AGL RESOURCES INC
Form 8-K
April 30, 2008

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 30, 2008

AGL RESOURCES INC.
(Exact name of registrant as specified in its charter)

Georgia	1-14174	58-2210952
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

Ten Peachtree Place NE Atlanta, Georgia 30309
(Address and zip code of principal executive offices)

404-584-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

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

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

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

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

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

Item 2.02 Results of Operations and Financial Condition

On April 30, 2008, AGL Resources Inc. issued a press release announcing the Company's financial results for the three months ended March 31, 2008. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

The information in the preceding paragraph, as well as Exhibit 99.1 referenced therein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 nor incorporated by reference in any filing under the Securities Act of 1933 unless AGL Resources Inc. expressly so incorporates such information by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press release dated April 30, 2008 announcing financial results for the three months ended March 31, 2008.

SIGNATURE

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

AGL RESOURCES INC.
(Registrant)

Date: April 30, 2008

/s/ Andrew W. Evans
Executive Vice President and Chief Financial Officer

Exhibit Index

Exhibit No.	Description
99.1	Press release dated April 30, 2008 announcing financial results for the three months ended March 31, 2008.

> 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:	By Express Delivery Only:	By Hand Only:
J.P.Morgan Trust Company, National Association	**J.P.Morgan Trust Company, National Association**	**J.P.Morgan Trust Company, National Association**
Worldwide Securities Services	Worldwide Securities Services	Worldwide Securities Services Window
P.O. Box 2320	2001 Bryan St., 9th Floor	4 New York Plaza 1st Floor
Dallas, Texas 75221-2320	Dallas, Texas 75201	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.

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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.

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 March 31, 2006, 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 March 31, 2006:

- the outstanding Senior Indebtedness of WESCO Distribution was approximately $75 million, of which approximately $51 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 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 $66^2/3$ % 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);

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 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 March 31, 2006, the amount that would have been available to the Company for Restricted Payments pursuant to clause (3) of this paragraph (a) above is approximately $278 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

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 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.

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, 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

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.

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.

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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.

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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 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

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, 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 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 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 91/8 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 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

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.

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 ouch 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-77bbbb) 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.

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 participant 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 is 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 depositaries;

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 depositary 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 depositary 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 depositary;

- 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 depositary (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^{sm} 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 of 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 of Clearstream following DTC s settlement date.

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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.

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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 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 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 of 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.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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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	December 31, 2004
	(Dollars in thousands, except share data)	
Assets		
Current Assets:		
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 **(Note 4)**	315,594	383,364
Other accounts receivable	36,235	30,237
Inventories, net	500,798	387,339
Current deferred income taxes **(Note 10)**	13,399	3,920
Income taxes receivable	12,814	6,082
Prepaid expenses and other current assets	7,898	9,451
Total current assets	908,863	854,916
Property, buildings and equipment, net **(Note 7)**	103,083	94,742
Intangible assets, net **(Note 3)**	83,892	537
Goodwill **(Note 3)**	542,217	401,610
Other assets	13,104	5,050
Total assets	$ 1,651,159	$ 1,356,855
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 572,467	$ 455,821
Accrued payroll and benefit costs **(Notes 12 and 13)**	51,220	43,350
Short-term debt **(Note 8)**	14,500	
Current portion of long-term debt **(Note 8)**	36,825	31,413
Deferred acquisition payable **(Note 5)**	2,680	1,014
Bank overdrafts	3,695	
Other current liabilities	38,499	32,647
Total current liabilities	719,886	564,245
Long-term debt **(Note 8)**	352,232	386,173
Long-term deferred acquisition payable **(Note 5)**	4,346	2,026
Other noncurrent liabilities	9,507	7,904
Deferred income taxes **(Note 10)**	73,738	42,954
Total liabilities	$ 1,159,709	$ 1,003,302
Commitments and contingencies **(Note 14)**		
Stockholders Equity (Note 9):		
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

	Year Ended December 31		
	2005	**2004**	**2003**
	(In thousands, except share data)		
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 **(Note 8)**	14,914	2,577	180
Other expenses **(Note 4)**	13,305	6,580	4,457
Income before income taxes	150,884	99,498	39,091
Provision for income taxes **(Note 10)**	47,358	34,566	9,085
Net income	$ 103,526	$ 64,932	$ 30,006
Earnings per share **(Note 11)**			
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

	Comprehensive	Common Stock		Class B Common Stock		Additional	Retained Earnings	Treasury Stock		Accumula Other Income
	Income	Amount	Shares	Amount	Shares	Capital	(Deficit)	Amount	Shares	(Loss)
alance, ecember 31, 002		$ 445	44,483,513	$ 46	4,653,131	$ 570,923	$ (366,796)	$ (33,841)	(4,033,020)	$ (1,48
xercise of ock options, cluding tax enefit of $408		2	202,581			937		(234)	(28,048)	
ock-based ompensation xpense						605				
edemption of ock options, cluding tax enefit						(12,814)				
epurchase of ass B ommon stock								(27,295)	(4,339,431)	
onversion of ass B ommon stock		3	313,700	(3)	(313,700)					
et income	$ 30,006						30,006			
ranslation djustment	7,193									7,19
omprehensive come	$ 37,199									
alance, ecember 31, 003		450	44,999,794	43	4,339,431	559,651	(336,790)	(61,370)	(8,400,499)	5,70
xercise of ock options, cluding tax enefit of ,386		15	1,484,176			13,999		(79)	(7,291)	
ock-based ompensation xpense						2,923				
suance of ommon stock,		40	4,000,000			99,892				

et of apitalized suance costs										
et income	$ 64,932						64,932			
anslation djustment	4,143									4,14
omprehensive come	$ 69,075									
alance, ecember 31, 004		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 13,815		13	1,306,755			22,347		(372)	(10,817)	
tock-based ompensation xpense						8,595				
et income	$ 103,526						103,526			
anslation djustment	3,788									3,78
omprehensive come	$ 107,314									
alance, ecember 31, 005		$ 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.

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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
Supplemental disclosures:			
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

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

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 of 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

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Acquisitions

The following table sets forth the consideration paid for acquisitions:

	Year Ended December 31		
	2005	2004	2003
		(In thousands)	
Details of acquisitions:			
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
Supplemental cash flow disclosure related to acquisitions:			
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.

	Fastec Industrial Corp.	Carlton-Bates Company	Total
		(In thousands)	
Assets Acquired			
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
Total assets acquired	35,759	295,543	331,302
Liabilities Assumed			
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
Total liabilities assumed	3,430	45,243	48,673
Fair value of net assets acquired, including intangible assets	$ 32,329	$ 250,300	$ 282,629

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.

	Year Ended December 31	
	2005	2004
	(In thousands, except per share amounts)	
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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

	December 31,	
	2005	2004
	(In thousands)	
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:

	December 31,	
	2005	2004
	(In thousands)	
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)	
	$ 352,232	$ 386,173

(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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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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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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

interest period commencing October 15, 2010, WESCO 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 WESCO International, Inc. s common stock, $0.1 par value, 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, WESCO may redeem all or a part of the Debentures at a redemption price equal to 100% of the principal amount of the Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of Debentures may require WESCO 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 WESCO undergoes certain fundamental changes prior to maturity, holders of Debentures will have the right, at their option, to require WESCO 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

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

The following table sets forth the aggregate principal repayment requirements for all indebtedness for the next five years and thereafter (in thousands):

2006	$ 51,325
2007	5,550
2008	2,004
2009	1,849
2010	1,690
Thereafter	341,139
	$ 403,557

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

WESCO s credit agreements contain various restrictive covenants that, among other things, impose limitations on (i) dividend payments or certain other restricted payments or investments; (ii) the incurrence of additional indebtedness and guarantees or issuance of additional stock; (iii) creation of liens; (iv) mergers, consolidation or sales of substantially all of WESCO s assets; (v) certain transactions among affiliates; (vi) payments by certain subsidiaries to WESCO; and (vii) capital expenditures. In addition, the revolving credit agreement requires WESCO to meet certain fixed charge coverage tests depending on availability.

WESCO had $24.9 million of outstanding letters of credit at December 31, 2004 that were used as collateral for interest rate swap agreements. In conjunction with the redemption of the 2008 Notes and the termination of the interest rate swap agreements in October 2005, the letters of credit were terminated, resulting in no outstanding letters of credit at December 31, 2005.

9. Capital Stock

Preferred Stock

There are 20 million shares of preferred stock authorized at a par value of $.01 per share. The Board of Directors has the authority, without further action by the stockholders, to issue all authorized preferred shares in one or more series and to fix the number of shares, designations, voting powers, preferences, optional and other special rights and the restrictions or qualifications thereof. The rights, preferences, privileges and powers of each series of preferred stock may differ with respect to dividend rates, liquidation values, voting rights, conversion rights, redemption provisions and other matters.

Common Stock

There are 210 million shares of common stock and 20 million shares of Class B common stock authorized at a par value of $.01 per share. The Class B common stock is identical to the common stock, except for voting and conversion rights. The holders of Class B common stock have no voting rights. With certain exceptions, Class B common stock may be converted, at the option of the holder, into the same number of shares of common stock.

Under the terms of the Revolving Credit Facility, WESCO is restricted from declaring or paying dividends and as such, at December 31, 2005 and 2004, no dividends had been declared, and therefore no retained earnings were reserved for dividend payments.

In November 2003, WESCO s board of directors authorized a special repurchase of WESCO s Class B common stock. Pursuant to the authorization, 4.3 million shares of Class B common stock were repurchased from an institutional holder, at a discount to market, for approximately $27.3 million. Prior to the repurchase, 0.3 million Class B shares were converted to 0.3 million shares of common stock when they were sold on the secondary markets by the institutional holder. At December 31, 2005 and 2004, all the shares of Class B common stock were held in treasury or had been converted to common stock.

In December 2004, WESCO completed a public offering of 4.0 million shares of its common stock. Certain selling stockholders offered an additional 7.1 million shares of common stock. The net proceeds to WESCO of approximately $99.9 million after deducting the underwriting discounts and offering expenses were used to repurchase a portion of WESCO s senior subordinated notes.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Income Taxes

The following table sets forth the components of the provision for income taxes:

	Year Ended December 31		
	2005	2004	2003
	(In thousands)		
Current taxes:			
Federal	$ 18,141	$ 28,498	$ 1,466
State	1,699	1,635	(875)
Foreign	6,212	1,929	4,847
Total current	26,052	32,062	5,438
Deferred taxes:			
Federal	20,734	1,855	4,409
State	2,567	200	1,091
Foreign	(1,995)	449	(1,853)
Total deferred	21,306	2,504	3,647
	$ 47,358	$ 34,566	$ 9,085

The following table sets forth the components of income before income taxes by jurisdiction:

	Year Ended December 31		
	2005	2004	2003
	(In thousands)		
United States	$ 126,037	$ 86,578	$ 29,925
Foreign	24,786	12,920	9,166
	$ 150,823	$ 99,498	$ 39,091

The following table sets forth the reconciliation between the federal statutory income tax rate and the effective rate:

	Year Ended December 31		
	2005	2004	2003
Federal statutory rate	35.0%	35.0%	35.0%

State taxes, net of federal tax benefit	1.8	1.2	0.4
Nondeductible expenses	0.7	1.0	2.3
Domestic tax benefit from foreign operations	(3.1)	(0.4)	(3.9)
Foreign tax rate differences(1)	(3.3)	(2.3)	(1.5)
Favorable impact resulting from prior year tax contingencies(2)			(6.6)
Section 965 dividend(3)	0.7		
Net operating loss utilization(4)			(1.4)
Federal tax credits(5)	(0.8)		
Other	0.4	0.2	(1.0)
	31.4%	34.7%	23.3%

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(1) Includes tax benefit of $5.1 and $1.3 million in 2005 and 2004 respectively from recapitalization of our Canadian operations.

(2) Represents a benefit of $2.6 million during 2003 from the resolution of prior year tax contingencies.

(3) The Jobs Act was established on October 22, 2004. One provision of the Jobs Act effectively reduces the tax rate on qualifying repatriation of earnings held by foreign-based subsidiaries to approximately 5.25 percent. Normally, such repatriations would be taxed at a rate of 35 percent. In the fourth quarter of 2005, WESCO elected to repatriate approximately $23.0 million under the Jobs Act. This repatriation of earnings triggered a U.S. federal tax payment of approximately $1.0 million. This amount is reflected in the current income tax expense. Prior to the Jobs Act, WESCO did not provide deferred taxes on undistributed earnings of foreign subsidiaries as WESCO intended to utilize these earnings through expansion of its business operations outside the United States for an indefinite period of time.

(4) Represents the recognition of a $0.6 million benefit associated with the utilization of a net operating loss.

(5) In 2005, represents a benefit of $1.2 million from Research and Development credits.

As of December 31, 2005 and 2004, WESCO had state tax benefits derived from net operating loss carryforwards of approximately $15.7 million ($10.2 million, net of federal income tax) and $13.4 million ($8.7 million, net of federal income tax), respectively. The amounts will begin expiring in 2006. The realization of these state deferred tax assets is dependent upon future earnings, if any, and the timing and amount are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately $1.5 million in 2005 and $0.4 million in 2004. Utilization of WESCO s state net operating loss carryforwards is subject to a substantial annual limitation imposed by state statute. Such an annual limitation could result in the expiration of the net operating loss and tax credit carryforwards before utilization.

As of December 31, 2005, WESCO had approximately $9.0 million of undistributed earnings related to its foreign subsidiaries. Management believes that these earnings will be indefinitely reinvested in foreign jurisdiction; accordingly, WESCO has not provided for U.S. federal income taxes related to these earnings.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
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The following table sets forth deferred tax assets and liabilities:

	December 31			
	2005		2004	
	(In thousands)			
	Assets	Liabilities	Assets	Liabilities
Accounts receivable	$ 7,504	$	$ 7,314	$
Inventory		2,732		3,465
Other	12,481	3,854	4,791	4,720
Current deferred tax	19,985	6,586	12,105	8,185
Intangibles		70,189		38,917
Property, buildings and equipment		3,494		3,876
Other		55		161
Long-term deferred tax	$	$ 73,738	$	$ 42,954

11. Earnings Per Share

Basic earnings per share are computed by dividing net income by the weighted average common shares outstanding during the periods. Diluted earnings per share are computed by dividing net income by the weighted average common shares and common share equivalents outstanding during the periods. The dilutive effect of common share equivalents is considered in the diluted earnings per share computation using the treasury stock method.

The following table sets forth the details of basic and diluted earnings per share:

	Year Ended December 31		
	2005	2004	2003
	(Dollars in thousands, except share data)		
Net income	$ 103,526	$ 64,932	$ 30,006
Weighted average common shares outstanding used in computing basic earnings per share	47,085,524	41,838,034	44,631,459
Common shares issuable upon exercise of dilutive stock options	2,152,912	2,271,119	1,717,623
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share	49,238,436	44,109,153	46,349,082
Earnings per share			
Basic	$ 2.20	$ 1.55	$ 0.67
Diluted	$ 2.10	$ 1.47	$ 0.65

Stock-settled stock appreciation rights of 1.7 million and 0.9 million at a weighted average exercise price of $28.00 and $24.02 per share were outstanding as of December 31, 2005 and 2004, respectively, were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the years ending December 31, 2005 and 2004. In addition, to the extent that the average share price during the three-month period ending December 31, 2005 (first three-month period subsequent to the offering of the Debentures)

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exceeds the Debentures conversion price of $41.86 per share, an incremental number of up to 3,583,080 shares is included in determining diluted earnings per share using the Treasury method of accounting as represented in the table below. For the year ended December 31, 2005, WESCO s average share price did not exceed the conversion price and hence, there was no effect of the Debentures on diluted earnings per share.

The Debentures include a contingent conversion price provision and the option for a settlement in shares, known as net share settlement. The FASB Emerging Issues Task Force (EITF) No. 04-8, *The Effect of Contingently Convertible Instruments on Diluted Earnings Per Share*, requires WESCO to include the diluted earnings per share calculation, regardless of whether the requirements at the conversion feature have been met. Furthermore, the FASB is contemplating an amendment to SFAS No. 128, *Earnings Per Share*, that would require WESCO to assume net share settlement for the purposes of calculating diluted earnings per share.

Under EITF No. 04-8, and EITF 90-19 *Convertible Bonds with Issuer Option to Settle for Cash upon Conversion*, and because of WESCO s obligation to settle the par value of the Debentures in cash, WESCO is not required to include any shares underlying the Debentures in its diluted weighted average shares outstanding until the average stock price per share for the quarter exceeds the $41.86 conversion price and only to the extent of the additional shares WESCO may be required to issue in the event WESCO s conversion obligation exceeds the principal amount of the Debentures converted. At such time, only the number of shares that would be issuable (under the treasury method of accounting for share dilution) will be included, which is based upon the amount by which the average stock price exceeds the conversion price. For the first $1 per share that WESCO s average stock price exceeds the $41.86 conversion price of the Debentures, WESCO will include approximately 83,000 additional shares in WESCO s diluted share count. For the second $1 per share that WESCO s average stock price exceeds the $41.86 conversion price, WESCO will include approximately 80,000 additional shares, for a total of approximately 163,000 shares, in WESCO s diluted share count, and so on, with the additional shares dilution decreasing for each $1 per share that WESCO s average stock price exceeds $41.86 if the stock price rises further above $41.86 (see table, below).

TREASURY METHOD OF ACCOUNTING FOR SHARE DILUTION

Conversion Price:	$ 41.86
Number of Underlying Shares:	0 to 3,583,080
Principal Amount	$ 150,000,000
Formula: Number of extra dilutive shares created = ((Stock Price * Underlying Shares) Principal)/ Stock Price	
Condition: Only applies when share price exceeds $41.86	

Stock Price	**Conversion Price**	**Price Difference**	**Include in Share Count**	**Share Dilution Per $1.00 Share Price Difference**
$41.86	$ 41.86	$ 0	0	0
$42.86	$ 41.86	$ 1	83,313	83,313
$51.86	$ 41.86	$ 10	690,677	69,068
$61.86	$ 41.86	$ 20	1,158,249	57,912
$71.86	$ 41.86	$ 30	1,495,687	49,856
$81.86	$ 41.86	$ 40	1,750,683	43,767

Share dilution is limited to a maximum of 3,583,080 shares

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12. Employee Benefit Plans

A majority of WESCO s employees are covered by defined contribution retirement savings plans for their service rendered subsequent to WESCO s formation. For U.S. participants, WESCO will make contributions in an amount equal to 50% of the participant s total monthly contributions up to a maximum of 6% of eligible compensation. For Canadian participants, WESCO will make contributions in an amount ranging from 1% to 7% of the participant s eligible compensation based on years of continuous service. In addition, employer contributions may be made at the discretion of the Board of Directors and can be based on WESCO s financial performance. Discretionary employer contributions were made in the amount of $10.4 million, $8.8 million and $4.2 million in 2005, 2004 and 2003, respectively. For the years ended December 31, 2005, 2004 and 2003, WESCO contributed to all such plans $16.8 million, $15.1 million and $9.5 million, respectively, which was charged to expense. Contributions are made in cash to employee retirement savings plan accounts. Employees then have the option to transfer into any of their investment options, including WESCO stock.

13. Stock Incentive Plans

Stock Purchase Plans

In connection with the 1998 recapitalization, WESCO established a stock purchase plan (1998 Stock Purchase Plan) under which certain employees may be granted an opportunity to purchase WESCO s common stock. The maximum number of shares available for purchase may not exceed 427,720. There were no shares issued in 2005, 2004 or 2003.

Stock Option Plans

WESCO has sponsored four stock option plans, the 1999 Long-Term Incentive Plan (LTIP), the 1998 Stock Option Plan, the Stock Option Plan for Branch Employees and the 1994 Stock Option Plan. The LTIP was designed to be the successor plan to all prior plans. Outstanding options under prior plans will continue to be governed by their existing terms, which are substantially similar to the LTIP. Any remaining shares reserved for future issuance under the prior plans are available for issuance under the LTIP. The LTIP and predecessor plans are administered by the Compensation Committee of the Board of Directors.

An initial reserve of 6,936,000 shares of common stock has been authorized for issuance under the LTIP. This reserve automatically increases by (i) the number of shares of common stock covered by unexercised options granted under prior plans that are cancelled or terminated after the effective date of the LTIP, and (ii) the number of shares of common stock surrendered by employees to pay the exercise price and/or minimum withholding taxes in connection with the exercise of stock options granted under our prior plans.

Options granted vest and become exercisable once criteria based on time or financial performance are achieved. If the financial performance criteria are not met, all the options will vest after nine years and nine months. All options vest immediately in the event of a change in control. Each option terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

During December 2003, in a privately negotiated transaction with 19 employees, WESCO 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. The cash payment of

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$20.1 million was made in January 2004. WESCO recognized a tax benefit of $7.3 million as a result of this transaction.

From June 2005 through December 2005, WESCO granted 908,889 stock-settled stock appreciation rights at an average exercise price of $31.85. None of these awards was cancelled in 2005 and none was exercisable at December 31, 2005.

All awards under WESCO s stock incentive plans are designed to be issued at fair market value.

As of December 31, 2005, 4.6 million shares of common stock were reserved under the LTIP for future equity award grants.

The following table sets forth a summary of both stock options and stock appreciation rights and related information for the years indicated:

	2005		2004		2003	
	Awards	Weighted Average Exercise Price	Awards	Weighted Average Exercise Price	Awards	Weighted Average Exercise Price
Beginning of year	7,217,473	$ 10.26	7,654,822	$ 7.64	9,840,114	$ 5.99
Granted	908,889	31.85	1,105,500	22.55	1,093,500	5.92
Exercised	(1,328,954)	7.08	(1,484,176)	5.92	(202,581)	2.63
Redeemed					(2,920,890)	1.75
Cancelled	(493,472)	10.52	(58,673)	8.05	(155,321)	8.91
End of year	6,303,936	14.02	7,217,473	10.26	7,654,822	7.64
Exercisable at end of year	1,805,305	$ 10.83	2,514,232	$ 8.01	3,463,309	$ 7.38

The following table sets forth exercise prices for equity awards outstanding as of December 31, 2005:

Range of exercise prices	Awards Outstanding	Awards Exercisable	Weighted Average Remaining Contractual Life
$0.00 $5.00	804,552	99,702	5.4
$5.01 $10.00	1,844,480	564,976	5.9
$10.01 $15.00	1,725,388	869,225	2.6
$15.01 $20.00	234,587	33,334	8.4
$20.01 $25.00	786,040	238,068	8.8
$25.01 $30.00	3,700	0	9.4
$30.01 $35.00	888,500	0	9.5
$35.01 $40.00	0	0	
$40.01 $45.00	16,689	0	9.9
	6,303,936	1,805,305	5.9

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Commitments and Contingencies

Future minimum rental payments required under operating leases, primarily for real property that have noncancelable lease terms in excess of one year as of December 31, 2005, are as follows:

	(In thousands)
2006	$ 27,694
2007	23,062
2008	17,209
2009	12,297
2010	7,690
Thereafter	11,658

Rental expense for the years ended December 31, 2005, 2004 and 2003 was $33.2 million, $33.1 million and $32.5 million, respectively.

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

WESCO is a defendant in a lawsuit in a state court in Florida in which a former supplier alleges that WESCO failed to fulfill its commercial obligations to purchase product and seeks monetary damages in excess of $17 million. WESCO believes that it has 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.

WESCO was a defendant in a suit filed in federal district court in northern California alleging antitrust, contract and other claims. On August 9, 2005, WESCO and the plaintiff agreed to settle this lawsuit. Under the terms of the settlement, both parties agreed to release all claims against the other in exchange for cash and other consideration. On October 14, 2005, as stipulated by the settlement agreement, the majority of the cash settlement amount was paid. The settlement plus related litigation expenses resulted in a charge of $6.9 million, net of income tax, in 2005.

In 2003, WESCO reached a final settlement agreement related to an employment and wages claim with the case being dismissed with prejudice. WESCO settled the case for $3.4 million and received a refund of approximately $300,000 of that amount.

15. Segments and Related Information

WESCO provides distribution of product and services through our seven operating segments which have been aggregated as one reportable segment. The sale of electrical products and maintenance repair and operating supplies which represents more than 90% of the consolidated net sales, income from operations and assets for 2005, 2004 and 2003. WESCO has over 200,000 unique product stock keeping units and markets more than 1,000,000 products for customers. It is impractical to disclose net sales by product, major product group or service group. There were no material amounts of sales or transfers among geographic areas and no material amounts of export sales.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table sets forth information about WESCO 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

16. Other Financial Information

WESCO Distribution has issued $150 million in aggregate principal amount of 2017 Notes. The 2017 Notes are fully and unconditionally guaranteed by WESCO on a subordinated basis to all existing and future senior indebtedness of WESCO. WESCO Distribution, WESCO and the Initial Purchasers also entered into an Exchange and Registration Rights Agreement, dated September 27, 2005 (the 2017 Notes Registration Rights Agreement) with respect to the 2017 Notes and WESCO s guarantee of the 2017 Notes (the 2017 Notes Guarantee). Pursuant to the 2017 Notes Registration Rights Agreement, WESCO and WESCO Distribution agreed to file a registration statement within 210 days after the issue date of the 2017 Notes to register an exchange enabling holders of 2017 Notes to exchange the 2017 Notes and 2017 Notes Guarantee for publicly registered senior subordinated notes, and a similar unconditional guarantee of those notes by WESCO, with substantially identical terms (except for terms relating to additional interest and transfer restrictions). WESCO and WESCO Distribution agreed to use their reasonable best efforts to cause the registration statement to become effective within 270 days after the issue date of the 2017 Notes and to complete the exchange offer as promptly as practicable but in no event later than 300 days after the issue date of the 2017 Notes. WESCO and WESCO Distribution agreed to file a shelf registration statement for the resale of the 2017 Notes if they cannot complete the exchange offer within the time periods listed above and in certain other circumstances.

WESCO Distribution, Inc. issued $400 million of 2008 Notes in the amount of $300 million in June 1998 and $100 million in August 2001 and repurchased all amounts outstanding during 2005, 2004 and 2003. There was no outstanding balance remaining relating to the 2008 Notes as of December 31, 2005 and $323.5 million outstanding as of December 31, 2004. The 2008 Notes were fully and unconditionally guaranteed by WESCO International, Inc. on a subordinated basis to all existing and future senior indebtedness of WESCO International, Inc.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed consolidating financial information for WESCO, WESCO Distribution, Inc. and the non-guarantor subsidiaries is as follows:

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2005				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
	(In thousands)				
Cash and cash equivalents	$	$ 18,088	$ 4,037	$	$ 22,125
Trade accounts receivable			315,594		315,594
Inventories		380,227	120,571		500,798
Other current assets		40,049	50,971	(20,674)	70,346
Total current assets		438,364	491,173	(20,674)	908,863
Intercompany receivables, net		(161,534)	206,253	(44,719)	
Property, buildings and equipment, net		31,712	71,371		103,083
Intangible assets, net		11,140	72,752		83,892
Goodwill and other intangibles, net		374,000	168,217		542,217
Investments in affiliates and other noncurrent assets	686,169	806,818	3,045	(1,482,928)	13,104
Total assets	$ 686,169	$ 1,500,500	$ 1,012,811	$ (1,548,321)	$ 1,651,159
Accounts payable	$	$ 453,101	$ 119,366	$	$ 572,467
Short-term debt		14,500			14,500
Other current liabilities		133,478	20,115	(20,674)	132,919
Total current liabilities		601,079	$ 139,481	(20,674)	$ 719,886
Intercompany payables, net	44,719			(44,719)	
Long-term debt	150,000	154,024	48,208		352,232
Other noncurrent liabilities		63,491	24,100		87,591
Stockholders equity	491,450	681,906	801,022	(1,482,928)	491,450
Total liabilities and stockholders equity	$ 686,169	$ 1,500,500	$ 1,012,811	$ (1,548,321)	$ 1,651,159

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2004				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
	(In thousands)				
Cash and cash equivalents	$ 1	$ 15,974	$ 18,548	$	$ 34,523
Trade accounts receivable		18,077	365,287		383,364
Inventories		326,194	61,145		387,339
Other current assets		31,152	27,313	(8,775)	49,690
Total current assets	1	391,397	472,293	(8,775)	854,916
Intercompany receivables, net		210,406	26,729	(237,135)	
Property, buildings and equipment, net		26,403	68,339		94,742
Goodwill and other intangibles, net		363,045	38,565		401,610
Investments in affiliates and other noncurrent assets	590,687	463,489	2,971	(1,051,560)	5,587
Total assets	$ 590,688	$ 1,454,740	$ 608,897	$ (1,297,470)	$ 1,356,855
Accounts payable	$	$ 376,932	$ 78,889	$	$ 455,821
Other current liabilities		101,989	15,210	(8,775)	108,424
Total current liabilities		478,921	94,099	(8,775)	564,245
Intercompany payables, net	237,135			(237,135)	
Long-term debt		336,782	49,391		386,173
Other noncurrent liabilities		48,350	4,534		52,884
Stockholders equity	353,553	590,687	460,873	(1,051,560)	353,553
Total liabilities and stockholders equity	$ 590,688	$ 1,454,740	$ 608,897	$ (1,297,470)	$ 1,356,855

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	Year Ended December 31, 2005				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net sales	$	$ 3,664,618	$ 756,485	$	$ 4,421,103
Cost of goods sold, excluding depreciation and amortization		2,983,739	596,659		3,580,398
Selling, general and administrative expenses	7	543,009	69,764		612,780
Depreciation and amortization		15,994	2,645		18,639
Results of affiliates operations	87,431	89,849		(177,280)	
Interest expense (income), net	(25,443)	43,939	11,687		30,183
Loss on debt extinguishment, net		14,914			14,914
Other (income) expense		41,528	(28,223)		13,305
Provision for income taxes	9,341	23,913	14,104		47,358
Net income (loss)	$ 103,526	$ 87,431	$ 89,849	$ (177,280)	$ 103,526

	Year Ended December 31, 2004				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net sales	$	$ 3,187,864	$ 553,389	$	$ 3,741,253
Cost of goods sold, excluding depreciation and amortization		2,588,682	440,450		3,029,132
Selling, general and administrative expenses	5	470,836	73,691		544,532
		15,057	3,086		18,143

Depreciation and amortization					
Results of affiliates operations	56,877	37,554		(94,431)	
Interest expense (income), net	(12,396)	52,397	790		40,791
Other (income) expense		26,001	(16,844)		9,157
Provision for income taxes	4,336	15,568	14,662		34,566
Net income (loss)	$ 64,932	$ 56,877	$ 37,554	$ (94,431)	$ 64,932

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Year Ended December 31, 2003				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net sales	$	$ 2,806,044	$ 480,722	$	$ 3,286,766
Cost of goods sold, excluding depreciation and amortization		2,287,972	388,729		2,676,701
Selling, general and administrative expenses		429,567	71,895		501,462
Depreciation and amortization		19,391	3,167		22,558
Results of affiliates operations	22,495	26,889		(49,384)	
Interest expense (income), net	(11,559)	58,233	(4,357)		42,317
Other (income) expense		24,884	(20,247)		4,637
Provision for income taxes	4,048	(9,609)	14,646		9,085
Net income (loss)	$ 30,006	$ 22,495	$ 26,889	$ (49,384)	$ 30,006

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2005				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net cash provided (used) by operating activities	$ 38,901	$ 272,483	$ (16,287)	$	$ 295,097
Investing activities:					
Capital expenditures		(13,026)	(1,128)		(14,154)
Acquisitions		(278,829)			(278,829)
Other		2,014			2,014
Net cash used by investing activities		(289,841)	(1,128)		(290,969)
Financing activities:					
Net borrowings (repayments)	(42,975)	24,299	(1,180)		(19,856)
Equity transactions	8,173				8,173
Other	(4,100)	(4,827)	3,579		(5,348)
Net cash provided (used) by financing activities	(38,902)	19,472	2,399		(17,031)
Effect of exchange rate changes on cash and cash equivalents			505		505
Net change in cash and cash equivalents	(1)	2,114	(14,511)		(12,398)
Cash and cash equivalents at beginning of period	1	15,974	18,548		34,523
Cash and cash equivalents at end of period	$	$ 18,088	$ 4,037	$	$ 22,125

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2004				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net cash (used) provided by operating activities	$ 23,334	$ (10,748)	$ 9,358	$	$ 21,944
Investing activities:					
Capital expenditures		(11,708)	(441)		(12,149)
Acquisitions		(34,114)			(34,114)
Other					0
Net cash used by investing activities		(45,822)	(441)		(46,263)
Financing activities:					
Net borrowings (repayments)	(111,544)	56,235	(2,096)		(57,405)
Equity transactions	88,210				88,210
Other		(112)			(112)
Net cash provided (used) by financing activities	(23,334)	56,123	(2,096)		30,693
Effect of exchange rate changes on cash and cash equivalents			654		654
Net change in cash and cash equivalents		(447)	7,475		7,028
Cash and cash equivalents at beginning of period	1	16,421	11,073		27,495
Cash and cash equivalents at end of period	$ 1	$ 15,974	$ 18,548	$	$ 34,523

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2003				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
	(In thousands)				
Net cash provided (used) by operating activities	$ (4,431)	$ 74,303	$ (34,114)	$	$ 35,758
Investing activities:					
Capital expenditures		(7,978)	(401)		(8,379)
Acquisitions		(2,028)			(2,028)
Other		1,177			1,177
Net cash used by investing activities		(8,829)	(401)		(9,230)
Financing activities:					
Net (repayments) borrowings	31,285	(66,065)	37,149		2,369
Equity transactions	(26,857)				(26,857)
Other		4,563	(2,389)		2,174
Net cash provided (used) by financing activities	4,428	(61,502)	34,760		(22,314)
Effect of exchange rate changes on cash and cash equivalents			711		711
Net change in cash and cash equivalents	(3)	3,972	956		4,925
Cash and cash equivalents at beginning of period	4	12,449	10,117		22,570
Cash and cash equivalents at end of period	$ 1	$ 16,421	$ 11,073	$	$ 27,495

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Selected Quarterly Financial Data (unaudited)

The following table sets forth selected quarterly financial data for the years ended December 31, 2005 and 2004:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except share data)			
2005				
Net sales	$ 990,871	$ 1,062,060	$ 1,131,449	$ 1,236,723
Gross profit	185,182	194,586	208,313	252,624
Income from operations	38,562	48,915	47,306	74,503
Income before income taxes	17,371	39,062	37,060	57,391
Net income	11,344(A),(B),(D)	27,439(B),(C),(D)	25,008(B),(D)	39,735(A),(B),(C),(D)
Basic earnings per share(E)	0.24	0.58	0.53	0.84
Diluted earnings per share	0.23	0.56	0.51	0.80
2004				
Net sales	$ 847,793	$ 931,020	$ 974,508	$ 987,932(G)
Gross profit	160,852	183,707	182,566	184,996(G)
Income from operations	26,259	42,871	40,888	39,428
Income before income taxes	15,204	29,806	28,203	26,285
Net income	9,721(K)	19,086(F),(K)	19,037(F),(H),(K)	17,088(F),(H),(I),(J)
Basic earnings per share	0.24	0.46	0.45	0.40
Diluted earnings per share(K)	0.23	0.44	0.43	0.38

(A)

During the first and fourth quarters of 2005 $123.8 million and $199.7 million, respectively in aggregate principal amount of the 2008 Notes were redeemed at a loss of $10.1 million and $4.8 million, respectively resulting from the payment of the call premium and the write-off of the unamortized original issue discount and debt issue costs.

(B) Income tax benefits from the recapitalization of the Canadian operations for the first, second, third and fourth quarters of 2005 were $0.5 million, $1.1 million, $1.2 million and $2.3 million, respectively.

(C) Income tax benefits from the utilization of research and development credits for the second and fourth quarters of 2005 were $1.0 million and $0.2 million, respectively.

(D) Stock option expense for the first, second, third and fourth quarters of 2005 was $1.7 million, $1.5 million, $2.5 million and $3.0 million, respectively.

(E) Earnings per share (EPS) in each quarter is computed using the weighted average number of shares outstanding during that quarter while EPS for the full year is computed by taking the average of the weighted average number of shares outstanding each quarter. Thus, the sum of the four quarters EPS may not equal the full-year EPS.

(F) During the second, third and fourth quarters of 2004 $36.0 million, $9.3 million and $10.0 million, respectively in aggregate principal amount of the 2008 Notes were redeemed at a loss of $1.6 million, $0.5 million and $0.5 million, respectively, resulting from the payment of the call premium and the write-off of the unamortized original issue discount and debt issue costs.

(G) On September 29, 2005, the common stock of Carlton-Bates Company was acquired and the sales and gross margin resulting from this acquisition for the fourth quarter of 2005 were $76.8 million and $21.3 million, respectively.

(H) Income tax benefits from the recapitalization of the Canadian operations for the third and fourth quarters of 2004 were $0.7 million and $0.6 million, respectively.

(I) During the fourth quarter of 2004 a public offering was completed offering 4.0 million shares of common stock resulting in equity issuance costs of $5.1 million.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(J) Stock option expense for the first, second, third and fourth quarters of 2004 was $0.4 million, $0.4 million, $0.6 million and $1.6 million, respectively.

(K) Diluted earnings per share (DEPS) in each quarter is computed using the weighted average number of shares outstanding during that quarter while DEPS for the full year is computed by taking the average of the weighted average number of shares outstanding each quarter. Thus, the sum of the four quarters DEPS may not equal the full-year DEPS.

18. Subsequent Event

On March 3, 2006, Dana Corporation, (Dana) and forty of its domestic subsidiaries filed voluntary petitions for reorganization under chapter 11 of the United States Bankruptcy Code. The Dana petitions applied to its U.S. domestic entities only. Dana represented $48.5 million in WESCO sales in 2005. The amount of receivables due WESCO from Dana U.S. domestic entities as of December 31, 2005 was $7.7 million. At the time of filing its petitions for bankruptcy, Dana owed WESCO $0.3 million from their U.S. domestic entities for the balance of the Dana accounts receivable due as of December 31, 2005.

As of March 3, 2006, the accounts receivable due WESCO from Dana s U.S. domestic entities was $9.7 million. WESCO management is currently evaluating the collectibility of this balance prior to the end of WESCO s 2006 first quarter ending March 31, 2006.

19. Subsequent Event (Unaudited)

WESCO recognized an after tax charge of $2.7 million in the first quarter ending March 31, 2006 for the write down of accounts receivable related to 2006 sales due WESCO from Dana s U.S. domestic entities.

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Schedule II Valuation and Qualifying Accounts

	Col. A	Col. B	Col. C	Col. D	Col. E
	Balance at Beginning of Period	Charged to Expense	Charged to Other Accounts(1)	Deductions(2)	Balance at End of Period
			(In thousands)		
Allowance for doubtful accounts:					
Year ended December 31, 2005	$ 12,481	$ 8,601	$ 1,543	$ (10,016)	$ 12,609
Year ended December 31, 2004	11,422	5,824		(4,765)	12,481
Year ended December 31, 2003	10,261	10,229		(9,068)	11,422

(1) Represents allowance for doubtful accounts in connection with certain agreements.

(2) Includes a reduction in the allowance for doubtful accounts due to write-off of accounts receivable.

	Col. A	Col. B	Col. C	Col. D	Col. E
	Balance at Beginning of Period	Charged to Expense	Charged to Other Accounts(1)	Deductions(2)	Balance at End of Period
			(In thousands)		
Inventory reserve:					
Year ended December 31, 2005	$ 10,070	$ 4,081	$ 1,840	$ (3,525)	$ 12,466
Year ended December 31, 2004	9,759	5,500		(5,189)	10,070
Year ended December 31, 2003	11,873	5,005		(7,119)	9,759

(1) Represents inventory reserves in connection with certain acquisitions.
(2) Includes a reduction in the inventory reserve due to disposal of inventory.

Col. A	Col. B	Col. C	Col. D	Col. E
	Charged	Charged		

	Balance at Beginning of Period	(benefit) to Expense	to Other Accounts	Deductions	Balance at End of Period
			(In thousands)		
Valuation Allowance					
Year ended December 31, 2005	$ 13,439	$ 2,254	0	0	$ 15,693
Year ended December 31, 2004	12,845	594	0	0	13,439
Year ended December 31, 2003	11,291	1,554	0	0	12,845

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2006	December 31, 2005
	(Dollars in thousands, except share data)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 30,350	$ 22,125
Trade accounts receivable, net of allowance for doubtful accounts of $15,293 and $12,609 in 2006 and 2005, respectively **(Note 5)**	348,611	315,594
Other accounts receivable	22,798	36,235
Inventories, net	507,930	500,798
Current deferred income taxes	13,712	13,399
Income taxes receivable	7,792	12,814
Prepaid expenses and other current assets	7,631	7,898
Total current assets	938,824	908,863
Property, buildings and equipment, net	103,569	103,083
Intangible assets, net **(Note 6)**	81,987	83,892
Goodwill **(Note 6)**	547,724	542,217
Other assets	12,629	13,104
Total assets	$ 1,684,733	$ 1,651,159
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 575,661	$ 572,467
Accrued payroll and benefit costs	34,818	51,220
Short-term debt related to revolving credit facility		14,500
Current portion of long-term debt	26,190	36,825
Deferred acquisition payable	8,180	2,680
Bank overdrafts	5,599	3,695
Other current liabilities	48,408	38,499
Total current liabilities	698,856	719,886
Long-term debt	348,477	352,232
Long-term deferred acquisition payable	3,333	4,346
Other noncurrent liabilities	10,561	9,507
Deferred income taxes	75,813	73,738
Total liabilities	1,137,040	1,159,709
Commitments and contingencies **(Note 8)**		
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, 52,391,041 and 51,790,725 shares issued in 2006 and 2005, respectively	524	518
Class B nonvoting convertible common stock, $.01 par value; 20,000,000 shares authorized, 4,339,431 issued in 2006 and 2005; no shares outstanding	43	43
Additional capital	723,557	707,407
Retained earnings (deficit)	(123,882)	(168,332)
Treasury stock, at cost; 8,516,795 and 8,418,607 shares in 2006 and 2005, respectively	(66,323)	(61,821)
Accumulated other comprehensive income	13,774	13,635
Total stockholders equity	547,693	491,450
Total liabilities and stockholders equity	$ 1,684,733	$ 1,651,159

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

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended March 31,	
	2006	**2005**
	(Dollars in thousands, except share data)	
Net sales	$ 1,265,508	$ 990,871
Cost of goods sold (excluding depreciation and amortization below)	1,012,403	805,689
Gross profit	253,105	185,182
Selling, general and administrative expenses	169,898	142,681
Depreciation and amortization	6,282	3,939
Income from operations	76,925	38,562
Interest expense, net	6,393	9,125
Loss on debt extinguishment		10,051
Other expenses **(Note 5)**	5,059	2,015
Income before income taxes	65,473	17,371
Provision for income taxes	21,023	6,027
Net income	$ 44,450	$ 11,344
Earnings per share:		
Basic:	$ 0.93	$ 0.24
Diluted:	$ 0.86	$ 0.23

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

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31,	
	2006	**2005**
	(In thousands)	
Operating Activities:		
Net income	$ 44,450	$ 11,344
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on debt extinguishment (excluding premium of $8,168 in 2005)		1,883
Depreciation and amortization	6,282	3,940
Accretion of original issue and amortization of purchase discounts		493
Amortization of debt issuance costs	552	286
Deferred income taxes	1,762	(821)
Amortization of gain on interest rate swap		(228)
Stock-based compensation expense	2,568	1,658
Loss (gain) on the sale of property, buildings and equipment	21	(7)
Excess tax benefit from stock-based compensation **(Note 3)**	(8,126)	
Changes in assets and liabilities		
Change in receivables facility	(2,000)	90,500
Trade and other receivables	(17,319)	(31,931)
Inventories	(6,943)	2,037
Prepaid expenses and other current assets	13,336	3,216
Accounts payable	3,482	33,496
Accrued payroll and benefit costs	(16,402)	(16,119)
Other current and noncurrent liabilities	10,857	2,806
Net cash provided by operating activities	32,520	102,553
Investing Activities:		
Capital expenditures	(4,206)	(2,703)
Acquisition payments	(1,013)	(1,014)
Net cash used by investing activities	(5,219)	(3,717)
Financing Activities:		
Proceeds from issuance of long-term debt	137,904	109,000
Repayments of long-term debt	(167,228)	(227,778)
Debt issuance costs	(532)	
Proceeds from the exercise of stock options	960	4,337
Excess tax benefit from stock-based compensation **(Note 3)**	8,126	
Increase in bank overdrafts	1,903	
Payments on capital lease obligations	(209)	
Net cash used by financing activities	(19,076)	(114,441)
Effect of exchange rate changes on cash and cash equivalents		(153)

Net change in cash and cash equivalents	8,225	(15,758)
Cash and cash equivalents at the beginning of period	22,125	34,523
Cash and cash equivalents at the end of period	$ 30,350	$ 18,765
Supplemental disclosures:		
Non-cash investing activities:		
Property, plant and equipment acquired through capital leases	644	
Increase in deferred acquisition payable	5,500	
Non-cash financing activities:		
Decrease in fair value of outstanding interest rate swaps		1,107

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

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

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 Presentation

The unaudited condensed consolidated financial statements of WESCO have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (the SEC). The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in WESCO s 2005 Annual Report on Form 10-K filed with the SEC. The December 31, 2005 condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United State of America.

The unaudited condensed consolidated balance sheet as of March 31, 2006, the unaudited condensed consolidated statements of income for the three months ended March 31, 2006 and March 31, 2005, respectively, and the unaudited condensed consolidated statements of cash flows for the three months ended March 31, 2006 and March 31, 2005, respectively, in the opinion of management, have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair statement of the results of the interim periods. All adjustments reflected in the unaudited condensed consolidated financial statements are of a normal recurring nature unless indicated. Results for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) 154 (SFAS 151), *Accounting Changes and Error Corrections*, which changes the requirements for the accounting and reporting of a change in accounting principle. SFAS 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 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 154 is effective for WESCO for accounting changes and correction of errors made on or after January 1, 2006. The adoption of SFAS 154 is not expected to have a material impact on WESCO s financial position or results of operations.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

3. Stock-Based Compensation

WESCO has sponsored four stock option plans, the 1999 Long-Term Incentive Plan (LTIP), the 1998 Stock Option Plan, the Stock Option Plan for Branch Employees and the 1994 Stock Option Plan. The LTIP was designed to be the successor plan to all prior plans. Outstanding options under prior plans will continue to be governed by their existing terms, which are substantially similar to the LTIP. Any remaining shares reserved for future issuance under the prior plans are available for issuance under the LTIP. The LTIP and predecessor plans are administered by the Compensation Committee of the Board of Directors.

An initial reserve of 6,936,000 shares of common stock has been authorized for issuance under the LTIP. This reserve automatically increases by (i) the number of shares of common stock covered by unexercised options granted under prior plans that are canceled or terminated after the effective date of the LTIP, and (ii) the number of shares of common stock surrendered by employees to pay the exercise price and/or minimum withholding taxes in connection with the exercise of stock options granted under our prior plans. All awards under WESCO s stock incentive plans are designed to be issued at fair market value.

Awards granted vest and become exercisable once criteria based on time or financial performance are achieved. If the financial performance criteria are not met, all the awards will vest after nine years and nine months. All awards vest immediately in the event of a change in control. Each award terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

In the first quarter of 2006, WESCO adopted the provisions of FASB SFAS No. 123 (revised 2004) (SFAS 123R), *Share-Based Payment* and SEC Staff Accounting Bulletin No. 107 (SAB 107), *Share-Based Payment*, requiring the measurement and recognition of all stock-based compensation under the fair value method.

During the year ended December 31, 2003, WESCO adopted the measurement provisions of SFAS No. 123 (SFAS 123), *Accounting for Stock-Based Compensation*. Stock options awarded prior to 2003 were accounted for under the intrinsic value method (i.e. the difference between the market price on the exercise date and the price paid by the employee to exercise the options) under Accounting Principles Board Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*. Beginning January 1, 2006, WESCO adopted SFAS 123R using the modified prospective method, which requires measurement of compensation cost for all stock-based awards at fair value on date of grant and recognition of compensation cost, net of estimated forfeitures, over the service period for awards expected to vest. The fair value of stock-based awards is determined using the Black-Scholes valuation model, which is consistent with the valuation techniques previously utilized for stock-based awards in footnote disclosures required under SFAS 123. The forfeiture assumption is 5% per year and is based on WESCO s historical employee behavior that is reviewed on an annual basis.

Prior to the adoption of SFAS 123R, WESCO presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Consolidated Statements of Cash Flows. SFAS 123R requires the tax benefits resulting from deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows.

WESCO recognized $2.6 million (including $0.1 million due to the adoption of SFAS 123R and related to the vesting in 2006 of options granted prior to January 1, 2003) and $1.7 million of non-cash stock-based compensation expense, which is included in selling, general and

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

administrative expenses, for the three months ended March 31, 2006 and 2005, respectively. As of March 31, 2006, there was $16.6 million of total unrecognized compensation cost related to non-vested stock-based compensation arrangements for all awards previously made. Approximately $7.0 million is expected to be recognized over the remainder of 2006, $7.5 million is expected to be recognized in 2007 and $2.1 million in 2008.

During the three months ended March 31, 2006 and 2005, the total intrinsic value of options exercised was $24.5 million and $13.3 million, respectively, and the total amount of cash received from the exercise of these options was $5.5 million and $4.5 million, respectively. The tax benefit recorded for tax deductions associated with stock-based compensation plans for the three months ended March 31, 2006 and 2005 totaled $8.3 million and $4.9 million and was recorded as a credit to additional paid-in capital.

During the three months ended March 31, 2006 WESCO granted 3,482 stock-settled appreciation rights at the following weighted average assumptions:

	Three Months Ended March 31, 2006
Risk free interest rate	4.2%
Expected life	4 years
Expected volatility	57%

The following table sets forth a summary of both stock options and stock appreciation rights and related information for the three months ended March 31, 2006:

	Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at December 31, 2005	6,303,936	$ 14.02	5.9
Granted	3,482	52.33	
Exercised	622,758	10.86	
Cancelled	40,634	13.86	
Outstanding at March 31, 2006	5,644,026	14.40	5.9
Exercisable at March 31, 2006	1,154,579	10.87	5.0
Unvested at March 31, 2006	4,489,447	15.31	6.1

As of March 31, 2006, the intrinsic value of awards exercisable and awards unvested was $66.0 million and $236.6 million, respectively.

There were no options or stock appreciation rights granted during the three months ended March 31, 2005.

As of March 31, 2006, 4.7 million shares of common stock were reserved under the 1999 Long Term Incentive Plan for future equity award grants.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

The following table sets forth exercise prices for equity awards outstanding as of March 31, 2006:

Range of exercise price	Awards Outstanding	Awards Exercisable	Weighted Average Remaining Contractual Life
$ 0.00 - $10.00	2,486,972	502,618	5.5
$10.00 - $20.00	1,528,650	471,234	3.2
$20.00 - $30.00	725,733	180,727	8.5
$30.00 - $40.00	882,500	0	
$40.00 - $50.00	17,639	0	
$50.00 - $60.00	2,150	0	
$60.00 - $70.00	382	0	
	5,644,026	1,154,579	5.9

For the three months ending March 31, 2005, WESCO s pro forma net income and earnings per share would have been adjusted to the amounts indicated below to reflect the additional fair value compensation, net of tax, as if the fair-value based method of accounting for stock-based awards had been applied to all outstanding awards:

	Three Months Ended March 31, 2005 (Dollars in thousands, except share amounts)
Net income reported	$ 11,344
Add: Stock-based compensation expense included in reported net income, net of related tax	1,043
Deduct: Stock based employee compensation expense determined under fair value based methods for all awards, net of related tax	1,236
Pro forma net income	$ 11,151
Earnings per share:	
Basic as reported	$ 0.24
Basic pro forma	$ 0.24
Diluted as reported	$ 0.23
Diluted pro forma	$ 0.23

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

4. Earnings Per Share

The following table sets forth the details of basic and diluted earnings per share:

	Three Months Ended March 31,	
	2006	2005
	(Dollars in thousands, except per share amounts)	
Net income reported	$ 44,450	$ 11,344
Weighted average common shares outstanding used in computing basic earnings per share	48,031,287	46,694,626
Common shares issuable upon exercise of dilutive stock options	2,636,644	2,531,515
Common shares issuable from contingently convertible debentures (see note below for basis of calculation)	825,286	
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share	51,493,217	49,226,141
Earnings per share:		
Basic	$ 0.93	$ 0.24
Diluted	$ 0.86	$ 0.23

Stock-settled stock appreciation rights to purchase 0.9 million shares of common stock at a weighted average exercise price of $24.02 per share that were outstanding as of March 31, 2005 were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the three month period ending March 31, 2005. In addition, to the extent that the average share price during the three month period ending March 31, 2006 exceeds the 2.625% Convertible Senior Debentures due 2025 (the Debentures) conversion price of $41.86 per share, an incremental number of up to 3,583,080 shares are to be included in determining diluted earnings per share using the treasury stock method of accounting as represented in the table below. Since the average stock price for the three month period ended March 31, 2006 was approximately $54 per share, 825,286 shares underlying the Debentures were included in the diluted weighted average shares outstanding for the three month period ended March 31, 2006, under the treasury stock method of accounting, as required by the FASB Emerging Issues Task Force (EITF) Issue No. 90-19.

Under EITF No. 04-8, and EITF 90-19 *Convertible Bonds with Issuer Option to Settle for Cash upon Conversion*, and because of WESCO s obligation to settle the par value of the Debentures in cash, WESCO is not required to include any shares underlying the Debentures in its diluted weighted average shares outstanding until the average stock price per share for the quarter exceeds the $41.86 conversion price and only to the extent of the additional shares WESCO may be required to issue in the event WESCO s conversion obligation exceeds the principal amount of the Debentures converted. At such time, only the number of shares that would be issuable (under the treasury stock method of accounting for share dilution) will be included, which is based upon the amount by which the average stock price exceeds the conversion price. For the first $1 per share that WESCO s average stock price exceeds the $41.86 conversion price of the Debentures, WESCO will include approximately 83,000 additional shares in WESCO s diluted

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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share count. For the second $1 per share that WESCO s average stock price exceeds the $41.86 conversion price, WESCO will include approximately 80,000 additional shares, for a total of approximately 163,000 shares, in WESCO s diluted share count, and so on, with the additional shares dilution decreasing for each $1 per share that WESCO s average stock price exceeds $41.86 if the stock price rises further above $41.86 (see table, below).

TREASURY STOCK METHOD OF ACCOUNTING FOR SHARE DILUTION

Conversion Price:	$	41.86
Number of Underlying Shares:		0 to 3,583,080
Principal Amount	$	150,000,000
Formula: Number of extra dilutive shares created = ((Stock Price * Underlying Shares) Principal)/ Stock Price		
Condition: Only applies when share price exceeds $41.86		

Stock Price		Conversion Price		Price Difference	Include in Share Count	Share Dilution Per $1.00 Share Price Difference
$41.86	$	41.86	$	0	0	0
$42.86	$	41.86	$	1	83,313	83,313
$51.86	$	41.86	$	10	690,677	69,068
$61.86	$	41.86	$	20	1,158,249	57,912
$71.86	$	41.86	$	30	1,495,687	49,856
$81.86	$	41.86	$	40	1,750,683	43,767

Share dilution is limited to a maximum of 3,583,080 shares.

5. Accounts Receivable Securitization

WESCO maintains an accounts receivable securitization program (the Receivables Facility) that had a total purchase commitment of $400 million as of March 31, 2006 and 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 overcollateralization, 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 March 31, 2006 and December 31, 2005, accounts receivable eligible for securitization totaled approximately $522 million and $525 million, respectively, of which the subordinated retained interest was approximately $127 million and $128 million, respectively. Accordingly, approximately $395 million and $397 million of accounts receivable balances were removed from the consolidated balance sheets at March 31, 2006 and December 31, 2005, respectively. Costs associated with the Receivables Facility totaled $5.1 million and $2.0 million for the three months ended March 31, 2006 and March 31, 2005, respectively. These amounts are recorded as other expenses in the consolidated statements of income and are primarily related to interest and the

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

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 for securitizations completed in 2006 were a discount rate of 4.2% and an estimated life of 1.5 months. At March 31, 2006, 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 $0.5 million, respectively. These sensitivities are hypothetical and should be used with caution. 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.

6. Acquisitions

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

The allocation of assets acquired and liabilities assumed for the 2005 acquisitions summarized below is preliminary, pending the impact of the restructuring plans related to these acquisitions.

	Fastec Industrial Corp.	Carlton-Bates Company
	(Dollars in thousands)	
Assets Acquired		
Cash and equivalents	$ 281	$ 1,763
Trade accounts receivable	4,675	37,628
Inventories	11,944	40,709
Deferred income taxes short-term		1,861
Other accounts receivable		840
Prepaid expenses	161	762
Income taxes receivable		2,789
Property, buildings and equipment	2,168	5,159
Intangible assets	11,134	74,444
Goodwill	5,396	135,088
Total assets acquired	35,759	301,043
Liabilities Assumed		
Accounts payable	2,663	16,901
Accrued and other current liabilities	767	8,599
Deferred income taxes long-term		19,607
Other noncurrent liabilities		136
Total liabilities assumed	3,430	45,243
Fair value of net assets acquired, including intangible assets	$ 32,329	$ 255,800

Acquisition of Carlton-Bates Company

On September 29, 2005, WESCO acquired Carlton-Bates Company (Carlton-Bates), headquartered in Little Rock, Arkansas. The original 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. During the three months ended March 31, 2006, WESCO completed its evaluation of the calculation of the acquired working capital resulting in an increase in the purchase price in the amount of $5.5 million which amount was paid on April 6, 2006.

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 for the original equipment manufacturer markets. Carlton-Bates adds new capabilities for WESCO including new product categories, new supplier relationships, kitting and

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

light assembly services for WESCO customers, sales opportunities resulting from value-added services.

The purchase price allocation resulted in intangible assets of $74.4 million and goodwill of $135.1 million, of which $55.9 million is deductible for tax purposes. The intangible assets include customer relationships of $45.3 million amortized over a range of 13 to 19 years, distribution agreements of $12.0 million and non-compete agreements of $0.2 million, both of which are amortized over five years and trademarks of $16.9 million. 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. The following summary of the unaudited pro forma results of operations for the three months ended March 31, 2005 is included below as if the acquisition occurred on the first day of 2005 and is not necessarily indicative of what WESCO s results of operations would have been had Carlton-Bates been acquired at the beginning of the period. Seasonality of sales is not a significant factor to the pro forma combined results of operations.

	Three Months Ended March 31, 2005 (Dollars in thousands, except per share amounts)	
Net Sales	$	1,066,025
Net Income	$	12,759
Earnings per common share:		
Basis	$	0.27
Diluted	$	0.26

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. The original purchase price WESCO paid was $28.7 million net of $0.3 million cash acquired, and WESCO also 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 2005, would not have been materially different from the reported results or the pro forma results presented above.

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

Other Acquisition

Another previously completed 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.

7. Employee Benefit Plans

A majority of WESCO s employees are covered by defined contribution retirement savings plans for their services rendered subsequent to WESCO s formation. For U.S. participants, WESCO will make contributions in an amount equal to 50% of the participant s total monthly contributions up to a maximum of 6% of eligible compensation. For Canadian participants, WESCO will make contributions in an amount ranging from 1% to 7% of the participant s eligible compensation based on years of continuous service. In addition, employer contributions may be made at the discretion of the Board of Directors and can be based on WESCO s financial performance. For the three months ended March 31, 2006 WESCO contributed $2.1 million to all such plans. Contributions are made in cash to employee retirement savings plan accounts. Employees then have the option to transfer balances allocated to their accounts into any of the available investment options, including WESCO stock.

8. Commitments and Contingencies

WESCO is a defendant in a lawsuit in a state court in Florida in which a former supplier alleges that WESCO failed to fulfill its commercial obligations to purchase product and seeks monetary damages in excess of $17 million. WESCO believes that it has 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.

On March 3, 2006, Dana Corporation (Dana) and forty of its domestic subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code. The Dana petitions applied to its U.S. domestic entities only. Dana represented $48.5 million of WESCO sales in 2005.

As of March 3, 2006, the amount of accounts receivable due WESCO from Dana s U.S. domestic entities was $9.7 million of which $9.4 million related to 2006 sales. WESCO has established a reserve in the amount of $4.0 million during the three-month period ending March 31, 2006 based on management s evaluation of the collectibility of this balance.

9. Comprehensive Income

The following table sets forth comprehensive income and its components:

	Three Months Ended March 31,	
	2006	2005
	(In thousands)	
Net income	$ 44,450	$ 11,344
Foreign currency translation adjustment	(139)	(556)
Comprehensive income	$ 44,311	$ 10,788

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

10. Income Taxes

The following table sets forth the reconciliation between the federal statutory income tax rate and the effective rate:

	Three Months Ended March 31,	
	2006	2005
Federal statutory rate	35.0%	35.0%
State taxes, net of federal tax benefit	2.5	2.1
Nondeductible expenses	0.4	0.8
Domestic tax benefit from foreign operations	(2.7)	(0.3)
Foreign tax rate differences(1)	(2.9)	(2.9)
Domestic production activity deduction	(0.2)	
	32.1%	34.7%

(1) Includes a benefit of $2.1 and $0.5 million for the three months ended March 31, 2006 and 2005, respectively, from the recapitalization of our Canadian operations.

11. Other Financial Information (Unaudited)

WESCO Distribution, Inc. (WESCO Distribution) has issued $150 million in aggregate principal amount of 7.50% Senior Subordinated Notes due 2017 (the 2017 Notes). The 2017 Notes are fully and unconditionally guaranteed by WESCO International, Inc. (WESCO International) on a subordinated basis to all existing and future senior indebtedness of WESCO International. WESCO Distribution, WESCO International and the initial purchasers of the 2017 notes also entered into an Exchange and Registration Rights Agreement, dated September 27, 2005 (the 2017 Notes Registration Rights Agreement) with respect to the 2017 Notes and WESCO International s guarantee of the 2017 Notes (the 2017 Notes Guarantee). Pursuant to the 2017 Notes Registration Rights Agreement, WESCO International and WESCO Distribution agreed to file a registration statement within 210 days after the issue date of the 2017 Notes to register an exchange enabling holders of the 2017 Notes to exchange the 2017 Notes and 2017 Notes Guarantee for publicly registered senior subordinated notes, and a similar unconditional guarantee of those notes by WESCO International, with substantially identical terms (except for terms relating to additional interest and transfer restrictions). WESCO International and WESCO Distribution agreed to use their reasonable best efforts to cause the registration statement to become effective within 270 days after the issue date of the 2017 Notes and to complete the exchange offer as promptly as practicable but in no event later than 300 days after the issue date of the 2017 Notes. WESCO International and WESCO Distribution agreed to file a shelf registration statement for the resale of the 2017 Notes if they cannot complete the exchange offer within the time periods listed above and in certain other circumstances.

WESCO International has issued $150 million in aggregate principal amount of Debentures. The Debentures are fully and unconditionally guaranteed by WESCO Distribution on a senior subordinated basis to all existing and future senior indebtedness of WESCO Distribution. WESCO International, WESCO Distribution and the initial purchasers of the Debentures also entered into a Registration Rights Agreement, dated September 27, 2005 (the Debentures

Registration Rights Agreement) with respect to the Debentures, WESCO Distribution s guarantee of the Debentures
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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

(the Debentures Guarantee) and the common stock of WESCO International into which the Debentures are convertible (the Conversion Shares). Pursuant to the Debentures Registration Rights Agreement, WESCO Distribution and WESCO International agreed to file a shelf registration statement within 210 days after the issue date of the Debentures to register the Debentures, the Debentures Guarantee and the Conversion Shares. WESCO Distribution and WESCO International agreed to use their reasonable best efforts to cause the registration statement to become effective within 270 days after the issue date of the Debentures.

WESCO Distribution issued $300 million in aggregate principal amount of 9 1/8% Senior Subordinated Notes due 2008 (the 2008 Notes) in June 1998 and $100 million in aggregate principal amount of the 2008 Notes in August 2001 and repurchased all amounts outstanding during 2005, 2004 and 2003. There was no outstanding balance remaining related to the 2008 Notes as of December 31, 2005. The 2008 Notes were fully and unconditionally guaranteed by WESCO International on a subordinated basis.

Condensed consolidating financial information for WESCO International, WESCO Distribution and the non-guarantor subsidiaries are as follows:

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(unaudited)

	March 31, 2006				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
	(In thousands)				
Cash and cash equivalents	$ 3	$ 20,404	$ 9,943	$	$ 30,350
Trade accounts receivable			348,611		348,611
Inventories		386,255	121,675		507,930
Other current assets		20,688	39,038	(7,793)	51,933
Total current assets	3	427,347	519,267	(7,793)	938,824
Intercompany receivables, net		(415,856)	441,034	(25,178)	
Property, buildings and equipment, net		32,397	71,172		103,569
Intangible assets, net		10,953	71,034		81,987
Goodwill and other intangibles, net		374,000	173,724		547,724
Investments in affiliates and other noncurrent assets	723,852	1,071,412	2,926	(1,785,561)	12,629
Total assets	$ 723,855	$ 1,500,253	$ 1,279,157	$ (1,818,532)	$ 1,684,733
Accounts payable	$	$ 453,563	$ 122,098	$	$ 575,661
Other current liabilities	984	109,137	20,867	(7,793)	123,195
Total current liabilities	984	562,700	142,965	(7,793)	698,856
Intercompany payables, net	25,178			(25,178)	
Long-term debt	150,000	151,759	46,718		348,477
Other noncurrent liabilities		65,981	23,726		89,707
Stockholders equity	547,693	719,813	1,065,748	(1,785,561)	547,693
Total liabilities and stockholders equity	$ 723,855	$ 1,500,253	$ 1,279,157	$ (1,818,532)	$ 1,684,733

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)
(unaudited)

	December 31, 2005				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
	(In thousands)				
Cash and cash equivalents	$	$ 18,088	$ 4,037	$	$ 22,125
Trade accounts receivable			315,594		315,594
Inventories		380,227	120,571		500,798
Other current assets		40,049	50,971	(20,674)	70,346
Total current assets		438,364	491,173	(20,674)	908,863
Intercompany receivables, net		(161,534)	206,253	(44,719)	
Property, buildings and equipment, net		31,712	71,371		103,083
Intangible assets, net		11,140	72,752		83,892
Goodwill and other intangibles, net		374,000	168,217		542,217
Investments in affiliates and other noncurrent assets	686,169	806,818	3,045	(1,482,928)	13,104
Total assets	$ 686,169	$ 1,500,500	$ 1,012,811	$ (1,548,321)	$ 1,651,159
Accounts payable	$	$ 453,101	$ 119,366	$	$ 572,467
Short-term debt		14,500			14,500
Other current liabilities		133,478	20,115	(20,674)	132,919
Total current liabilities		601,079	139,481	(20,674)	719,886
Intercompany payables, net	44,719			(44,719)	
Long-term debt	150,000	154,024	48,208		352,232
Other noncurrent liabilities		63,491	24,100		87,591
Stockholders equity	491,450	681,906	801,022	(1,482,928)	491,450
Total liabilities and stockholders equity	$ 686,169	$ 1,500,500	$ 1,012,811	$ (1,548,321)	$ 1,651,159

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(unaudited)

	Three Months Ended March 31, 2006				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net sales	$	$ 981,945	$ 283,563	$	$ 1,265,508
Cost of goods sold		793,215	219,188		1,012,403
Selling, general and administrative expenses	2	130,321	39,575		169,898
Depreciation and amortization		3,342	2,940		6,282
Results of affiliates operations	37,768	14,426		(52,194)	
Interest expense (income), net	(8,916)	9,961	5,348		6,393
Loss on debt extinguishment					
Other (income) expense		13,008	(7,949)		5,059
Provision for income taxes	2,232	8,756	10,035		21,023
Net income	$ 44,450	$ 37,768	$ 14,426	$ (52,194)	$ 44,450

	Three Months Ended March 31, 2005				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net sales	$	$ 836,409	$ 154,462	$	$ 990,871
Cost of goods sold		681,937	123,752		805,689
Selling, general and administrative expenses	1	123,200	19,480		142,681
Depreciation and amortization		3,251	688		3,939
Results of affiliates operations	7,901	14,239		(22,140)	
	(5,299)	12,200	2,224		9,125

Interest expense (income), net					
Loss on debt extinguishment		10,051			10,051
Other (income) expense		8,724	(6,709)		2,015
Provision for income taxes	1,855	3,384	788		6,027
Net income	$ 11,344	$ 7,901	$ 14,239	$ (22,140)	$ 11,344

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31, 2006				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net cash (used) provided by operating activities	$ 9,149	$ 12,641	$ 10,730	$	$ 32,520
Investing activities:					
Capital expenditures		(3,401)	(805)		(4,206)
Acquisition payments		(1,013)			(1,013)
Net cash used by investing activities		(4,414)	(805)		(5,219)
Financing activities:					
Net repayments	(18,232)	(10,768)	(324)		(29,324)
Equity transactions	9,086				9,086
Other		4,857	(3,695)		1,162
Net cash used by financing activities	(9,146)	(5,911)	(4,019)		(19,076)
Effect of exchange rate changes on cash and cash equivalents					
Net change in cash and cash equivalents	3	2,316	5,906		8,225
Cash and cash equivalents at the beginning of year		18,088	4,037		22,125
Cash and cash equivalents at the end of period	$ 3	$ 20,404	$ 9,943	$	$ 30,350

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)
(unaudited)

	Three Months Ended March 31, 2005				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
			(In thousands)		
Net cash provided (used) by operating activities	$ 9,798	$ 99,815	$ (7,060)	$	$ 102,553
Investing activities:					
Capital expenditures		(2,663)	(40)		(2,703)
Acquisition payments		(1,014)			(1,014)
Net cash used by investing activities		(3,677)	(40)		(3,717)
Financing activities:					
Net borrowings (repayments)	(14,135)	(104,344)	(299)		(118,778)
Equity transactions	4,337				4,337
Net cash (used) provided by financing activities	(9,798)	(104,344)	(299)		(114,441)
Effect of exchange rate changes on cash and cash equivalents			(153)		(153)
Net change in cash and cash equivalents		(8,206)	(7,552)		(15,758)
Cash and cash equivalents at the beginning of year	1	15,974	18,548		34,523
Cash and cash equivalents at the end of period	$ 1	$ 7,768	$ 10,996	$	$ 18,765

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WESCO Distribution, Inc.

Completed Letters of Transmittal and any other documents required in connection with surrenders of original notes for exchange should be directed to the Exchange Agent at the address set forth below:

The Exchange Agent for the exchange offer is:

J.P.Morgan Trust Company, National Association

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

By First Class/ Registered/ Certified Mail:	**By Express Delivery Only:**	**By Hand Only:**
J.P.Morgan Trust Company, National Association	**J.P.Morgan Trust Company, National Association**	**J.P.Morgan Trust Company, National Association**
Worldwide Securities Services	Worldwide Securities Services	Worldwide Securities Services Window
P.O. Box 2320	2001 Bryan St., 9th Floor	4 New York Plaza 1st Floor
Dallas, Texas 75221-2320	Dallas, Texas 75201	New York, New York 10004

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