WESCO DISTRIBUTION INC
Form S-4
April 20, 2006

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

WESCO DISTRIBUTION, INC.
(exact name of registrant as specified in its charter)

Delaware	**5063**	**25-1723345**
(state or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. employer identification no.)*

WESCO INTERNATIONAL, INC.
(exact name of registrant as specified in its charter)

Delaware	**5063**	**25-1723342**
(state or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. employer identification no.)*

225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
(412) 454-2200
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Stephen A. Van Oss
Senior Vice President and
Chief Financial and Administrative Officer
WESCO International, Inc.
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
(412) 454-2200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a Copy to:
Michael C. McLean
Kirkpatrick & Lockhart Nicholson Graham LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, Pennsylvania 15222

(412) 355-6500

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

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

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

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

SUBJECT TO COMPLETION, DATED APRIL 20, 2006

PRELIMINARY PROSPECTUS

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

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

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

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

The principal features of the exchange offer are as follows:

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

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

- We will not receive any proceeds from the exchange offer.

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

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

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

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

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

THE DATE OF THIS PROSPECTUS IS , 2006.

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

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

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

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

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

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

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FORWARD-LOOKING INFORMATION

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

AVAILABLE INFORMATION

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

SUMMARY

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

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

WESCO Distribution, Inc.

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

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

Industry Overview

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

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

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

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

Business Strategy

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

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

- industrial customers with large, complex plant maintenance operations, many of which require a national multi-site service solution for their electrical product needs;
- large contractors for major industrial and commercial construction projects;
- the electric utility industry; and
- manufacturers of factory-built homes, recreational vehicles and other modular structures.

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

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

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

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

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

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

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

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

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

- active national marketing of our demonstrated project management capabilities;

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

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

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

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

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

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

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

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

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

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

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

Competitive Strengths

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

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

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

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

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

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

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

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

- tailor branch products and services to local customer needs;

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

- provide same-day deliveries.

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

- extensive use of automation and technology;
- centralization of functions such as purchasing, accounting and information systems;
- strategically located distribution centers;
- purchasing economies of scale; and
- incentive programs that increase productivity and encourage entrepreneurship.

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

The Exchange Offer

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

Issuance of the Original Notes	We issued and sold the original notes on September 27, 2005 to Goldman, Sachs & Co., Lehman Brothers Inc., UBS Securities LLC, Banc of America Securities LLC and Credit Suisse First Boston LLC. In this prospectus, we collectively refer to those purchasers as the initial purchasers. The initial purchasers subsequently resold the outstanding notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, or to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act.
Exchange and Registration Rights Agreement	Simultaneously with the sale of the original notes, we entered into an exchange and registration rights agreement with the initial purchasers. Under the exchange and registration rights agreement, we agreed to: file the registration statement of which this prospectus is a part within 210 days after the issue date of the original notes, which enables holders of the original notes to exchange such original notes for publicly registered exchange notes with substantially the same terms; use our reasonable best efforts to cause the registration statement of which this prospectus is a part to become effective within 270 days after the issue date of the original notes; use our reasonable best efforts to complete the exchange offer as promptly as practicable, but in any event prior to 300 days after the issue date of the original notes; and file a shelf registration statement for the resale of the original notes if we cannot affect the exchange offer within the time periods listed above and in certain other circumstances. The exchange offer is intended to satisfy these exchange rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your original notes. If we do not comply with our obligations under the exchange and registration rights agreement, we will be required to pay specified additional interest to the holders of original notes under certain circumstances. See Exchange and Registration Rights Agreement.
The Exchange Offer	We are offering to exchange $1,000 principal amount of our 7.50% Senior Subordinated Notes due 2017, which have been registered under the Securities Act and which

	we refer to in this prospectus as the exchange notes, for each $1,000 principal amount of our unregistered 7.50% Senior Subordinated Notes due 2017, which we refer to in this prospectus as the original notes. In order to be exchanged, an original note must be properly tendered and accepted for exchange. All original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, there are $150.0 million aggregate principal amount of original notes outstanding. We will issue the exchange notes promptly after the expiration of the exchange offer. The terms of the exchange notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the original notes for which they may be exchanged pursuant to the exchange offer, except that the exchange notes are freely transferable by holders (other than as provided in this prospectus) and are not subject to any obligation regarding registration under the Securities Act as described in this prospectus. See The Exchange Offer.
Resales of the Exchange Notes	We believe that the exchange notes to be issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act if you meet the following conditions: the exchange notes are acquired by you in the ordinary course of your business; you are not engaging in and do not intend to engage in a distribution of the exchange notes; you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes; and you are not an affiliate of ours, as that term is defined in Rule 405 under the Securities Act. Our belief is based on interpretations by the staff of the Securities and Exchange Commission, as set forth in no-action letters issued to third parties unrelated to us. We have not applied to the Commission for no-action relief with respect to this exchange offer, and we cannot assure you that the staff would make a similar determination with respect to this exchange offer. If you do not meet the above conditions, you may incur liability under the Securities Act if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act. We do not assume or indemnify you against that liability. Each broker-dealer that is issued exchange notes in the exchange offer for its own account in exchange for original

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

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

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

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

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

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

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

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

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

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

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

you are not an affiliate of ours.

Procedures for Tendering Certificated Original Notes

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

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

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

The Exchange Notes

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

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

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	redemption prices described in this prospectus, together with accrued and unpaid interest and additional interest, if any, to the date of redemption. At any time before October 15, 2008, we may redeem up to 35% of the exchange notes issued in this exchange offer with the proceeds of certain equity offerings by us or WESCO International at the redemption price set forth under Description of the Notes Optional Redemption. See Description of the Notes Optional Redemption.
Change of Control	Upon the occurrence of a change of control, each holder of exchange notes will have the right to require us to repurchase all or any part of such holder s exchange notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase. See Description of the Notes Change of Control.
Guarantee	The exchange notes will be unconditionally guaranteed by WESCO International on an unsecured senior basis. The guarantee will rank equally in right of payment with all existing and future senior unsecured indebtedness of WESCO International. The guarantee will be effectively subordinated to any secured indebtedness of WESCO International, including the guarantee of senior indebtedness under our revolving credit facility, to the extent of the value of the related collateral, and will be structurally subordinated to indebtedness and other liabilities of WESCO International s subsidiaries, other than the senior subordinated indebtedness of WESCO Distribution, including the notes. As of December 31, 2005, WESCO International had approximately $329 million of senior indebtedness outstanding (excluding its guarantee of a mortgage financing facility under which approximately $48 million was outstanding), of which approximately $29 million was secured indebtedness. The exchange notes will not be guaranteed by any entity other than WESCO International. As of December 31, 2005, the exchange notes would have been structurally junior to $212 million of indebtedness and other liabilities (including trade payables) of these non-guarantor subsidiaries. The non-guarantor subsidiaries generated $756 million of our net sales for the year ended December 31, 2005 and held $1 billion of our consolidated assets at December 31, 2005. See Risk Factors Risks Relating to the Offering.
Certain Covenants	The indenture governing the exchange notes contains covenants that, subject to certain exceptions, limit the ability of us and our subsidiaries to: incur additional indebtedness and issue disqualified stock and preferred stock;

	pay dividends or make certain other restricted payments or investments;
	create restrictions on dividends or other payments by our subsidiaries;
	merge, consolidate, or sell all or substantially all of our assets;
	create liens on assets;
	enter into certain transactions with affiliates; and
	incur indebtedness senior to the notes but junior to senior indebtedness.
	These covenants are subject to a number of important exceptions and qualifications. See Description of the Notes Certain Covenants.
Exchange Offer; Registration Rights; Additional Interest	Under the exchange and registration rights agreement executed as part of the offering of the original notes, we agreed to:
	file the registration statement of which this prospectus is a part within 210 days after the issue date of the original notes, which enables holders of the original notes to exchange their original notes for publicly registered exchange notes with substantially the same terms;
	use our reasonable best efforts to cause the registration statement of which this prospectus is a part to become effective within 270 days after the issue date of the original notes;
	use our reasonable best efforts to complete the exchange offer as promptly as practicable but in any event prior to 300 days after the issue date of the original notes; and
	file a shelf registration statement for the resale of the original notes if we cannot affect the exchange offer within the time periods listed above and in certain other circumstances.
	If we do not comply with our obligations under the exchange and registration rights agreement, we will be required to pay specified additional interest to the holders of original notes under certain circumstances. See Exchange and Registration Rights Agreement.
Use of Proceeds	We will not receive any proceeds from the exchange of the original notes for exchange notes pursuant to the exchange offer. See Use of Proceeds.
Absence of a Public Market for the Exchange Notes	The exchange notes will be a new issue of securities. We cannot assure you that any active or liquid market will develop for the exchange notes.

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Recent Developments

Earnings for Three Months Ended March 31, 2006

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

Risk Factors

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

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Summary Consolidated Financial Data

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

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

Stockholders equity	167.7	353.6	491.5

(1) Excludes depreciation and amortization.

(2) Represents charges relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.

(3) Represents costs relating to the sale of accounts receivable pursuant to our accounts receivable securitization facility (the Receivables Facility). See Note 4 to WESCO International s audited consolidated financial statements included elsewhere in this prospectus.

(4) Benefits of $2.6 million in 2003 from the resolution of prior year tax contingencies resulted in an unusually low provision for income taxes.

(5) For purposes of calculating the ratio of earnings to fixed charges, earnings represents income before income taxes plus fixed charges. Fixed charges consist of interest expense, including amortization of debt issuance costs, and the portion of rental expense that management believes is representative of the interest component of rental expense.

(6) Includes amounts due under earnout agreements for past acquisitions.

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RISK FACTORS

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

Risks Relating to Our Business

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

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

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

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

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

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

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

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

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

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

An increase in competition could decrease sales or earnings.

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

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

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

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

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

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

- uncertainties in assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- the potential loss of key employees of an acquired business;
- problems that could arise from the integration of the acquired business; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition or other transaction rationale.

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

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

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

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

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

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

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

Risks Relating to the Notes

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

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

- making it more difficult for us to meet our payment and other obligations under the notes and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

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

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

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

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

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

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

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

The notes are unsecured subordinated obligations.

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

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

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

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

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

- insolvent or rendered insolvent because of the guarantee;
- engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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USE OF PROCEEDS

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

CAPITALIZATION

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

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

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SELECTED CONSOLIDATED FINANCIAL DATA

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

	Year Ended December 31,				
	2001	**2002**	**2003**	**2004**	**2005**
	(In millions, except share and per share data and ratios)				
Income Statement Data:					
Net sales	$ 3,658.0	$ 3,325.8	$ 3,286.8	$ 3,741.3	$ 4,421.1
Gross profit(1)	643.3	590.8	610.1	712.1	840.7
Selling, general and administrative expenses	517.2	494.4	501.5	544.5	612.8
Depreciation and amortization(2)	31.0	19.8	22.5	18.1	18.6
Income from operations	95.3	76.6	86.1	149.5	209.3
Interest expense, net	45.1	43.0	42.3	40.8	30.2
Loss on debt extinguishment(3)		1.1	0.2	2.6	14.9
Other expenses(4)	16.9	6.6	4.5	6.6	13.3
Income before income taxes	33.3	25.9	39.1	99.5	150.9
Provision for income taxes(5)	13.1	2.8	9.1	34.6	47.4
Net income	$ 20.2	$ 23.1	$ 30.0	$ 64.9	$ 103.5
Earnings per common share					
Basic	$ 0.45	$ 0.51	$ 0.67	$ 1.55	$ 2.20
Diluted	$ 0.43	$ 0.49	$ 0.65	$ 1.47	$ 2.10
Weighted average common shares outstanding					
Basic	44,862,087	45,033,964	44,631,459	41,838,034	47,085,524
Diluted	46,901,673	46,820,093	46,349,082	44,109,153	49,238,436
Other Financial Data and Ratios:					
Capital expenditures	$ 13.8	$ 9.3	$ 8.4	$ 12.1	$ 14.2

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

(1) Excludes depreciation and amortization.

(2) Effective for 2002, WESCO International adopted Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets,* as described in Note 2 to WESCO International s audited consolidated financial statements included elsewhere in this prospectus.

(3) Represents charges relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.

(4) Represents costs relating to the sale of accounts receivable pursuant to our Receivables Facility. See Note 4 to WESCO International s audited consolidated financial statements included elsewhere in this prospectus.

(5) Benefits of $2.6 million and $5.3 million in 2003 and 2002, respectively, from the resolution of prior year tax contingencies resulted in an unusually low provision for income taxes.

(6) For purposes of calculating the ratio of earnings to fixed charges, earnings represents income before income taxes plus fixed charges. Fixed charges consist of interest expense, amortization of deferred financing costs and the component of rental expense that management believes is representative of the interest component of rental expense.

(7) Includes amounts due under earnout agreements for past acquisitions.

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

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

Company Overview

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

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

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

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

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

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

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

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

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

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

Cash Flow

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

Financing Availability

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

Outlook

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

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

Gross Profit

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

Allowance for Doubtful Accounts

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

Excess and Obsolete Inventory

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

Supplier Volume Rebates

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

Goodwill

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

Intangible Assets

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

Insurance Programs

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

Income Taxes

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

Accounts Receivable Securitization Facility

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

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

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

Results of Operations

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

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

2005 Compared to 2004

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

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

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

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

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

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

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

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

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

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

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

2004 Compared to 2003

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

The following table sets forth our outstanding indebtedness:

	As of 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 1/8% Senior Subordinated Notes due 2008(1)		317,319
7.50% Senior Subordinated Notes due 2017	150,000	
2.625% Convertible Senior Debentures	150,000	
	403,557	417,586
Less current portion	(36,825)	(31,413)
Less short-term debt	(14,500)	
	$ 352,232	$ 386,173

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

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

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

	$	403,557

The following table sets forth details of our Receivables Facility:

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

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

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

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

Revolving Credit Facility

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

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

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

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

Mortgage Financing Facility

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

Bruckner Note Payable

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

9 1/8% Senior Subordinated Notes due 2008

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

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

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

Interest Rate Swap Agreements

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

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

7.50% Senior Subordinated Notes due 2017

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

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

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

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

2.625% Convertible Senior Debentures due 2025

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

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

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

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

Covenant Compliance

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

Cash Flow

An analysis of cash flows for 2005 and 2004 follows:

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

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

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

Contractual Cash Obligations and Other Commercial Commitments

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

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

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

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

Off-Balance Sheet Arrangements

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

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

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

Inflation

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

Seasonality

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

Impact of Recently Issued Accounting Standards

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

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

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

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

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Foreign Currency Risks