaction between SFAS No. 123R and certain SEC rules and regulations and provides interpretation of the valuation of SBP for public companies. In April 2005, the SEC approved a rule that delays the effective date of SFAS No. 123R for annual, rather than interim, reporting periods that begin after June 15, 2005. In January 2006, the FASB approved the release of FASB Staff Position ( FSP ) FAS No. 123(R)-4, *Clarification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement Upon the Occurrence of a Contingent Event*. The FSP addresses certain contingencies we might have incurred related to our stock option plans. We will adopt SFAS No. 123R utilizing a modified prospective method and beginning with the 2006 first quarter reporting period ending March 31, 2006. The adoption of SFAS No. 123R and the subsequently issued FSP will not produce a material impact on the Company's financial position, results of operations and cash flows.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs an amendment of Accounting Research Bulletin ( ARB ) No. 43, Chapter 4*. This Statement amends the guidance in ARB No. 43, Chapter 4, Inventory Pricing, to clarify the accounting for normal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). This statement becomes effective for fiscal years beginning after June 15, 2005. This statement will not have a material effect on our financial statements.

In May 2004, the FASB issued FSP No. FAS 109-2, *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004* (FSP 109-2) which provides guidance under SFAS No. 109, *Accounting for Income Taxes*, with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the Jobs Act ) on enterprises' income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. In 2005, we elected to repatriate earnings of approximately \$23.0 million under the provisions of the Jobs Act, incurring only a \$1.0 million income tax charge.

**3. Goodwill and Intangible Assets*****Goodwill***

During the fourth quarter of 2005, WESCO completed its annual impairment review required by SFAS No. 142. Each of WESCO's seven reporting units was tested for impairment by comparing the implied fair value of each reporting unit with its carrying value using discounted cash flow analyses. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. No impairment losses were identified as a result of this review.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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The changes in the carrying amount of goodwill were as follows:

	Year Ended December 31	
	2005	2004
	(In thousands)	
Beginning balance January 1	\$ 401,610	\$ 398,673
Additions to goodwill for prior acquisitions:		
Herning Enterprise, Inc.		422
Avon Electrical Supply, Inc.(1)	5,560	2,989
WR Control Panel, Inc.		(600)
Additional goodwill for acquisitions:		
Fastec Industrial Corp.	5,396	
Carlton-Bates Company	129,588	
Foreign currency translation	63	126
Ending balance December 31	\$ 542,217	\$ 401,610

- (1) Represents \$560 thousand paid for this acquisition and \$5.0 million of contingent consideration for the final acquisition payment which management has estimated will be paid between 2006 and 2008 and is reported as deferred acquisition payable.

**Intangible Assets**

Intangible assets consist of the following:

	Useful Life in Years	Year Ended December 31	
		2005	2004
		(In thousands)	
Trademarks	Indefinite	\$ 18,400	\$
Non-compete agreements	5	4,787	
Customer relationships	13-19	54,700	4,309
Distribution agreements	5	12,000	
		89,887	4,309
Accumulated amortization		(5,995)	(3,772)
Ending balance December 31		\$ 83,892	\$ 537

Amortization expense related to intangible assets totaled \$2.2 million, \$0.2 million and \$1.8 million for the years ended December 31, 2005, 2004 and 2003, respectively.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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The following table sets forth the estimated amortization expense for intangibles for the next five years (in thousands):

For the year ended December 31,	Estimated Amortization Expenses
2006	\$ 7,626
2007	7,752
2008	7,127
2009	7,407
2010	7,449

**4. Accounts Receivable Securitization Facility**

WESCO maintains a Receivables Facility that had a total purchase commitment of \$400 million as of December 31, 2005. The Receivables Facility has a term of three years and is subject to renewal in May 2008. Under the Receivables Facility, WESCO sells, on a continuous basis, an undivided interest in all domestic accounts receivable to WESCO Receivables Corporation, a wholly owned, special-purpose entity ( SPE ). The SPE sells, without recourse, to a third-party conduit all the eligible receivables while maintaining a subordinated interest, in the form of over collateralization, in a portion of the receivables. WESCO has agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded.

As of December 31, 2005 and 2004, accounts receivable eligible for securitization totaled approximately \$525 million and \$420 million, respectively, of which the subordinated retained interest was approximately \$128 million and \$212 million, respectively. Accordingly, \$397.0 million and \$208.0 million of accounts receivable balances were removed from the consolidated balance sheets at December 31, 2005 and 2004, respectively. Costs associated with the Receivables Facility totaled \$13.3 million, \$6.6 million and \$4.5 million in 2005, 2004 and 2003, respectively. These amounts are recorded as other expenses in the consolidated statements of income and are primarily related to the discount and loss on the sale of accounts receivables, partially offset by related servicing revenue.

The key economic assumptions used to measure the retained interest at the date of the securitization completed in 2005 were a discount rate of 3.5% and an estimated life of 1.5 months.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**5. Acquisitions**

The following table sets forth the consideration paid for acquisitions:

	<b>Year Ended December 31</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
<b>Details of acquisitions:</b>			
Fair value of assets acquired	\$ 331,302	\$	\$
Amounts earned under acquisition agreements	5,560	2,811	84,343
Fair value of liabilities assumed	(48,673)		
Deferred acquisition payable	(5,000)		(84,343)
Deferred acquisition payment and note conversion	1,013	81,303	2,028
Note issued to seller	(3,329)	(50,000)	
Cash paid for acquisitions	\$ 280,873	\$ 34,114	\$ 2,028
<b>Supplemental cash flow disclosure related to acquisitions:</b>			
Cash paid for acquisitions	\$ 280,873	\$ 34,114	\$ 2,028
Less: cash acquired	(2,044)		
Cash paid for acquisitions, net of cash acquired	\$ 278,829	\$ 34,114	\$ 2,028

Acquisitions were accounted for under the purchase method of accounting in accordance with SFAS No. 141, *Business Combinations*. Accordingly, the purchase price has been allocated based on an independent appraisal of the fair value of intangible assets and management's estimate of the fair value of tangible assets acquired and liabilities assumed with the excess being recorded primarily as goodwill as of the effective date of the acquisition.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The preliminary allocation of assets acquired and liabilities assumed for the 2005 acquisitions are summarized below.

	<b>Fastec Industrial Corp.</b>	<b>Carlton-Bates Company</b>	<b>Total</b>
(In thousands)			
<b>Assets Acquired</b>			
Cash and equivalents	\$ 281	\$ 1,763	\$ 2,044
Trade accounts receivable	4,675	37,628	42,303
Inventories	11,944	40,709	52,653
Deferred income taxes short-term		1,861	1,861
Other accounts receivable		840	840
Prepaid expenses	161	762	923
Income taxes receivable		2,789	2,789
Property, buildings and equipment	2,168	5,159	7,327
Intangible assets	11,134	74,444	85,578
Goodwill	5,396	129,588	134,984
<b>Total assets acquired</b>	<b>35,759</b>	<b>295,543</b>	<b>331,302</b>
<b>Liabilities Assumed</b>			
Accounts payable	2,663	16,901	19,564
Accrued and other current liabilities	767	8,599	9,366
Deferred income taxes long-term		19,607	19,607
Other noncurrent liabilities		136	136
<b>Total liabilities assumed</b>	<b>3,430</b>	<b>45,243</b>	<b>48,673</b>
<b>Fair value of net assets acquired, including intangible assets</b>	<b>\$ 32,329</b>	<b>\$ 250,300</b>	<b>\$ 282,629</b>

**Acquisition of Carlton-Bates Company**

On September 29, 2005, WESCO acquired Carlton-Bates Company ( Carlton-Bates ), headquartered in Little Rock, Arkansas. The purchase price was \$248.5 million, net of \$1.8 million cash acquired, of which \$25.0 million of the purchase price was held in escrow to address up to \$5.0 million of post-closing adjustments relating to working capital and up to \$20.0 million of potential indemnification claims, with all distributions from the escrow to be made by March 2008. Distributions of \$2.0 million and \$3.0 million were made from the escrow in November 2005 and February 2006, respectively in accordance with terms set forth in the purchase agreement.

Carlton-Bates operates two business divisions: (1) a traditional branch-based distributor and (2) the LADD division, the sole U.S. distributor of engineered connecting devices for the industrial products division of Deutsch Company ECD. Carlton-Bates is a regional distributor of electrical and electronic components with a special emphasis on automation and electromechanical applications and the original equipment manufacturer markets. Carlton-Bates also adds new product categories, new supplier relationships, kitting and light assembly services, and provides opportunities to penetrate further into specialty products and

value-added services.

The purchase price allocation resulted in intangible assets of \$74.4 million and goodwill of \$129.6 million, of which \$55.9 million is deductible for tax purposes. The intangible assets include

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

customer relationships of \$45.3 million amortized over a range of 13 to 19 years, trademarks of \$16.9 million and distribution agreements of \$12.0 million and non-compete agreements of \$0.2 million, both of which are amortized over five years. Trademarks have an indefinite life and are not being amortized. The intangible assets were valued by American Appraisal Associates, Inc., an independent appraiser. No residual value is estimated for these intangible assets.

The operating results of Carlton-Bates have been included in WESCO's consolidated financial statements since September 29, 2005. Un-audited pro forma results of operations (in thousands, except per share data) for the twelve months ended December 31, 2005 and 2004 are included below as if the acquisition occurred on the first day of the respective periods. This summary of the un-audited pro forma results of operations is not necessarily indicative of what WESCO's results of operations would have been had Carlton-Bates been acquired at the beginning of 2004, nor does it purport to represent results of operations for any future periods. Seasonality of sales is not a significant factor to these pro forma combined results of operations.

	<b>Year Ended December 31</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands, except per share amounts)</b>	
Net sales	\$ 4,643,039	\$ 4,017,696
Net income	\$ 103,940	\$ 59,290
Earnings per common share:		
Basic	\$ 2.21	\$ 1.42
Diluted	\$ 2.11	\$ 1.34

**Acquisition of Fastec Industrial Corp.**

On July 29, 2005, WESCO acquired the assets and business of Fastec Industrial Corp. ( Fastec ). Fastec is a nationwide importer and distributor of industrial fasteners, cabinet and locking and latching products. WESCO paid \$28.7 million, net of \$0.3 million cash acquired, and issued a \$3.0 million promissory note to consummate this acquisition. In accordance with the terms of the purchase, a net working capital valuation was performed subsequent to the closing date of the acquisition resulting in an increase to the purchase price and the note payable in the amount of \$0.3 million.

The purchase price allocation resulted in intangible assets of \$11.1 million and goodwill of \$5.4 million, which is expected to be fully deductible for tax purposes. The intangible assets include customer relationships of \$9.4 million, trademarks of \$1.5 million and non-compete agreements of \$0.2 million. Trademarks have an indefinite life and are not being amortized. Non-compete agreements are being amortized over 5 years and customer relationships over 15 years. The intangible assets were valued by American Appraisal Associates, Inc., an independent appraiser. No residual value is estimated for the intangible assets.

The operating results of Fastec have been included in WESCO's operating results since July 29, 2005. Pro forma comparative results of WESCO, assuming the acquisition of Fastec had been made at the beginning of fiscal 2004, would not have been materially different from the reported results or the pro forma results presented above.



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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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**Acquisition of Bruckner Supply Company, Inc.**

In 1998, WESCO acquired substantially all the assets and assumed substantially all liabilities and obligations relating to the operations of Bruckner Supply Company, Inc. ( Bruckner ). The terms of the purchase agreement provide for additional contingent consideration to be paid based on achieving certain earnings targets. The amount of earnout proceeds payable in any single year subsequent to achieving the earnings target is capped under this agreement at \$30 million per year. As a result of Bruckner's performance in 2003, WESCO recorded a liability of \$80 million as of December 31, 2003 for contingent consideration relating to the Bruckner agreement. In June 2004, WESCO paid \$30 million pursuant to this agreement, and the remaining \$50 million, including interest at a fixed rate of 10% due under the agreement, was converted into a note payable. In June 2005 WESCO paid \$30 million pursuant to the note, and the remaining payment of \$20 million under this note is due June 2006. No additional amounts can be earned under this agreement.

**Other Acquisition**

Another acquisition agreement contains contingent consideration for the final acquisition payment which management has estimated will be \$5.0 million and paid between 2006 and 2008 and is reported as deferred acquisition payable. A net payment of \$2.0 million (\$3.0 million mandatory payment reduced for acquisition related expenses of \$1.0 million) was paid in the fourth quarter of 2004 related to this acquisition.

**6. Concentrations of Credit Risk and Significant Suppliers**

WESCO distributes its products and services and extends credit to a large number of customers in the industrial, construction, utility and manufactured structures markets. In addition, WESCO's largest supplier accounted for approximately 12%, 12% and 13% of WESCO's purchases for each of the three years, 2005, 2004 and 2003, respectively, and therefore, WESCO could potentially incur risk due to supplier concentration. Based upon WESCO's broad customer base, the Company has concluded that it has no credit risk due to customer concentration.

**7. Property, Buildings and Equipment**

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

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Buildings and leasehold improvements	\$ 73,902	\$ 72,778
Furniture, fixtures and equipment	119,623	94,377
Software costs	38,656	38,317
	232,181	205,472
Accumulated depreciation and amortization	(151,448)	(134,678)
	80,733	70,794
Land	19,822	19,222
Construction in progress	2,528	4,726
	\$ 103,083	\$ 94,742



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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Depreciation expense was \$14.5 million, \$12.7 million and \$16.0 million, and capitalized software amortization was \$4.1 million, \$5.4 million and \$6.6 million, in 2005, 2004 and 2003, respectively. The unamortized software cost was \$6.8 million and \$6.7 million as of December 31, 2005 and 2004, respectively. Furniture, fixtures and equipment include capitalized leases of \$2.6 million and \$0.9 million and related accumulated amortization of \$0.4 million and \$0.1 million as of December 31, 2005 and 2004, respectively.

**8. Debt**

The following table sets forth WESCO's outstanding indebtedness:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Revolving credit facility	\$ 29,000	\$
Mortgage financing facility	48,213	49,391
Acquisition related notes:		
Bruckner	20,000	50,000
Fastec	3,329	
Other	176	36
Capital leases	2,839	840
9.125% Senior Subordinated Notes due 2008(1)		317,319
7.50% Senior Subordinated Notes due 2017	150,000	
2.625% Convertible Senior Debentures due 2025	150,000	
	403,557	417,586
Less current portion	36,825)	(31,413)
Less short-term debt	(14,500)	
	<b>\$ 352,232</b>	<b>\$ 386,173</b>

(1) Net of original issue discount of \$4,934 and purchase discount of \$3,914 in 2004, and interest rate swaps of \$(2,669) in 2004.

***Revolving Credit Facility***

In March 2002, WESCO entered into a revolving credit agreement ( *Revolving Credit Facility* ) that is collateralized by substantially all personal property owned by WESCO Distribution and its subsidiaries. In 2005, WESCO amended and restated the revolving credit agreement to, among other things, amend the maturity date to June 2010 and to create two separate sub-facilities: (i) a U.S. sub-facility with a borrowing limit of up to \$225 million and (ii) a Canadian sub-facility with a borrowing limit of up to \$50 million.

Availability under the facility is predicated upon the amount of U.S. and Canadian eligible inventory and Canadian receivables applied against certain advance rates. Depending upon the amount of excess availability under the *Revolving Credit Facility*, interest is calculated at LIBOR plus a margin that ranges between 1.0% and 1.75% or at the Index Rate (prime rate published by the Wall Street Journal) plus a margin that ranges between (0.25%) and 0.50%. As long as the average daily excess availability for both the preceding and projected succeeding 90-day period

is greater than \$50 million, we would be permitted to make acquisitions and repurchase outstanding public stock and bonds.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million and our fixed charge coverage ratio, as defined by the revolving credit agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if excess availability under the agreement is less than \$50 million, then WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0. At December 31, 2005, the interest rate was 6.3%. WESCO was in compliance with all such covenants as of December 31, 2005.

During 2005, WESCO borrowed \$343 million in the aggregate under the Revolving Credit Facility and made repayments in the aggregate amount of \$314 million. During 2004, aggregate borrowings and repayments each were \$357.6 million. At December 31, 2005, WESCO had an outstanding balance under the facility of \$29 million, of which \$14.5 million is classified as short-term debt. WESCO had approximately \$228 million available under the facility at December 31, 2005, after giving effect to an outstanding letter of credit, as compared to approximately \$172 million at December 31, 2004.

***Mortgage Financing Facility***

In February 2003, WESCO finalized a mortgage financing facility of \$51 million, \$48.2 million of which was outstanding as of December 31, 2005. Total borrowings under the mortgage financing facility are subject to a 22-year amortization schedule, with a balloon payment due at the end of the 10-year term. The interest rate on borrowings under this facility is fixed at 6.5%. Proceeds from the borrowings were used primarily to reduce outstanding borrowings under WESCO's revolving credit facility.

***Bruckner Note Payable***

In 2004, WESCO finalized the remaining amount pursuant to the Bruckner purchase agreement. This resulted in establishing a promissory note in favor of the sellers of \$50 million and in June 2005, we paid \$30 million in accordance with the terms of the promissory note. The remaining \$20 million is due in June 2006 and is classified as short-term debt.

***9.125% Senior Subordinated Notes due 2008***

In June 1998 and August 2001, WESCO Distribution, Inc. completed offerings of \$300 million and \$100 million, respectively, in aggregate principal amount of 9.125% Senior Subordinated Notes due 2008 (the 2008 Notes). The 2008 Notes were issued at an average issue price of 98% of par. The net proceeds received from the 2008 Notes were approximately \$376 million. The net proceeds were used to repay outstanding indebtedness. The 2008 Notes are fully and unconditionally guaranteed by WESCO International, Inc.

During 2003 and 2004, WESCO repurchased \$21.1 million and \$55.3 million, respectively, in aggregate principal amount 2008 Notes. WESCO recorded a net loss of \$2.6 million in 2004 and a net gain of \$0.6 million in 2003. As of December 31, 2004, WESCO had outstanding \$323.5 million in aggregate principal amount of 2008 Notes.

During 2005, WESCO Distribution redeemed all of the remaining principal amount of the 2008 Notes, incurring a charge of \$14.9 million. The charge included the payment of a redemption price at 101.521% of par and the write-off of unamortized original issue discount and debt issue costs.

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**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES**  
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***Interest Rate Swap Agreements***

In September 2003, WESCO entered into a \$50 million interest rate swap agreement and, in December 2003, WESCO entered into two additional \$25 million interest rate swap agreements as a means to hedge its interest rate exposure and maintain certain amounts of variable rate and fixed rate debt. Net amounts to be received or paid under the swap agreements were reflected as adjustments to interest expense. These agreements had terms expiring concurrently with the maturity of 2008 Notes and were entered into with the intent of effectively converting \$100 million of the 2008 Notes from a fixed to a floating rate. Pursuant to these agreements, WESCO received semi-annual fixed interest payments at the rate of 9.125% commencing December 1, 2003 and made semi-annual variable interest rate payments at six-month LIBOR rates plus a premium in arrears.

In October 2005, in conjunction with the redemption of the 2008 Notes, WESCO terminated its three interest rate swap agreements, resulting in termination fees of \$2.3 million. Upon redemption of the 2008 Notes, the balance of the unamortized gain in the amount of \$2.4 million was recognized as income. The net of the termination fees and interest rate swap resulted in income before taxes of \$0.1 million in 2005.

***7.50% Senior Subordinated Notes due 2017***

At December 31, 2005, \$150 million in aggregate principal amount of the 7.50% Senior Subordinated Notes due 2017 (the 2017 Notes ) was outstanding. The 2017 Notes were issued by WESCO Distribution under an indenture dated as of September 27, 2005 with J.P. Morgan Trust Company, National Association, as trustee, and are unconditionally guaranteed on an unsecured basis by WESCO International, Inc. The 2017 Notes accrue interest at the rate of 7.50% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006.

At any time on or after October 15, 2010, WESCO Distribution may redeem all or a part of the 2017 Notes. Between October 15, 2010 and October 14, 2011, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 103.750% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 102.500% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 100% of the principal amount.

If WESCO Distribution undergoes a change of control prior to maturity, holders of 2017 Notes will have the right, at their option, to require WESCO Distribution to repurchase for cash some or all of their 2017 Notes at a repurchase price equal to 101% of the principal amount of the 2017 Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

***2.625% Convertible Senior Debentures due 2025***

At December 31, 2005, \$150 million in aggregate principle amount of 2.625% Convertible Senior Debentures due 2025 (the Debentures ) was outstanding. The Debentures were issued by WESCO International, Inc. under an indenture dated as of September 27, 2005 with J.P. Morgan Trust Company, National Association, as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The Debentures accrue interest at the rate of 2.625% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006. Beginning with the six-month

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