

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 3, 1999

REGISTRATION NO. 333-73299

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 3 TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

WESCO INTERNATIONAL, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

5063  
(PRIMARY STANDARD INDUSTRIAL  
CLASSIFICATION CODE NUMBER)

25-1723345  
(I.R.S. EMPLOYER  
IDENTIFICATION NUMBER)

COMMERCE COURT, SUITE 700  
FOUR STATION SQUARE  
PITTSBURGH, PENNSYLVANIA 15219  
(412) 454-2200  
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER OF REGISTRANT'S PRINCIPAL  
EXECUTIVE OFFICES)

JEFFREY B. KRAMP, ESQ.  
COMMERCE COURT, SUITE 700  
FOUR STATION SQUARE  
PITTSBURGH, PENNSYLVANIA 15219  
(412) 454-2200  
(NAME, ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

COPIES TO:

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425 Lexington Avenue  
New York, New York 10017  
(212) 455-2000

Approximate date of commencement of proposed sale to the public: AS SOON  
AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, check the following box. [ ]

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR  
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL  
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION  
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF  
THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME  
EFFECTIVE ON SUCH DATE AS THE SEC, ACTING PURSUANT TO SAID SECTION 8(a), MAY  
DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED MAY 3, 1999

PROSPECTUS

9,725,000 SHARES  
[WESCO INTL. LOGO]

WESCO INTERNATIONAL, INC.

COMMON STOCK

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THIS IS OUR INITIAL PUBLIC OFFERING OF SHARES OF OUR COMMON STOCK. WE ARE OFFERING 9,725,000 SHARES. 7,780,000 SHARES ARE INITIALLY BEING OFFERED IN THE UNITED STATES AND CANADA AND 1,945,000 SHARES ARE INITIALLY BEING OFFERED OUTSIDE THE UNITED STATES AND CANADA. NO PUBLIC MARKET CURRENTLY EXISTS FOR OUR SHARES.

THE COMMON STOCK HAS BEEN APPROVED FOR LISTING ON THE NEW YORK STOCK EXCHANGE, SUBJECT TO NOTICE OF ISSUANCE, UNDER THE SYMBOL "WCC." ANTICIPATED PRICE RANGE \$17.00 TO \$19.00 PER SHARE.

INVESTING IN THE SHARES INVOLVES RISKS. RISK FACTORS BEGIN ON PAGE 8.

	PER SHARE	TOTAL
	-----	-----
Public Offering Price.....	\$	\$
Underwriting Discount.....	\$	\$
Proceeds to WESCO International, Inc.....	\$	\$

We have granted the underwriters a 30-day option to purchase up to 1,458,750 additional shares of common stock on the same terms and conditions as set forth above solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers expects to deliver the shares on or about \_\_\_\_\_, 1999.

-----  
LEHMAN BROTHERS

BEAR, STEARNS & CO. INC.

DONALDSON, LUFKIN & JENRETTE

GOLDMAN, SACHS & CO.

ROBERT W. BAIRD & CO.  
INCORPORATED

ING BARING FURMAN SELZ LLC

, 1999

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ABOUT THIS PROSPECTUS

You should only rely on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

This preliminary prospectus is subject to completion prior to this offering. Among other things, this preliminary prospectus describes WESCO as we currently expect it to exist at the time of this offering.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock, including stabilizing bids, syndicate covering transactions or the imposition of penalty bids. For a discussion of these activities, see "Underwriting."

## PROSPECTUS SUMMARY

This is only a summary and it does not contain all the information that may be important to you. Unless we otherwise indicate, all information appearing in this prospectus gives effect to a 57.8 to one stock split in the form of a stock dividend of our common stock to occur prior to the offering. You should read the following summary together with the more detailed information about WESCO and the common stock being sold in this offering and our historical and pro forma financial statements including the notes to those statements appearing elsewhere in this prospectus.

## OUR COMPANY

With sales of over \$3 billion in 1998, we are a leading North American distributor of electrical products and other industrial maintenance, repair and operating supplies, commonly referred to as MRO. We are the second largest distributor in the \$72 billion U.S. electrical distribution industry. We are also the largest provider of integrated supply services in the United States. Our integrated supply solutions allow customers to reduce their operating costs through comprehensive outsourcing of all of their MRO procurement purchases through a single supplier with a highly automated process. We have over 330 branches and five distribution centers strategically located in 48 states, nine Canadian provinces, Puerto Rico, Guam, Mexico, the United Kingdom and Singapore. We serve over 130,000 customers worldwide, offering over 1,000,000 products from over 23,000 suppliers.

Combining strong internal growth with acquisitions, our sales and income from operations plus depreciation, amortization and recapitalization costs, or EBITDA before recapitalization costs, increased at a compounded annual growth rate of over 16% and over 42%, respectively, since 1994. WESCO's earnings increased from a loss of \$0.5 million in 1994 to \$36.2 million in 1997. In 1998, we recorded a net loss of \$7.7 million resulting from a \$51.8 million one-time charge associated with our recapitalization.

'94'	1636	
- - - - -	- - - - -	
'95'	1857.00	
'96'	2275.00	
'97'	2595.00	
'98'	3025.00	
'94'	-1	30.00
'95'	17.00	63.00
'96'	32.00	79.00
'97'	36.00	91.00
'98'	-8	123.00

For information concerning sales, net income and EBITDA before recapitalization costs for 1994, see Notes 1 and 7 to "Selected Historical Consolidated Financial Data." EBITDA before recapitalization costs is presented since management believes that such information is considered by some investors to be a non-GAAP alternative basis for evaluating WESCO's ability to pay interest and repay debt.

We generate a significant amount of cash flow and require low capital investment to maintain our business. This significant cash flow is available to be used to enhance stockholder value by making acquisitions, reducing debt or repurchasing common stock.

Our key management personnel are both operators and owners, many of whom have purchased significant equity positions over the past five years. Prior to the offering, over 220 of our executives and managers collectively held over 32% of our common stock on a fully diluted basis. None of our executives and managers will sell any shares of common stock in the offering. Our stock ownership and other incentive programs have closely aligned the interests of our managers with those of our stockholders.

#### OUR BUSINESS STRATEGY

Our objective is to be the leading distributor of electrical products and other MRO supplies and the leading provider of value-added related services to companies in North America and selected international markets. In achieving this leadership position, our goal is to grow earnings at a faster rate than sales by focusing on continuous productivity improvement. Our growth strategy leverages our existing strengths and focuses on developing new initiatives and programs to:

- enhance our leadership position in electrical distribution;
- grow national programs;
- extend our leadership position in integrated supply;
- gain share in key local markets;
- actively pursue strategic acquisitions;
- leverage our e-commerce and information system capabilities;
- continue to improve profit margins; and
- expand our international operations.

#### OWNERSHIP

Upon completion of this offering, management will own approximately 29% of our common stock on a fully diluted basis. The Cypress Group L.L.C. ("Cypress") will own approximately 35% of our common stock on a fully diluted basis. None of management, Cypress or its affiliates will sell any shares in the offering. Three of the seven members of our Board of Directors are affiliated with Cypress.

Cypress is a private equity firm which currently manages over \$3 billion of equity capital on behalf of major public and private pension funds, university endowments, trusts and other leading financial institutions. Cypress seeks to invest alongside experienced executives in growth businesses to achieve long-term capital appreciation. The Cypress professionals have successfully employed this strategy in numerous other investments such as Infinity Broadcasting Corporation, Lear Corporation, R.P. Scherer Corporation, Cinemark USA, Inc., Williams Scotsman, Inc. and Frank's Nursery & Crafts, Inc.

#### RISK FACTORS

See the section of this prospectus entitled "Risk Factors" for a discussion of factors that you should consider before investing in the common stock offered in this prospectus. These risk factors include competition, our substantial debt and related restrictions, growth strategy, our product supply, the importance of our information systems, our year 2000 compliance, our foreign operations, the significant influence of our controlling stockholders, the possible volatility in the price of our common stock, shares eligible for future sale, and anti-takeover provisions in our corporate documents.

## THE OFFERING

## Common stock offered by WESCO:

U.S. offering.....	7,780,000 shares
International offering.....	1,945,000 shares
	-----
Total.....	9,725,000 (1)

Common stock outstanding after the offering..... 46,510,614 shares (2)

Use of Proceeds..... We intend to use net proceeds of \$163.0 million from this offering to retire all of the outstanding 11 1/8% senior discount notes due 2008, and to repay all or a portion of the existing revolving credit facility and term loans under our credit facilities. Pending application of the net proceeds to repay the senior discount notes, we intend to borrow additional funds under our delayed draw term loan facility to further reduce existing indebtedness. See "Use of Proceeds."

NYSE Symbol..... WCC

(1) Excludes shares that may be sold upon the exercise of the underwriters' over-allotment option.

(2) Based on 34,774,503 shares outstanding as of April 1, 1999, after giving effect to the 57.8 to one stock split in the form of a stock dividend and the conversion of certain outstanding notes in an aggregate principal amount of \$36.2 million into 2,011,111 shares of common stock at the offering price. Currently, we also have authorized and issued Class B (non-voting) common stock, which is identical to the common stock except that it has no voting rights other than as required by law. The common stock to be outstanding after this offering also reflects the possible future conversion of outstanding shares of Class B common stock, at any time at the option of the holders, on a share for share basis into common stock and the termination concurrent with this offering of the rights of certain employee holders of common stock to require us under certain limited circumstances to repurchase all of their shares. See "Description of Capital Stock."

## SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth summary historical consolidated financial data of WESCO as of and for the four years ended December 31, 1998, which have been derived from WESCO's audited financial statements. Our business was part of Westinghouse for the first two months of 1994. The results of operations and financial data for that period have been combined with the results of WESCO for the ten months ended December 31, 1994. For information concerning the period ended December 31, 1994, see Note 1 to the "Selected Historical Consolidated Financial Data."

The following table also presents certain summary unaudited pro forma financial data of WESCO as of and for the year ended December 31, 1998, which have been derived from the "Unaudited Pro Forma Financial Information" and related notes included elsewhere in this prospectus. The summary unaudited pro forma income statement data give effect to the recapitalization, the acquisition of Bruckner and the offering as if they had occurred as of January 1, 1998. The summary unaudited pro forma balance sheet data give effect to the offering as if it occurred as of December 31, 1998. The summary unaudited pro forma financial data are provided for informational purposes only and do not purport to be indicative of the results that would have actually been obtained had the recapitalization, the acquisition of Bruckner and the offering been completed on the dates indicated or that may be expected to occur in the future. Pro forma results of the other acquisitions completed in 1998 are not included as they would not be materially different from the consolidated results presented.

EBITDA before recapitalization costs represents income from operations plus depreciation, amortization and recapitalization costs. EBITDA before recapitalization costs is presented since management believes that such information is considered by certain investors to be an additional basis for evaluating WESCO's ability to pay interest and repay debt. EBITDA before recapitalization costs should not be considered an alternative to measures of operating performance as determined in accordance with generally accepted accounting principles or as a measure of WESCO's operating results and cash flows or as a measure of WESCO's liquidity. Since EBITDA before recapitalization costs is not calculated identically by all companies, this presentation may not be comparable to other similarly titled measures of other companies. Adjusted working capital is defined as trade accounts receivable plus inventory less accounts payable. Redeemable common stock is described in Note 11 to the Consolidated Financial Statements. Under certain limited circumstances, the holders of redeemable common stock have the right to require us to repurchase all of the redeemable shares and the exercisable portion of the options. These repurchase rights terminate upon consummation of the offering. The redemption value of the shares and exercisable portion of the options at December 31, 1998 was approximately \$130.3 million.

The summary historical and pro forma financial data should be read in conjunction with, and are qualified in their entirety by, the historical consolidated financial statements of WESCO and the notes thereto, "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Unaudited Pro Forma Financial Information," contained elsewhere in this prospectus.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA  
(IN MILLIONS, EXCEPT SHARE DATA)

	YEAR ENDED DECEMBER 31,					
	1994	1995	1996	1997	1998	1998 (PRO FORMA)
<b>INCOME STATEMENT DATA:</b>						
Sales, net.....	\$1,635.8	\$ 1,857.0	\$ 2,274.6	\$ 2,594.8	\$ 3,025.4	\$ 3,205.3
Gross profit.....	262.5	321.0	405.0	463.9	537.6	556.4
Selling, general and administrative expenses.....	232.6	258.0	326.0	372.5	415.0	421.8
Depreciation and amortization.....	8.7	7.3	10.8	11.3	14.8	16.8
Recapitalization costs.....	--	--	--	--	51.8(1)	51.8(1)
Income from operations.....	21.2	55.7	68.2	80.1	56.0	66.0
Interest expense, net.....	20.0	15.8	17.4	20.1	45.1	40.7
Other expense.....	--	--	--	--	10.1(2)	15.3(2)
Income before income taxes.....	1.2	39.9	50.8	60.0	0.8	10.0
Provision for income taxes.....	1.7	14.8	18.3	23.8	8.5(3)	12.1(3)
Income (loss) before extraordinary charge, net of taxes.....	(0.5)	25.1	32.5	36.2	(7.7)	(2.1)
Extraordinary charge, net of applicable taxes.....	--	8.1(4)	--	--	--	--
Net income (loss).....	\$ (0.5)	\$ 17.0	\$ 32.5	\$ 36.2	\$ (7.7)(1)	\$ (2.1)(1)
<b>Earnings (loss) per common share (5),(6)</b>						
Basic before extraordinary charge, net of taxes.....	--	\$ 0.43	\$ 0.55	\$ 0.61	\$ (0.17)(1)	\$ (0.05)(1)
Basic.....	--	0.29	0.55	0.61	(0.17)	(0.05)
Diluted before extraordinary charge, net of taxes.....	--	0.41	0.51	0.55	(0.17)	(0.05)
Diluted.....	--	0.28	0.51	0.55	(0.17)	(0.05)
<b>Weighted average common shares outstanding</b>						
Basic.....	--	57,842,483	58,680,756	59,030,100	45,051,632	45,982,139
Diluted.....	--	60,883,283	63,670,919	66,679,063	45,051,632	45,982,139
<b>OTHER FINANCIAL DATA:</b>						
EBITDA before recapitalization costs....	\$ 29.9	\$ 63.0	\$ 79.0	\$ 91.4	\$ 122.6	\$ 134.6
Capital expenditures.....	--	6.5	9.3	11.6	10.7	--
Net cash provided by (used for) operating activities.....	--	25.7	15.1	(12.0)	276.9	--
Net cash provided by (used for) investing activities.....	--	(12.0)	(110.9)	(21.5)	(184.1)	--
Net cash provided by (used for) financing activities.....	--	(9.8)	87.2	41.1	(92.3)	--
<b>BALANCE SHEET DATA:</b>						
Adjusted working capital.....	\$ 196.5	\$ 222.5	\$ 291.6	\$ 338.8	\$ 146.7(7)	\$ 146.7(7)
Total assets.....	533.7	581.3	773.5	870.9	950.5	951.1
Total long-term debt (including current portion).....	180.6	177.9	262.2	295.2	595.8	407.5
Redeemable common stock.....	5.5	7.7	8.9	9.0	21.5	--
Stockholders' equity (deficit).....	99.5	116.4	148.7	184.5	(142.6)	68.4
<b>OTHER DATA:</b>						
Sales growth.....		13.5%	22.5%	14.1%	16.6%	23.5%
Growth of EBITDA before recapitalization costs.....		110.7%	25.4%	15.6%	34.1%	47.3%



- 
- (1) Reflects a one-time charge related to the recapitalization, and primarily includes noncapitalized financing expenses, professional and legal fees and management compensation costs. Excluding the effects of this charge, net income would have been \$30.6 million and diluted earnings per share would have been \$0.59 and pro forma net income would have been \$36.2 million and pro forma diluted earnings per share would have been \$0.73.
  - (2) Represents costs relating to the sale of accounts receivable pursuant to the receivables facility.
  - (3) Certain nondeductible recapitalization costs and other permanent differences significantly exceeded income before income taxes and resulted in an unusually high provision for income taxes.
  - (4) Represents a charge, net of taxes, relating to the writeoff of unamortized debt issuance and other costs associated with the early extinguishment of debt.
  - (5) For the year ended December 31, 1998, \$1.3 million of interest on convertible debt and 6,630,180 common share equivalents on a historical basis and \$0.1 million of interest on convertible debt and 3,344,672 common share equivalents on a pro forma basis have not been included, since the impact was anti-dilutive.
  - (6) Reflects a 57.8 to one stock split effected in the form of a stock dividend of WESCO's common stock approved by the board of directors on April 11, 1999 to be effective prior to consummation of the offering.
  - (7) Excludes \$274.2 million of accounts receivable pursuant to the sale in 1998 of such receivables in connection with the receivables facility.

## RISK FACTORS

You should carefully consider the following factors and other information contained in this prospectus in evaluating our business before deciding to invest in the shares of our common stock.

## AN INCREASE IN COMPETITION COULD DECREASE SALES OR EARNINGS

The distribution industry for electrical products and other industrial MRO supplies and services is very competitive. Competition is primarily focused on the local service area. We compete directly with national and regional broad-based companies, niche companies carrying only specialized products, and small, local companies with one or a few locations. Another source of competition in this industry is 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 we do. 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, thereby adversely affecting financial results.

## OUR SUBSTANTIAL AMOUNT OF DEBT COULD LIMIT OUR GROWTH AND IMPOSES RESTRICTIONS ON OUR BUSINESS

We have incurred substantial indebtedness. Our level of debt could adversely affect the interests of our stockholders, for example, by limiting our ability to:

- use operating cash flow in other areas of our business since we must dedicate a substantial portion of these funds to pay interest and retire debt;
- obtain additional financing to fund our growth strategy, capital expenditures and other purposes; and
- react to changing market conditions and economic downturns.

Before giving effect to this offering, we had \$595.8 million of indebtedness as of December 31, 1998, and on a pro forma basis after giving effect to the use of net proceeds in this offering, we would have had \$407.5 million of indebtedness. We may incur additional indebtedness in the future to fund our growth strategy and for general corporate purposes, subject to certain limitations contained in the instruments governing our indebtedness.

Our debt agreements contain numerous financial and operating covenants that limit our discretion with respect to certain business matters. These covenants place significant restrictions on, among other things:

- our ability to incur additional indebtedness;
- to pay dividends and other distributions;
- to repay our obligations; and
- to merge or consolidate with other entities.

## SUCCESS OF OUR GROWTH STRATEGY MAY BE LIMITED BY THE AVAILABILITY OF APPROPRIATE ACQUISITIONS AND OUR ABILITY TO INTEGRATE ACQUIRED BUSINESSES INTO OURS

A principal component of our strategy is to continue to expand through additional acquisitions that complement our operations in new or existing markets. Our acquisitions will involve risks, including the successful integration and management of acquired operations and personnel. The integration of acquired businesses may also lead to the loss of key employees of the acquired companies and diversion of management attention from ongoing business concerns. We may not be able to identify businesses that meet our strategic criteria and acquire them on satisfactory terms. We

also may not have access to sufficient capital to complete certain acquisitions. Future acquisitions may not prove advantageous and could have a material adverse effect on our operating results.

**LOSS OF KEY SUPPLIERS OR LACK OF PRODUCT AVAILABILITY COULD DECREASE SALES AND EARNINGS**

Most of our agreements with suppliers are generally terminable by either party on no more than 60 days notice. Our ten largest suppliers in 1998 accounted for approximately 38% of our purchases for the period. Our largest supplier was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 15% 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. In addition, 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. An interruption of operations at any of our five distribution centers could have a material adverse effect on the operations of branches served by the affected distribution center. Furthermore, we cannot assure that particular products, or product lines, will be available to us, or available in quantities sufficient to meet customer demand. This limited product access could put us at a competitive disadvantage.

**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 SYSTEMS MAY NOT BE YEAR 2000 COMPLIANT AND COULD CAUSE A TEMPORARY DISRUPTION OF OUR BUSINESS OPERATIONS RESULTING IN INCREASED EXPENSES, DECREASED SALES OR REDUCED EARNINGS**

The Year 2000 issue concerns the ability of automated applications to process date-dependent processes, calculations, and information by properly interpreting the year. With respect to WESCO, the Year 2000 issue may potentially impact business-critical computerized applications related to, among others, customer sales, service and invoicing, purchasing, inventory management, payroll, financing, and financial accounting and reporting. In addition, other non business-critical systems and services may also be affected.

Year 2000 compliance has already been achieved in many systems. Other systems and processes critical to our business which are not Year 2000 compliant are either being replaced or corrected through program changes, application upgrades or replacement. We expect to have substantially completed required remediation efforts by July 1999. Our project team is also developing or enhancing contingency plans to minimize the potential adverse effect the Year 2000 issue could have on WESCO in the event business-critical systems and processes fail to be compliant.

**OUR FOREIGN OPERATIONS ARE SUBJECT TO POLITICAL AND ECONOMIC RISKS AND MAY BE ADVERSELY AFFECTED BY FOREIGN CURRENCY FLUCTUATIONS**

Although only 1% of our sales are presently realized outside of the United States and Canada, we believe substantial opportunities exist for us in other international markets. As our business activities increase in these markets, economic and political conditions of each local market may adversely affect our results of operations, cash flows and financial condition. Our results of operations and the value of our foreign assets are affected by fluctuations in foreign currency exchange rates, new and different legal, tax, accounting and regulatory requirements.

OUR CONTROLLING STOCKHOLDERS WILL OWN APPROXIMATELY 42% OF OUR COMMON STOCK AND CAN EXERCISE SIGNIFICANT INFLUENCE OVER OUR AFFAIRS

After the offering, approximately 42% of the issued and outstanding shares of common stock will be held by Cypress and its affiliates. Accordingly, Cypress and its affiliates can exercise significant influence over our affairs, including the election of our directors, appointment of our management and approval of actions requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and approval of mergers or sales of substantially all of our assets. The voting power of these stockholders under certain circumstances could have the effect of delaying or preventing a change in control of WESCO.

OUR COMMON STOCK HAS NEVER BEEN PUBLICLY TRADED AND THE PRICE OF OUR COMMON STOCK MAY FLUCTUATE SIGNIFICANTLY

Prior to this offering, there has been no public market for our common stock. Our common stock has been approved for listing on the NYSE, subject to notice of issuance, under the symbol "WCC". We do not know how the common stock will trade in the future. We determined the initial public offering price through negotiations with the underwriters. You may not be able to resell your shares at or above the initial offering price because the market price for shares of our common stock may fluctuate based on a number of factors including:

- our operating performance and the performance of other similar companies;
- news announcements relating to us, our industry or our competitors;
- changes in earnings estimates or recommendations by research analysts;
- changes in general economic conditions;
- other developments affecting us, our industry, or our competitors; and
- the stock market has experienced significant price and volume fluctuations in recent years, which are often unrelated to the operating performance of specific companies.

A SUBSTANTIAL NUMBER OF SHARES WILL BE ELIGIBLE FOR FUTURE SALE BY OUR CURRENT STOCKHOLDERS, AND THE SALE OF THOSE SHARES COULD ADVERSELY AFFECT OUR STOCK PRICE

Upon completion of the offering, our current stockholders and holders of options to acquire common stock, including our executive officers and directors and their affiliates, will beneficially own approximately 79.1% of the outstanding shares of our common stock (76.7%, if the underwriters' over-allotment option is exercised in full) and the rights to purchase an additional 2.4% of our outstanding common stock through the exercise of currently exercisable options. After expiration of a 180-day "lock-up" period, these holders will in general be entitled to dispose of their shares. Sales of substantial amounts of our common stock, or the perception that such sales could occur at the expiration of such 180 day period, may materially adversely affect the prevailing market price of our common stock from time to time.

PROVISIONS IN OUR CORPORATE DOCUMENTS COULD DELAY OR PREVENT A CHANGE IN CONTROL OF OUR COMPANY

Our certificate of incorporation and bylaws contain several provisions which may have anti-takeover effects and may discourage, delay or prevent a takeover attempt that a stockholder might consider in his best interest. These provisions include the requirements that:

- our board of directors will be classified into three classes with staggered terms; and
- our board of directors will have the authority to authorize the issuance of preferred stock, which could adversely affect the voting and other rights of the holders of our common stock.

## THIS PROSPECTUS CONTAINS FORWARD-LOOKING INFORMATION

This prospectus contains forward-looking statements regarding our business. When used in this prospectus, the words "anticipates," "plans," "believes," "estimates," "intends," "expects," "projects" and similar 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, 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, certain 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. Factors that might cause actual results to differ from such forward-looking statements include, but are not limited to, those discussed in "Risk Factors."

## USE OF PROCEEDS

Based on an assumed initial public offering price of \$18.00 per share (the midpoint of the estimated range of initial public offering prices), we will receive approximately \$163.0 million from the sale of shares of common stock in the offering after deduction of estimated underwriting discounts and commissions and estimated expenses (approximately \$187.6 million if the underwriters' over-allotment option is exercised in full). We intend to use net proceeds of approximately \$60.0 million from the offering to retire all of the outstanding 11 1/8% senior discount notes due 2008 (of which approximately \$54.0 million will be applied to the principal amount of such notes and approximately \$6.0 million will be applied to a prepayment premium), and the balance to repay all or a portion of the existing revolving credit facility and term loans under the credit facilities. Pending application of the net proceeds from the offering to repay the senior discount notes, we plan to borrow approximately \$60.0 million in funds under the delayed draw term loan facility to further reduce outstanding indebtedness under the credit facilities.

The senior discount notes were sold at a discount resulting in a yield to maturity of 11.175% per annum and will mature on June 1, 2008. As of December 31, 1998, the interest rate on borrowings under the revolving credit facility was 8.3% per annum, the interest rate on the Tranche A term loan was 7.6% per annum, and the interest rate on the Tranche B term loan was 7.8% per annum. The revolving credit facility matures on June 5, 2004. The Tranche A term loan matures on June 5, 2004, and the Tranche B term loan matures on June 5, 2006. WESCO used the proceeds of the revolving credit facility for general corporate purposes. WESCO used the proceeds of the term loans and the proceeds of the issuance of senior discount notes to pay certain fees and expenses and to repay certain indebtedness in connection with the recapitalization. See Note 9 to Consolidated Financial Statements.

## DIVIDEND POLICY

We have not paid or declared any dividends on our capital stock since our inception. We anticipate that, following the completion of the offering, earnings will be retained to support the growth of our business and will not be distributed to stockholders as dividends. The declaration and payment of any future dividends and the amount thereof will be determined by our board of directors and will depend upon our results of operations, financial condition, cash requirements, future prospects, limitations imposed by credit and debt agreements and other factors deemed relevant by our board of directors. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

Pursuant to our credit and debt agreements, we may not declare or make, or agree to declare or make, directly or indirectly, any dividends, except that we may declare and pay dividends with respect to our capital stock payable solely in additional shares of our common stock or options, warrants or other rights to purchase our common stock. For further information concerning dividend restrictions, see Note 9 to the Consolidated Financial Statements.

## CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 31, 1998. Our capitalization is presented on an actual basis and on a pro forma basis. The pro forma presentation gives effect to:

- our sale of 9,725,000 shares of common stock in the offering at an assumed initial public offering price of \$18.00 per share (the midpoint of the estimated range of initial public offering prices) after deducting estimated underwriting discounts and commissions and estimated offering expenses and the anticipated application of the net proceeds from the offering and, pending application of such proceeds, borrowings under the delayed draw term facility to further reduce existing debt; and
- the conversion of certain outstanding notes in the aggregate principal amount of \$36.2 million and the termination of certain employees' rights to require WESCO to repurchase outstanding redeemable common stock.

	DECEMBER 31, 1998	
	ACTUAL	PRO FORMA AS ADJUSTED(1)
	(DOLLARS IN MILLIONS)	
Cash and cash equivalents.....	\$ 8.1	\$ 8.1
	=====	=====
Total debt:		
Credit facilities:		
Revolving facility.....	\$ 42.4	\$ --
Delayed draw term facility.....	--	59.8
Term loans.....	169.5	49.5
Senior subordinated notes.....	289.2	289.2
Senior discount notes.....	52.1	--
Other debt.....	42.6	9.0
	-----	-----
Total debt.....	595.8	407.5
Redeemable common stock, 4,901,902 shares issued and outstanding; as adjusted, none.....	21.5	--
Stockholders' Equity:		
Preferred stock: \$.01 par value, none; as adjusted, 20,000,000 shares authorized, no shares issued and outstanding.....	--	--
Common stock:		
Common stock, \$.01 par value, 210,000,000 shares authorized, 25,209,817 shares issued and outstanding; as adjusted, 41,847,830 shares issued and outstanding.....	0.3	0.4
Class B common stock (non-voting), \$.01 par value, 20,000,000 shares authorized, 4,653,131 shares issued and outstanding; as adjusted, 4,653,131 shares issued and outstanding.....	--	--
Additional capital.....	326.7	544.7
Retained earnings (deficit).....	(468.2)(2)	(475.3)(2)
Accumulated other comprehensive income (loss).....	(1.4)	(1.4)
	-----	-----
Total stockholders' equity (deficit).....	(142.6)	68.4
	-----	-----
Total capitalization.....	\$ 474.7	\$ 475.9
	=====	=====

(1) See "Unaudited Pro Forma Financial Information."

(2) Reflects the effects of the recapitalization. See Note 3 to the Consolidated Financial Statements.

## DILUTION

Our pro forma deficit in consolidated net tangible book value as of December 31, 1998 was \$(347.4) million or \$(9.45) per share of our common stock. Pro forma deficit in consolidated net tangible book value per share represents the excess of total liabilities over total tangible assets adjusted for the conversion of certain outstanding notes in the aggregate principal amount of \$36.2 million and the termination of certain employees' rights to require WESCO to repurchase outstanding redeemable common stock divided by the adjusted number of shares of common stock outstanding. After giving effect to the sale of the shares of our common stock in the offering (at an assumed initial offering price of \$18.00 per share) and after deducting anticipated offering expenses and underwriting discounts and commissions, our adjusted pro forma deficit in consolidated net tangible book value as of December 31, 1998 would have been \$(184.4) million or \$(3.97) per share, representing an immediate \$21.97 per share dilution to new investors purchasing shares at the initial public offering price. The following table illustrates such per share dilution.

Assumed initial public offering price per share.....	\$ 18.00
Pro forma deficit in consolidated net tangible book value per share as of	
December 31, 1998.....	\$ (9.45)
Increase per share attributable to new investors.....	5.48
	-----
Deficit in consolidated net tangible book value per share after the offering.....	(3.97)
	-----
Dilution per share to new investors.....	\$ 21.97
	=====

The following table sets forth, on a pro forma basis as of December 31, 1998, the number of shares of common stock purchased from WESCO, the total consideration paid and the average price per share paid by existing stockholders and by new investors (assuming the sale by WESCO of 9,725,000 shares in the offering at an assumed initial public offering price of \$18.00 per share), before deduction of underwriting discounts and commissions and offering expenses (dollars in thousands):

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT AFTER OFFERING	AMOUNT	PERCENT AFTER OFFERING	
Existing stockholders(1).....	36,775,961	79.1%	\$376,280	68.2%	\$10.23
New investors.....	9,725,000	20.9	175,050	31.8	18.00
	-----	-----	-----	-----	-----
Total.....	46,500,961	100.0%	\$551,330	100.0%	
	=====	=====	=====	=====	

(1) Includes shares issuable upon the conversion of certain outstanding notes in the aggregate principal amount of \$36.2 million.

The foregoing tables assume no exercise of any outstanding stock options or the underwriters' over-allotment options. As of December 31, 1998, there were outstanding exercisable options to purchase 5,133,912 shares of common stock at a weighted average exercise price of approximately \$2.05 per share. To the extent that the outstanding exercisable options are exercised, the percent of shares held by new investors would be 18.8% after the option exercises compared to 20.9% prior to the option exercises, and the dilution to new investors would be \$20.73 per share after the option exercises compared to \$21.97 per share prior to the option exercises.



## UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information of WESCO has been prepared to give effect to the acquisition of Bruckner, the recapitalization, the offering and borrowings under the delayed draw term facility. We treated the recapitalization as a leveraged recapitalization for financial reporting purposes; accordingly, the historical basis of our assets and liabilities was not affected by the transaction. For a discussion of the recapitalization, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Recent Developments."

The pro forma adjustments presented are based upon available information and include certain assumptions and adjustments that we believe are reasonable under the circumstances. These adjustments are directly attributable to the transactions referenced above and are expected to have a continuing impact on our business, results of operations and financial condition. Our historical condensed consolidated balance sheet as of December 31, 1998 and the statement of operations for the year ended December 31, 1998 were derived from our Consolidated Financial Statements included elsewhere herein.

Our unaudited pro forma condensed consolidated balance sheet gives effect to the offering as if it had occurred on December 31, 1998. Our unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 1998 gives effect to the acquisition of Bruckner, the recapitalization and the offering as if they occurred on January 1, 1998.

The historical financial data of Bruckner for the period January 1, 1998 to September 11, 1998 (the acquisition date) was derived from its unaudited financial statements. The acquisition of Bruckner was accounted for using the purchase method of accounting pursuant to which the total purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. None of the acquisitions described in the prospectus, excluding Bruckner, met the individual or aggregate criteria outlined by the SEC's significant subsidiary test.

The unaudited pro forma financial information and related notes thereto are provided for informational purposes only. They do not necessarily reflect our results of operations or financial condition that would have actually resulted had the events referred to above or in the notes to the unaudited pro forma financial information been consummated. In addition, the unaudited pro forma financial information is not intended to project our financial condition or results of operations for any future period and does not necessarily reflect the effect of an extraordinary charge of \$11.7 million expected to result from the offering related to the early extinguishment of outstanding 11 1/8% senior discount notes and a portion of the credit facilities.

WESCO INTERNATIONAL, INC.  
 UNAUDITED PRO FORMA CONDENSED  
 CONSOLIDATED BALANCE SHEET  
 (DOLLARS IN THOUSANDS)

AS OF DECEMBER 31, 1998

	WESCO HISTORICAL -----	OFFERING ADJUSTMENTS -----	WESCO AS ADJUSTED -----
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 8,093		\$ 8,093
Trade accounts receivable.....	181,511		181,511
Other accounts receivable.....	22,265		22,265
Inventories.....	343,764		343,764
Other current assets.....	26,438	\$ 4,547(1)	30,985
	-----	-----	-----
Total current assets.....	582,071	4,547	586,618
Property, buildings and equipment, net.....	107,596		107,596
Goodwill, net of accumulated amortization.....	234,049		234,049
Other assets.....	26,806	(3,962)(2)	22,844
	-----	-----	-----
Total assets.....	\$ 950,522	\$ 585	\$951,107
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Accounts payable.....	\$ 378,590		\$378,590
Accrued payroll and benefit costs.....	19,614		19,614
Current portion long-term debt.....	16,592	\$ (6,200)(3)	10,392
Other current liabilities.....	51,671	(539)(4)	51,132
	-----	-----	-----
Total current liabilities.....	466,467	(6,739)	459,728
Long-term debt.....	579,238	(182,097)(3)	397,141
Other noncurrent liabilities.....	7,040		7,040
Deferred income taxes.....	18,832		18,832
	-----	-----	-----
Total liabilities.....	1,071,577	(188,836)	882,741
Redeemable common stock.....	21,506	(21,506)(5)	--
Stockholders' equity.....	(142,561)	210,927(6)	68,366
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$ 950,522	\$ 585	\$951,107
	=====	=====	=====

See notes to unaudited pro forma condensed consolidated balance sheet

WESCO INTERNATIONAL, INC.  
 NOTES TO UNAUDITED PRO FORMA CONDENSED  
 CONSOLIDATED BALANCE SHEET  
 (DOLLARS IN THOUSANDS)

- (1) Reflects the tax benefit associated with an extraordinary loss on the early extinguishment of debt discussed in footnote (3) below of \$11,658 (before tax benefit of \$4,547) at an assumed rate of 39%.
- (2) Reflects the write-off of deferred financing costs in connection with the repayment of debt discussed in footnote (3) below.
- (3) Reflects adjustments relating to long-term debt as follows:

Borrowings under the delayed draw term facility.....	\$ 60,261
Repayment of senior discount notes (net of unamortized purchase discount of \$1,645).....	(52,565)
Repayment of Tranche A term loan.....	(30,511)
Repayment of Tranche B term loan (including \$500 current portion).....	(89,500)
Repayment of revolving credit facility.....	(42,450)
Conversion of acquisition notes (including \$5,700 current portion).....	(33,532)
	-----
	\$(188,297)
	=====

The assumed conversion of the acquisition notes results from requirements of three notes for automatic conversion upon the offering and anticipated firm commitment from one noteholder as to their intent to convert at the assumed offering price.

- (4) Reflects payment of accrued interest associated with extinguished indebtedness.
- (5) Reflects the termination of certain employees' rights to require WESCO to repurchase the redeemable common stock.
- (6) Reflects adjustments relating to stockholders' equity as follows:

Net proceeds from the offering.....	\$163,000
Termination of redemption feature.....	21,506
Conversion of acquisition notes.....	33,532
Extraordinary charge, net of tax benefit of \$4,547.....	(7,111)
	-----
	\$210,927
	=====

The proceeds from the offering have been assumed since the transaction reflects an underwritten offering and the underwriters have a firm commitment to purchase all of the offered securities.

WESCO INTERNATIONAL, INC.  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED  
STATEMENT OF OPERATIONS

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

FOR THE YEAR ENDED DECEMBER 31, 1998

	WESCO HISTORICAL	BRUCKNER HISTORICAL(1)	BRUCKNER PRO FORMA ADJUSTMENTS	RECAPITALIZATION ADJUSTMENTS	WESCO PRO FORMA	OFFERING ADJUSTMENTS	WESCO AS ADJUSTED
	-----	-----	-----	-----	-----	-----	-----
Sales, net.....	\$3,025,439	\$179,894			\$3,205,333		\$3,205,333
Cost of goods sold....	2,487,780	161,218			2,648,998		2,648,998
	-----	-----			-----		-----
Gross profit.....	537,659	18,676			556,335		556,335
Selling, general and administrative expenses.....	415,028	6,792		\$ (67)(5)	421,753		421,753
Depreciation and amortization.....	14,805	77	\$ 1,899(2)		16,781		16,781
Recapitalization costs (9).....	51,800				51,800		51,800
	-----	-----	-----	-----	-----	-----	-----
Income (loss) from operations.....	56,026	11,807	(1,899)	67	66,001		66,001
Interest expense, net.....	45,121		2,575(3)	9,696(6)	57,392	\$(16,446)(8)	40,946
Other income.....		(264)			(264)		(264)
Other expenses.....	10,122			5,168(7)	15,290		15,290
	-----	-----	-----	-----	-----	-----	-----
Income (loss) before income taxes.....	783	12,071	(4,474)	(14,797)	(6,417)	16,446	10,029
Provision (benefit) for income taxes....	8,519		2,963(4)	(5,771)(4)	5,711	6,414(4)	12,125
	-----	-----	-----	-----	-----	-----	-----
Income (loss) from continuing operations before extraordinary charge directly attributable to the offering (9).....	\$ (7,736)	\$ 12,071	\$ (7,437)	\$ (9,026)	\$ (12,128)	\$ 10,032	\$ (2,096)
	=====	=====	=====	=====	=====	=====	=====
Earnings (loss) per common share (11)							
Basic.....	\$ (0.17)						\$ (0.05)
	=====						=====
Diluted (9)(10).....	\$ (0.17)						\$ (0.05)
	=====						=====
Weighted average common shares used in computing basic earnings (loss) per share.....	45,051,632						45,982,139
	=====						=====
Weighted average common shares and common share equivalents used in computing diluted earnings (loss) per share.....	45,051,632						45,982,139
	=====						=====

See notes to unaudited pro forma condensed consolidated statement of operations

WESCO INTERNATIONAL, INC.  
 NOTES TO UNAUDITED PRO FORMA CONDENSED  
 CONSOLIDATED STATEMENT OF OPERATIONS

(DOLLARS IN THOUSANDS)

- (1) Reflects Bruckner historical financial data for the period January 1, 1998 to September 11, 1998 (the acquisition date). Certain reclassifications have been made to Bruckner's historical financial statements to conform to the presentation used by WESCO upon completion of the acquisition.
- (2) Reflects incremental amortization of goodwill resulting from the acquisition of Bruckner over an estimated period of 35 years.
- (3) Reflects incremental interest expense on new obligations related to the acquisition of Bruckner. The obligations consist of \$19,000 of new borrowings and a non-interest bearing convertible note due March 31, 2000 and discounted to a value of \$26,621 for financial reporting purposes (face value \$30,000). The assumed interest rate on the \$19,000 of new borrowings under WESCO's existing credit agreement was 8.3%. For purposes of this pro forma financial information, the original issue discount on the non-interest bearing convertible note is accreted on a straight-line basis (which approximates the effective interest method) over the period ending March 31, 2000. Assuming a 0.125 percentage point change in interest rates, interest expense would change by \$24 for the year ended December 31, 1998.
- (4) Reflects the income tax effect of converting Bruckner from a subchapter S corporation to a C corporation and the income tax effects of the pro forma adjustments at an assumed rate of 39%.
- (5) Reflects the elimination of non-recurring advisory, management consulting and monitoring fees paid to WESCO's investors prior to the recapitalization during the periods presented. Historical revenue and expenses would not have been materially changed without these services.
- (6) Reflects the incremental interest expense relating to the recapitalization assuming interest rates of 9 1/8% for the senior subordinated notes, 7.60% for the Tranche A term loan and 7.75% for the Tranche B term loan borrowings under a new credit agreement, and amortization of original issue and purchase discounts, as well as the incremental amortization expense resulting from the capitalization of transaction fees and expenses of \$10,570 related to the recapitalization. The amortization of debt issuance costs was \$1,355 for the year ended December 31, 1998. The senior discount notes were issued with an original issue discount of \$36,522. The original issue discount is being accreted over the period ending June 1, 2003. Assuming a 0.125 percentage point change in interest rates, interest expense would change by \$213 for the year ended December 31, 1998.
- (7) Reflects the incremental costs related to the sale of certain accounts receivable in connection with the recapitalization at an assumed discount rate of 6.19%.
- (8) Reflects adjustments to interest expense in connection with borrowings, repayments and conversions of debt associated with the offering as follows:

	AMORTIZATION ACCRETION OF DISCOUNTS	INTEREST EXPENSE	TOTAL
	-----	-----	-----
Senior discount notes, net.....	\$5,308		\$ 5,308
Revolving credit facility.....		\$3,131	3,131
Tranche A term loan.....		2,319	2,319
Tranche B term loan.....		6,975	6,975
Acquisition notes.....	2,175	503	2,678
Delayed draw term facility.....		(4,520)	(4,520)
	-----	-----	-----
	\$7,483	\$8,408	\$15,891
	=====	=====	=====

In addition, amortization of debt issuance costs totaling \$555 associated with the above debt were eliminated.

- (9) Includes a one-time charge primarily related to the noncapitalized financing expenses, professional and legal expenses and management compensation costs. Assuming such charges were not incurred, pro forma net income would have been \$36,204 and pro forma diluted earnings per share would have been \$0.73.
- (10) Excludes interest on convertible debt of \$1,266 and \$58 for Historical and As Adjusted, respectively, and 6,630,180 and 3,344,672 common share equivalents for Historical and As Adjusted, respectively, as the inclusion would be anti-dilutive.
- (11) Reflects a 57.8 to one stock split effected in the form of a stock dividend of WESCO's common stock approved by the board of directors on April 11, 1999 to be effective prior to the consummation of the offering.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected historical consolidated financial data of WESCO as of and for the four years ended December 31, 1998 which have been derived from audited financial statements. The period ended December 31, 1994 represents the combined financial data of our predecessor, Westinghouse Electric Supply Company, a division of Westinghouse, for the two months ended February 28, 1994 and of WESCO for the ten months ended December 31, 1994. The combined selected data do not purport to represent what WESCO's consolidated results of operations would have been if the acquisition had actually occurred on January 1, 1994. The selected historical consolidated financial data of WESCO as of December 31, 1997 and 1998 and for the three years ended December 31, 1998 have been derived from our consolidated financial statements included elsewhere herein, which have been audited by PricewaterhouseCoopers LLP. The selected historical consolidated financial data should be read in conjunction with, and is qualified in its entirety by, our historical consolidated financial statements and the accompanying notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

(DOLLARS IN MILLIONS, EXCEPT SHARE DATA)

	YEAR ENDED DECEMBER 31,				
	1994(1)	1995	1996	1997	1998
<b>INCOME STATEMENT DATA:</b>					
Sales, net.....	\$1,635.8	\$ 1,857.0	\$ 2,274.6	\$ 2,594.8	\$ 3,025.4
Gross profit.....	262.5	321.0	405.0	463.9	537.6
Selling, general and administrative expenses.....	232.6	258.0	326.0	372.5	415.0
Depreciation and amortization.....	8.7	7.3	10.8	11.3	14.8
Recapitalization costs.....	--	--	--	--	51.8(2)
Income from operations.....	21.2	55.7	68.2	80.1	56.0
Interest expense, net.....	20.0	15.8	17.4	20.1	45.1
Other expense.....	--	--	--	--	10.1(3)
Income before income taxes.....	1.2	39.9	50.8	60.0	0.8
Provision for income taxes.....	1.7	14.8	18.3	23.8	8.5(4)
Income (loss) before and extraordinary charge, net of taxes.....	(0.5)	25.1	32.5	36.2	(7.7)
Extraordinary charge, net of applicable taxes.....	--	8.1(5)	--	--	--
Net income (loss).....	\$ (0.5)	\$ 17.0	\$ 32.5	\$ 36.2	\$ (7.7)(2)
<b>Earnings (loss) per common share (6)</b>					
Basic before extraordinary charge, net of taxes.....	--	\$ 0.43	\$ 0.55	\$ 0.61	\$ (0.17)(2)
Basic.....	--	0.29	0.55	0.61	(0.17)
Diluted before extraordinary charge, net of taxes.....	--	0.41	0.51	0.55	(0.17)
Diluted.....	--	0.28	0.51	0.55	(0.17)
<b>Weighted average common shares outstanding</b>					
Basic.....	--	57,842,483	58,680,756	59,030,100	45,051,632
Diluted.....	--	60,883,283	63,670,919	66,679,063	45,051,632
<b>OTHER FINANCIAL DATA:</b>					
EBITDA before recapitalization costs (7).....	\$ 29.9	\$ 63.0	\$ 79.0	\$ 91.4	\$ 122.6
Capital expenditures.....	--	6.5	9.3	11.6	10.7
Net cash provided by (used for) operating activities.....	--	25.7	15.1	(12.0)	276.9
Net cash provided by (used for) investing activities.....	--	(12.0)	(110.9)	(21.5)	(184.1)
Net cash provided by (used for) financing activities.....	--	(9.8)	87.2	41.1	(92.3)
<b>BALANCE SHEET DATA:</b>					
Adjusted working capital (8).....	\$ 196.5	\$ 222.5	\$ 291.6	\$ 338.8	\$ 146.7(9)
Total assets.....	533.7	581.3	773.5	870.9	950.5
Total long-term debt (including current portion).....	180.6	177.9	262.2	295.2	595.8
Redeemable common stock (10).....	5.5	7.7	8.9	9.0	21.5
Stockholders' equity (deficit).....	99.5	116.4	148.7	184.5	(142.6)

- (1) Our business was part of Westinghouse for the first two months of 1994. The results of operations and financial data for that period are as follows:

	THE PREDECESSOR (i)	WESCO	
	TWO MONTHS ENDED FEBRUARY 28, 1994	TEN MONTHS ENDED DECEMBER 31, 1994	COMBINED YEAR ENDED DECEMBER 31, 1994(ii)
Sales, net.....	\$237.3	\$1,398.5	\$1,635.8
Gross profit.....	32.5	230.0	262.5
Selling, general and administrative expenses.....	34.9	197.7	232.6
Depreciation and amortization.....	1.2	7.5	8.7
Income (loss) from operations.....	(3.6)	24.8	21.2
Interest expense, net (iii).....	2.4	17.6	20.0
Income (loss) before income taxes.....	(6.0)	7.2	1.2
Provision (benefit) for income taxes (iv).....	(1.9)	3.6	1.7
Net income (loss).....	\$ (4.1)	\$ 3.6	\$ (0.5)
Other Financial Data:			
EBITDA before recapitalization costs....	\$ (2.4)	\$ 32.3	\$ 29.9
Net cash provided by operating activities.....	(11.5)	63.7	--
Net cash used for investing activities.....	0.1	(256.6)	--
Net cash provided by financing activities.....	11.9	197.5	--

- (i) Presents consolidated financial data of our predecessor, the Westinghouse Electric Supply Company, a division of Westinghouse, for the periods prior to WESCO's acquisition of substantially all of the assets and certain liabilities of our predecessor, effective February 28, 1994. Consolidated financial data of our predecessor have been derived from our predecessor's consolidated financial statements, which have been audited by our predecessor's accountants. The Commission, in Staff Accounting Bulletin Number 55 (SAB 55), requires that historical financial statements of a subsidiary, division or lesser business component of another entity include certain expenses incurred by the parent on its behalf. These expenses include officer and employee salaries; rent; depreciation; advertising; accounting and legal services; other selling, general and administrative expenses; and other such expenses. The financial statements of our predecessor include such adjustments, estimates or allocations as the management of our predecessor's parent company believed necessary to reflect these expenses. Because of such items, certain aspects of the consolidated results of operations for periods prior to the period beginning February 28, 1994 are not comparable with those for subsequent periods.
- (ii) Presents combined results of operations of our predecessor for the two months ended February 28, 1994 and of WESCO for ten months ended December 31, 1994. The combined operations data does not purport to represent what WESCO's consolidated results of operations would have been if the acquisition had actually occurred on January 1, 1994.
- (iii) Our predecessor received a charge from its parent company in the form of interest expense for the portion of the parent company investment that, for internal reporting purposes, represented debt. For the two months ended February 28, 1994, approximately 40% of the average parent company investment was considered to be debt for internal reporting purposes. The effective annual interest rates for all periods was approximately 10%. This



method of reporting interest expense for internal reporting purposes is not necessarily indicative of interest expense that would have been incurred had our predecessor operated as a separate stand-alone entity.

- (iv) Our predecessor's results of domestic operations were included in the consolidated U.S. federal income tax return of Westinghouse. The income tax expense and other tax-related information in our predecessor's consolidated financial statements were calculated as if our predecessor had not been eligible to be included in the consolidated tax returns of Westinghouse (i.e., on a "stand-alone" basis). The calculation of tax provisions and deferred taxes necessarily required certain assumptions, allocations and estimates that our predecessor's management believed were reasonable to accurately reflect the tax reporting for our predecessor as if a stand-alone taxpayer.
- (2) Reflects a one-time charge primarily related to noncapitalized financing expenses, professional and legal fees and management compensation costs. Reference is made to Note 1 to "Prospectus Summary -- Summary Historical and Pro Forma Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Results of Operations -- 1998 compared to 1997."
- (3) Represents costs relating to the sale of accounts receivable pursuant to the receivables facility.
- (4) Certain nondeductible recapitalization costs and other permanent differences significantly exceeded income before income taxes and resulted in an unusually high provision for income taxes.
- (5) Represents a charge, net of taxes, relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.
- (6) Reflects a 57.8 to one stock split effected in the form of a stock dividend of WESCO's common stock approved by the board of directors on April 11, 1999 to be effective prior to consummation of the offering. For a description of the calculation of basic and diluted earnings per common share, see Notes 2 and 13 to Consolidated Financial Statements included elsewhere in this prospectus. For the year ended December 31, 1998, \$1.3 million of the interest on convertible debt and 6,630,180 common share equivalents have not been included, since the impact was anti-dilutive.
- (7) EBITDA before recapitalization costs represents income from operations plus depreciation, amortization and recapitalization costs. EBITDA before recapitalization costs is presented since management believes that such information is considered by certain investors to be an additional basis for evaluating WESCO's ability to pay interest and repay debt. EBITDA before recapitalization costs should not be considered an alternative to measures of operating performance as determined in accordance with generally accepted accounting principles or as a measure of WESCO's operating results and cash flows or as a measure of WESCO's liquidity. Since EBITDA before recapitalization costs is not calculated identically by all companies, this presentation may not be comparable to other similarly titled measures of other companies.
- (8) Defined as trade accounts receivable plus inventories less accounts payable.
- (9) Excludes \$274.2 million of accounts receivable pursuant to the sale in 1998 of such receivables in connection with the receivables facility.
- (10) Represents redeemable common stock as described in Note 11 to Consolidated Financial Statements. Under certain limited circumstances, the holders thereof have the right to require us to repurchase all of the redeemable shares and the exercisable portion of the options. These repurchase rights terminate upon consummation of the offering. The redemption value of the shares and exercisable portion of the options at December 31, 1997 and 1998 was approximately \$68.6 million and \$130.3 million, respectively. See "Certain Relationships and Related Transactions -- Management Stockholders."

## FIRST QUARTER 1999 RESULTS

Net sales for the three months ended March 31, 1999 increased \$84.0 million, or 12.1%, to \$777.4 million compared with \$693.4 million for the first three months in 1998. Income from operations in the first three months of 1999 was \$23.9 million, an increase of \$3.7 million, or 18.6%, compared with \$20.2 million in the first three months of 1998. Net income and diluted earnings per share totalled \$2.9 million and \$0.08 per share, respectively, for the three months of 1999, compared with net income and diluted earnings per share of \$8.5 million and \$0.13 per share, respectively, for the first three months of 1998. The decrease in net income and diluted earnings per share in 1999 is primarily due to an increase in interest expense associated with higher debt levels as a result of the recapitalization and acquisitions.

EBITDA before recapitalization costs for the first three months of 1999 increased to \$28.4 million, or 22.9%, compared to \$23.1 million in the first three months of 1998.

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 and notes thereto included elsewhere in this prospectus.

GENERAL

WESCO is a leading distributor of electrical products and other industrial MRO supplies and the leading provider of value-added related services in North America. WESCO has over 330 branches and five distribution centers strategically located in 48 states, nine Canadian provinces, Puerto Rico, Guam, Mexico, the United Kingdom and Singapore. WESCO serves over 130,000 customers worldwide, offering over 1,000,000 products from over 23,000 suppliers. WESCO's 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. Approximately 90% of WESCO's net sales are generated from operations in the U.S., 9% from Canada and the remainder from other countries.

WESCO's sales can be categorized as stock, direct ship and special orders. Stock orders are filled directly from existing inventory and generally represent 40% to 50% of total sales. Approximately 35% to 45% of WESCO's 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. Gross profit margins on stock and special order sales are approximately 50% higher than those on direct ship sales. Although direct ship gross margins are lower, operating profit margins are often higher, since the product handling and fulfillment costs associated with direct shipments are much lower.

WESCO continues to emphasize a number of initiatives designed to improve its working capital performance, primarily in the area of inventory management. Such initiatives include:

- coordinating purchasing and inventory investment activities among groups of branches or "districts;"
- upgrading the automated stock replenishment programs used to supply branches from the distribution centers;
- negotiating improved inventory return and consignment arrangements with suppliers;
- increasing the use of preferred suppliers; and
- shortening lead times between order and delivery from suppliers.

WESCO has historically financed its acquisitions, new branch openings, working capital needs and capital expenditures through internally generated cash flow and borrowings under its credit facilities. During the initial phase of an acquisition or new branch opening, WESCO typically incurs expenses related to installing or converting information systems, training employees and other initial operating activities. With some acquisitions, WESCO may incur expenses in connection with the closure of any of its own redundant branches. Historically, the costs associated with opening new branches, and closing branches in connection with certain acquisitions, have not been material. WESCO has accounted for its acquisitions under the purchase method of accounting.

WESCO is the leading consolidator in its industry, having acquired 18 companies since August 1995 representing annual sales of over \$1.1 billion. Management distinguishes sales attributable to core operations separate from sales of acquired businesses. The distinction between sales from core

operations and from acquired businesses is based on WESCO's internal records and on management estimates where the integration of acquired businesses results in the closing or consolidation of branches.

#### RECENT DEVELOPMENTS

The recent results of operations and financial position of WESCO were affected by the following:

**Recapitalization.** On June 5, 1998, WESCO repurchased and retired all of its common stock, with the exception of certain shares held by members of management, for an aggregate consideration of approximately \$654 million and repaid approximately \$379 million of the then outstanding indebtedness. In connection with the transaction, WESCO also sold 89% of its common stock to an investor group led by affiliates of Cypress for an aggregate cash consideration of \$318 million, issued \$300 million of senior subordinated notes and approximately \$50 million of senior discount notes, borrowed \$170 million under a new credit facility and sold approximately \$250 million of accounts receivable as part of an off-balance sheet securitization transaction. Following the recapitalization, management's retained ownership interest amounted to 11% of the common stock.

**Acquisitions.** During 1998, WESCO completed six acquisitions with total annual sales exceeding \$600 million for an aggregate purchase price of \$250 million. The most significant acquisition, Bruckner, a provider of integrated supply procurement services for large industrial companies, was completed in September 1998. Bruckner had annual sales of approximately \$222 million in 1997. The purchase price paid at closing was \$99.1 million, consisting of \$72.5 million in cash and a convertible note discounted to a value of \$26.6 million.

#### RESULTS OF OPERATIONS

The following table sets forth the percentage relationship to net sales of certain items in WESCO's Consolidated Statements of Operations for the periods presented:

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
Sales, net.....	100.0%	100.0%	100.0%
Gross profit.....	17.8	17.9	17.8
Selling, general and administrative expenses.....	14.3	14.3	13.7
Depreciation and amortization.....	0.5	0.5	0.5
Recapitalization costs.....	--	--	1.7
Income from operations.....	3.0	3.1	1.9
Interest expense.....	0.8	0.8	1.6
Other expense.....	--	--	0.3
Income before income taxes.....	2.2	2.3	--
Income taxes.....	0.8	0.9	0.3
Net income (loss).....	1.4%	1.4%	(0.3)%

#### 1998 Compared to 1997

**Net Sales.** Sales in 1998 increased \$430.6 million, or 16.6%, to \$3,025.4 million compared with \$2,594.8 million for 1997. Sales from core operations increased approximately 4% with the balance of the sales increase coming from eight acquisitions since the beginning of 1997. The mix of direct shipment sales increased to approximately 42% in 1998 from 39% in 1997 as a result of the Bruckner acquisition. Substantially all of Bruckner's sales are direct shipment. Consistent with recent trends, branches with a high volume of sales to utility customers experienced somewhat higher levels of sales

growth. Also, the Canadian branches recorded sales growth of 4% in 1998 in Canadian currency and when translated to U.S. dollars, those sales declined 3%.

**Gross Profit.** Gross profit for the year ended December 31, 1998 increased \$73.7 million to \$537.6 million from \$463.9 million for 1997. Gross profit margin declined slightly to 17.8% in 1998 from 17.9% in 1997. This decrease resulted from a higher proportion of direct ship sales attributable to the Bruckner acquisition. Direct ship gross margins are lower than those of other sales; however, operating profit margins are often higher, since the product handling and fulfillment costs associated with direct shipments are much lower. Excluding the effects of the Bruckner acquisition, the 1998 gross profit margin increased to 18.1%. WESCO believes that this increase in gross margin is the result of numerous gross margin improvement initiatives.

**Selling, General and Administrative Expenses.** Selling, general and administrative ("SG&A") expenses increased \$42.5 million, or 11.4%, to \$415.0 million. The majority of this increase was associated with companies acquired during 1998; the remainder of the increase was associated with certain expenses that are variable in nature and increase when sales increase. As a percent of sales, SG&A expenses declined to 13.7% compared with 14.3% a year ago, reflecting cost containment initiatives in the core business representing a 0.4% decrease as a percent of sales, and the effects of a lower cost structure associated with the Bruckner acquisition.

**Depreciation and Amortization.** Depreciation and amortization increased \$3.5 million to \$14.8 million reflecting higher amortization of goodwill from acquisitions and increases in property, buildings and equipment over the prior year.

**Recapitalization Costs.** During 1998, WESCO completed the recapitalization and incurred one-time costs associated with this transaction amounting to \$51.8 million. These costs are related to noncapitalized financing expenses, professional and legal fees and management compensation costs.

**Interest and Other Expense.** Interest expense totaled \$45.1 million, an increase of \$25.0 million over 1997. The increase was primarily due to the higher levels of borrowings associated with acquisitions and the recapitalization. Other expense totaled \$10.1 million in 1998 reflecting costs associated with the accounts receivable securitization.

**Income Taxes.** Income tax expense totaled \$8.5 million in 1998 compared with \$23.8 million in 1997. In 1998 WESCO recorded \$51.8 million of costs associated with the recapitalization which contributed to income before taxes of \$0.8 million. Certain nondeductible recapitalization costs and other permanent differences significantly exceeded the \$0.8 million of income before taxes and resulted in an unusually high effective tax rate. The effective tax rate in 1997 was 39.6%.

**Net Income (Loss).** Net loss and diluted loss per share totaled \$7.7 million and \$(0.17) per share, respectively, for 1998, compared with net income and diluted earnings per share of \$36.2 million and \$0.55 per share, respectively, for 1997. The comparability of the results was affected by the one-time charge of \$51.8 million related to the recapitalization, the impact of the nondeductibility of a portion of these costs on taxes and an increase in interest expense associated with higher debt levels, as a result of the recapitalization and acquisitions. Excluding the recapitalization costs of \$51.8 million, net income for 1998 would have been approximately \$30.6 million.

#### 1997 Compared to 1996

**Net Sales.** Sales in 1997 increased \$320.2 million, or 14.1%, to \$2,594.8 million, compared with \$2,274.6 million for 1996. Sales from core operations increased approximately 7%. Within the U.S., the branches with a high volume of sales to utility customers experienced a somewhat higher level of sales growth. In addition to growth from core operations, the remaining sales increase resulted from the nine companies acquired since the beginning of 1996. Sales of product from stock rose 21%, as compared to the prior period, increasing the mix of stock sales three percentage points to 48% of total

sales. This was a result of several ongoing initiatives designed to increase stock sales, such as the continued emphasis on growing National Accounts sales, and, to a lesser extent, the impact of acquired company sales, which have tended to have a higher mix of stock sales. Direct ship sales rose 4% over the prior period. This sales increase was below that experienced by WESCO in other areas and was primarily due to the slower growth in the non-residential construction market for commercial and industrial projects, which constitutes the majority of direct ship sales.

**Gross Profit.** Gross profit in 1997 totaled \$463.9 million compared with \$405.0 million in 1996. The increase of \$58.9 million, or 14.5%, was due to higher sales volume in 1997 from both acquisitions and existing operations. Gross profit margin increased in the comparison to 17.9% from 17.8%. In 1996, gross profit of approximately \$9.3 million was recorded in connection with a one-time international construction project with a gross profit margin that was higher than WESCO's usual margins on similar projects due to the service requirements and risk considerations associated with the order. Excluding this project, gross profit margins would have been 17.9% and 17.6% in 1997 and 1996, respectively. The increase in gross profit margin was due to the increase in the mix of higher margin stock sales including sales associated with acquired companies.

**Selling, General and Administrative Expenses.** SG&A expenses increased \$46.5 million, or 14.3%, to \$372.5 million and was primarily attributable to companies acquired since the beginning of 1996. As a percent of net sales, SG&A expenses remained unchanged at 14.3%. Acquisitions with higher SG&A expense rates were partially offset by cost containment in WESCO's core business, as well as cost reductions in acquired companies.

**Interest and Other Expenses.** Interest expense increased by \$2.7 million in 1997 to \$20.1 million from \$17.4 million in the prior year. This increase is due to the higher levels of borrowings associated with acquisitions and increased working capital to support sales growth, partially offset by lower interest rates during 1997.

**Income Taxes.** The effective tax rate was 39.6% for 1997 compared to 36.1% for 1996. The increase in the effective tax rate was due to the reduction of a valuation allowance for deferred tax assets in 1995 and 1996, which had the effect of reducing the income tax rate during those periods. WESCO began its operations as a stand-alone entity in early 1994 with no history of generating taxable income. Accordingly, a valuation allowance was established for the net deferred tax assets that were generated during 1994. In 1995 and 1996, as WESCO subsequently demonstrated an ability to utilize such deferred tax assets, the valuation allowance was reduced and had the effect of reducing the effective tax rate for both 1995 and 1996. Since the valuation allowance was eliminated during 1996, there was no similar effect on the 1997 tax rate.

**Net Income.** Net income and diluted earnings per share totaled \$36.2 million and \$0.55 per share, respectively, for 1997, compared with \$32.5 million and \$0.51 per share in 1996. The earnings increase was due to an increase in gross profit partially offset by higher operating expenses and a higher effective tax rate in the comparison.

#### LIQUIDITY AND CAPITAL RESOURCES

Total assets were \$950.5 million at December 31, 1998 and \$870.9 million a year earlier. In addition, stockholders' equity was a deficit of \$142.6 million at December 31, 1998 compared with total stockholders' equity of \$184.5 million at December 31, 1997. The changes in these categories, as well as long-term debt discussed below, reflect the effects of the sale and repurchase of common stock, debt refinancing and sale of accounts receivable completed in connection with the recapitalization.

Primarily as a result of the recapitalization completed in June 1998, WESCO has increased its debt as set forth below:

	DECEMBER 31	
	1997	1998
	(IN MILLIONS)	
Term loans.....	\$ --	\$169.5
Revolving credit facility.....	--	42.4
Old revolving credit facility.....	226.2	--
Senior subordinated notes (1).....	--	289.2
Senior discount notes (2).....	--	52.1
Mortgage notes (3).....	65.3	--
Other.....	3.7	42.6
	-----	-----
	295.2	595.8
Less current portion.....	(1.0)	(16.6)
	-----	-----
	\$294.2	\$579.2
	=====	=====

- 
- (1) Net of original issue discount of \$0.9 million and purchase discount of \$9.9 million.
- (2) Net of original issue discount of \$33.2 million and purchase discount of \$1.7 million.
- (3) Net of original issue discount of \$16.6 million.

The term loans and revolving facility borrowings are made pursuant to a credit agreement. The credit agreement provides for three term loan facilities consisting of Tranche A term loan, Tranche B term loan and a delayed draw term facility, as well as a \$100 million revolving credit facility. Tranche A term loan provides for borrowings of \$80 million, Tranche B term loan provides for borrowings of \$90 million and the delayed draw facility provides for borrowings of up to \$100 million. Borrowings under the credit agreement bear rates of interest equal to various indices, at WESCO's option, such as an adjusted LIBOR, prime rate or the Federal Funds rate, plus a borrowing margin. The revolving credit facility and the Tranche A term loan matures in 2004. The delayed draw term facility matures in 2005 and the Tranche B term loan matures in 2006. All term loans provide for amortizations of principal payments prior to maturity.

The senior subordinated notes issued by WESCO Distribution have an aggregate principal amount of \$300 million. The senior subordinated notes bear interest at 9 1/8%, payable semiannually on June 1 and December 1 of each year. The notes are due June 1, 2008 and are redeemable at the option of WESCO, in whole or in part, at any time after June 1, 2003 at certain specified prices. Prior to June 1, 2001, up to \$105 million of the notes may be redeemed at 109.125% in connection with any offering of WESCO's equity securities.

The senior discount notes have an aggregate principal amount of \$87 million. The notes were issued with an original issue discount of \$36.5 million that is being accreted over the period ending June 1, 2003. Beginning June 1, 2003, interest accrues at 11 1/8% payable semiannually on June 1 and December 1. Approximately \$30.9 million of the notes must be redeemed on June 1, 2003. The remaining notes are due June 1, 2008 and are redeemable at the option of WESCO, in whole or in part, at any time after June 1, 2003 at certain specified prices. Prior to June 1, 2001, the notes may be redeemed in certain specified instances at 111.125%.

The debt agreements contain various restrictive covenants that, among other things, impose limitations on:

- dividend payments or certain other restricted payments or investments;
- the incurrence of additional indebtedness and guarantees or issuance of additional stock;

- creation of liens;
- mergers, consolidation or sales of substantially all of WESCO's assets;
- certain transactions among affiliates;
- payments by certain subsidiaries to WESCO; and
- capital expenditures.

In addition, the agreements require WESCO to meet certain leverage, working capital and interest coverage ratios. See "Description of Certain Indebtedness."

Aggregate principal repayment requirements for all indebtedness as of December 31, 1998 are \$16.9 million, \$40.7 million, \$13.1 million, \$16.5 million and \$51.4 million in each of the next five years.

An analysis of cash flows for 1998 and 1997 follows:

**Operating Activities.** For the year ended December 31, 1998, cash provided by operating activities totaled \$276.9 million compared to cash used by operating activities of \$12.0 million for 1997. In connection with WESCO's asset securitization program, cash provided by operations in 1998 included proceeds of \$274.2 million from the sale of accounts receivable. Excluding this transaction, operating activities provided \$2.7 million. On this basis, the year-to-year variance in operating cash flow was primarily due to a net loss of \$7.7 million, the \$16.9 million increase in certain components of net working capital offset by increases in non-cash costs associated with the recapitalization, depreciation, amortization and accretion.

**Investing Activities.** Net cash used in investing activities was \$184.1 million in 1998, compared to \$21.5 million in 1997, primarily reflecting an increase of \$160.1 million in investments in businesses acquired in the current period. WESCO's capital expenditures for the year ended December 31, 1998 were \$10.7 million as compared to \$11.6 million for the year ended December 31, 1997. Such capital expenditures were primarily for computer equipment and software, telecommunications equipment, branch and distribution center facility improvements, forklifts and delivery vehicles.

**Financing Activities.** Cash used for financing activities totaled \$92.3 million for year ended December 31, 1998 compared to \$41.1 million provided by financing activities in 1997, primarily reflecting the recapitalization completed in June 1998 and borrowings for acquisitions and other general business purposes.

WESCO's liquidity needs arise from seasonal working capital requirements, capital expenditures, debt service obligations and acquisitions. In addition, with the acquisition of Bruckner, WESCO agreed to pay additional contingent consideration based on a multiple of annual increases in Bruckner's EBITDA through 2004. Additional contingent payments will not exceed an aggregate of \$130 million, including \$30 million which is payable in July, 1999. After the offering, at the election of Bruckner, up to 50% of any additional contingent payment is convertible into common stock at its then market value.

In addition to cash generated from operations and amounts available under the credit facilities, WESCO entered into a receivables facility which provides liquidity. Pursuant to the receivables facility, WESCO through its wholly-owned special purpose, bankruptcy-remote subsidiary may sell trade accounts receivables, on a revolving basis up to \$300 million. WESCO may, under certain circumstances, increase the size of the receivables facility when the amount of eligible trade accounts receivables exceeds \$300 million. See Note 4 to Consolidated Financial Statements.

After the Offering. WESCO intends to use the net proceeds of the offering to retire all of the outstanding senior discount notes due 2008, and to repay all or a portion of the existing revolving



credit facility and term loans under our credit facilities. Pending application of the net proceeds to repay the senior discount notes, we intend to borrow additional funds under our delayed draw term loan facility to further reduce outstanding indebtedness under the credit facilities. See "Capitalization" and "Use of Proceeds." Following the offering, WESCO will have \$100 million available under the revolving credit facility, under its current provisions, for working capital and other corporate purposes and approximately \$40.0 million available under the delayed draw term facility to fund acquisitions. In addition, WESCO intends to seek modifications of its credit agreement to increase the amounts available to borrow on more favorable terms and conditions. WESCO can give no assurance that it will be able to negotiate acceptable modifications to the credit agreement.

Management believes that cash generated from operations, together with amounts available under the credit agreement after the offering and the receivables facility, will be sufficient to meet WESCO's working capital, capital expenditure and other cash needs for the next three years. There can be no assurance, however, that this will be the case. Financing of acquisitions can be funded under the existing credit agreement and may, depending on the number and size of acquisitions, require the issuance of additional debt and equity securities.

#### YEAR 2000 READINESS DISCLOSURE

The Year 2000 issue concerns the ability of automated applications to process date-dependent processes, calculations and information by properly interpreting the year. The Year 2000 issue may potentially impact WESCO's business-critical computerized applications related to, among others, customer sales, service and invoicing, purchasing, inventory management, payroll, financing and financial accounting and reporting. In addition, other non business-critical systems and services may also be affected. WESCO has assembled an internal project team composed of information systems, operations, finance and executive personnel to:

- assess the readiness of our systems, vendors and suppliers, third-party service providers, customers and financial institutions;
- replace or correct through program changes all non-compliant applications;
- develop remediation action plans for systems that may not be Year 2000 compliant; and
- develop contingency plans in the event systems and services are not compliant.

The readiness assessment phase of the project is complete and consisted of a detailed assessment and testing of substantially all internal computer systems, surveys of significant vendors and suppliers, service providers and customers. WESCO has received, or is seeking, documentation from many external parties, including its major suppliers, customers and service providers, indicating their Year 2000 readiness. Over the past three years, WESCO has invested approximately \$5.5 million in new information systems to support the growth and diversity of its business. In addition to meeting this objective, Year 2000 compliance was also achieved in many systems. Systems and processes critical to our business that remain non-compliant are either being replaced or corrected through program changes and application upgrades.

As of the date of this prospectus, many of WESCO's information technology and non-information technology systems are Year 2000 compliant, and management expects to have substantially completed the required remediation efforts by July 1999. The project team is also developing or enhancing contingency plans to minimize the potential adverse effect the Year 2000 issue could have on WESCO in the event business-critical systems and processes of WESCO or its suppliers or customers fail to be compliant. Such contingent plans include identifying alternative suppliers or service providers. Costs specifically associated with modifying WESCO's systems for Year 2000 compliance are expensed as incurred. Through December 31, 1998, such costs totaled approximately \$1.1 million. Costs to be incurred in 1999 to address Year 2000 problems are estimated to be \$2.3 million. Such costs do not include normal system upgrades and replacements.

Based on current information, WESCO believes that the most likely worst case scenario to result from a Year 2000 failure by WESCO, its suppliers or customers would be a temporary limitation in its ability to distribute electrical products from certain operating locations or provide integrated supply services to its customers. Based on its own efforts and information received from third parties, WESCO does not believe that Year 2000 issues are likely to result in significant operational problems or have a material adverse impact on its consolidated financial position, operations or cash flow. Nonetheless, failures of suppliers, third party vendors or customers resulting from Year 2000 issues could result in a short-term material adverse effect.

#### INFLATION

The rate of inflation, as measured by changes in the consumer price index, did not have a material effect on the sales or operating results of WESCO during the periods presented. However, inflation in the future could affect WESCO's operating costs. Price changes from suppliers have historically been consistent with inflation and have not had a material impact on WESCO's results of operations. However, during 1998 WESCO experienced price reductions on certain of its products, particularly wire and cable. These price declines did not have a material effect on WESCO's results of operations.

#### SEASONALITY

WESCO's operating results are affected by certain seasonal factors. Sales are typically at their lowest during the first quarter due to a reduced level of activity during the winter months. Sales increase during the warmer months beginning in March and continuing through November. Sales drop again slightly in December as the weather cools and also as a result of reduced level of activity during the holiday season. As a result, WESCO reports sales and earnings in the first quarter that are generally lower than that of the remaining quarters.

The following table presents unaudited quarterly operating results for each of WESCO's last eight quarters as well as the percentage of WESCO's sales represented by each item. This information has been prepared by WESCO on a basis consistent with WESCO's audited financial statements and includes all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of the data. These quarterly results are not necessarily indicative of future results of operations. This information should be read in conjunction with WESCO's consolidated financial statements and notes thereto included elsewhere in this prospectus.

	QUARTER ENDED							
	MARCH 31		JUNE 30(1)		SEPTEMBER 30		DECEMBER 31	
	(DOLLARS IN MILLIONS)							
1997:								
Sales, net.....	\$576.7	100.0%	\$659.4	100.0%	\$680.0	100.0%	\$678.7	100.0%
Gross profit.....	104.4	18.1	114.7	17.4	120.9	17.8	123.9	18.3
Income from operations.....	14.9	2.6	20.8	3.2	23.4	3.4	21.0	3.1
1998:								
Sales, net.....	\$693.4	100.0%	\$748.3	100.0%	\$777.7	100.0%	\$806.0	100.0%
Gross profit.....	126.7	18.3	133.3	17.8	137.8	17.7	139.8	17.3
Income (loss) from operations.....	20.2	2.9	(23.4)	(3.1)	28.2	3.6	31.0	3.8

(1) Includes a one-time charge of \$51.8 million related to the recapitalization in 1998. See Note 3 to the Consolidated Financial Statements.

## IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This Statement, which is effective for fiscal years beginning after December 15, 1998, requires costs incurred to open a new facility, introduce a new product, commence a new operation or other similar activities to be expensed as incurred. Management does not expect this Statement will have a material impact on the results of operations or financial position of WESCO.

In June 1998, The Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement is effective in fiscal years beginning after June 15, 1999, although early adoption is permitted. This Statement requires the recognition of the fair value of any derivative financial instrument on the balance sheet. Changes in fair value of the derivative and, in certain instances, changes in the fair value of an underlying hedged asset or liability, are recognized through either income or as a component of other comprehensive income. Management does not expect this Statement will have a material impact on the results of operation or financial position of WESCO.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The information required to be furnished relative to market risk has not been included as it is not material to WESCO.

## OVERVIEW

With sales of over \$3 billion in 1998, we are a leading North American distributor of electrical products and other industrial MRO supplies. We are the second largest distributor in the \$72 billion U.S. electrical distribution industry, which has grown at a compounded annual rate of 7% over the last 15 years. We have capitalized on our leadership position in electrical distribution to become the largest provider of integrated supply services in the United States. Our integrated supply solutions allow customers to reduce their operating costs through comprehensive outsourcing of all of their industrial MRO procurement purchases through a single supplier with a highly automated process. Demand for integrated supply services has increased approximately 90% annually since 1994, and the total U.S. market potential, measured as all purchases of industrial MRO supplies and services, is estimated to be \$250 billion.

We have over 330 branches and five distribution centers strategically located in 48 states, nine Canadian provinces, Puerto Rico, Guam, Mexico, the United Kingdom and Singapore. We serve over 130,000 customers worldwide, offering over 1,000,000 products from over 23,000 suppliers. 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.

We are the leading consolidator in our industry, having acquired 18 companies since August 1995, representing annual sales of over \$1.1 billion. Combining strong internal growth with acquisitions, our sales and EBITDA before recapitalization costs increased at a compounded annual growth rate of over 16% and over 42%, respectively, since 1994. WESCO's earnings increased from a loss of \$0.5 million in 1994 to \$36.2 million in 1997. In 1998, we recorded a net loss of \$7.7 million resulting from a \$51.8 million one-time charge associated with our recapitalization.

To achieve this substantial growth in sales and profitability, our management team has realigned operations and successfully implemented strategic initiatives which we believe have:

- significantly expanded our national marketing programs;
- established us as the leader in providing integrated supply services;
- organized our operations to focus on key customer markets;
- positioned us as the industry's leading consolidator;
- significantly improved gross margins, reduced operating costs and increased return on assets;
- utilized proprietary information technology to reduce costs, streamline operations and better serve customers;
- established new performance-based incentive systems for branch managers and sales personnel; and
- promoted broad-based employee participation in common stock ownership and stock option programs.

Our customers choose WESCO because of our ability to manage large, complex multi-site plant maintenance programs and procurement for projects that require special sourcing, technical advice, logistical support and locally based service. Our national programs - including integrated supply, National Accounts and Major Projects - meet our customers' growing needs to reduce costs throughout their supply chain. These needs include value-added procurement solutions and uniformity of service throughout many locations, a single point of contact and coordinated pricing and project management. Our national programs enable customers to reduce material and labor costs, working capital investments, administration and redundant processes while increasing reliability, quality, productivity and other efficiencies. Since a customer's costs of procuring MRO supplies can be over 50% of the cost of the products, the opportunity for savings is significant.

## INDUSTRY OVERVIEW

## Electrical Distribution

With 1998 sales estimated at \$72 billion, the U.S. industry is large and growing. The industry is also stable with compounded annual growth of 7% since 1982, and it is projected to grow another 7% in 1999. The following chart illustrates the historical growth and relative stability of the electrical distribution industry:

'1982'	24.6
-----	----
'1983'	26.6
'1984'	29.5
'1985'	32.7
'1986'	34.0
'1987'	36.1
'1988'	35.9
'1989'	39.0
'1990'	39.6
'1991'	38.1
'1992'	39.7
'1993'	45.6
'1994'	51.1
'1995'	56.7
'1996'	61.4
'1997'	67.3
'1998'	72.9
'1999'	77.6

Source: Electrical Wholesaling Magazine

The U.S. electrical distribution industry is also highly fragmented. In 1997, the latest year for which data is available, the four national distributors, including WESCO, accounted for less than 15% of estimated total industry sales.

4 NATIONAL DISTRIBUTORS	10 MULTI- REGIONAL DISTRIBUTORS	BALANCE OF TOP 250 FULL- LINE DISTRIBUTORS	4,000+ ALL OTHER DISTRIBUTORS
-----	-----	-----	-----
14.7	5.80	23.90	55.60

Source: Electrical Wholesaling Magazine

The electrical distribution industry serves customers in the industrial, commercial, construction and utility markets. The distribution channel enables customers to more efficiently purchase a broad

range of products and services from a single point of contact and eliminates the costs and complexity of purchasing directly from many manufacturers. As a result, distributors have approximately doubled their share of total electrical products sold in the U.S. from 1972 to 1998, with sales by distributors representing approximately 60% of the U.S. electrical market in 1997. In addition to sourcing electrical products, many customers also seek logistical and technical services from those distributors able to package a wide range of products and services. Increasingly, customers are seeking distributors that provide an even broader and more comprehensive package of products and services, such as integrated supply, as customers outsource non-core functions and strive to reduce their cost of purchasing, inventory and supply chain management.

#### Integrated Supply

Demand for integrated supply services is growing rapidly, as more companies realize they can lower costs by outsourcing their MRO procurement and related services. The total market for MRO industrial supplies is approximately \$250 billion, based on published industry sources. The following chart reflects the historical and projected annual growth of integrated supply services within that market:

'1994'	0.7
-----	---
'1995'	2.00
'1996'	3.30
'1997'	5.00
'2000'	11.00

Source: Frank Lynn & Associates, Inc. 1998 Study

Companies with integrated supply capabilities seek to consolidate all of a customer's MRO procurement requirements into a single automated process. Features of an integrated supply arrangement usually include a combination of one or more of the following:

- consolidated billing across multiple locations;
- product standardization;
- inventory item reductions;
- order entry systems simplification;
- vendor managed inventory; and
- storeroom management.

Integrated supply services enable customers to reduce labor costs, working capital investments, administration and redundant processes while increasing reliability, quality, productivity and other efficiencies. Since the customers' costs of procuring MRO supplies can be over 50% of the cost of the products, such improvements can be significant.

#### OUR BUSINESS STRATEGY

Our objective is to be the leading distributor of electrical products and other MRO supplies and the leading provider of value-added related services to companies in North America and selected international markets. In achieving this leadership position, our goal is to grow earnings at a faster rate than sales by focusing on continuous productivity improvement. Our growth strategy leverages our existing strengths and focuses on developing new initiatives and programs.

**ENHANCE OUR LEADERSHIP POSITION IN ELECTRICAL DISTRIBUTION.** We intend to leverage our extensive market presence and brand equity in the WESCO name to further our leadership position in electrical distribution. We are the second largest electrical distributor in the U.S. and, through our value-added products and services, we believe we have become the industry leader in serving several important and growing markets including:

- industrial customers with large, complex plant maintenance operations, some of which require a national multi-site service solution for their electrical distribution 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.

**GROW NATIONAL PROGRAMS.** Since 1994, revenue from our National Accounts program has increased in excess of 20% annually. Through our National Accounts program, we coordinate electrical MRO procurement and purchasing activities primarily for large industrial companies across multiple locations. We have well established relationships with over 300 companies, providing us with a recurring base of revenue through multi-year agreements. We believe that we can continue to increase revenue generated through our National Accounts program by:

- increasing sales to existing National Account customers through new products, more services and additional locations;
- extending established National Account relationships to include integrated supply;
- expanding our customer base by leveraging our existing expertise and presence within the automotive, petrochemical, pulp and paper and metals and mining industries; and
- entering new industries such as multi-site retail, financial, commercial and telecommunications.

In addition, through our Major Projects Group, we plan to intensify our focus on large projects such as industrial sites, water treatment plants, airport expansions, healthcare facilities, correctional institutions and new sports stadiums. We intend to secure new Major Projects contracts through:

- aggressive national marketing of our demonstrated project management capabilities;
- further development of relationships with leading contractors and engineering firms;
- close coordination with National Accounts customers on their renovation and new plant improvement projects; and
- comprehensive materials management services, involving a multi-commodity integrated supply approach to large projects.

**EXTEND OUR LEADERSHIP POSITION IN INTEGRATED SUPPLY.** 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 taking over the entire procurement function. Our customers include some of the largest industrial companies in the United States. Competitive strengths of our integrated supply business include:

- a proven and profitable business model highly adaptable to the scale of our customers' operations;
- low operating costs;
- highly automated proprietary information systems; and
- established relationships with a large industrial customer base.

We intend to utilize these competitive strengths to increase our integrated supply sales to both new and existing customers, including our existing National Account customers.

**GAIN SHARE IN KEY LOCAL MARKETS.** Significant opportunities exist to gain local market share, since many local markets are highly fragmented. We intend to increase our market share in key geographic markets through a combination of increased sales and marketing efforts at existing branches, acquisitions to expand our product and customer base and new branch openings. Furthermore, we intend to leverage our existing relationships with preferred suppliers to increase sales of their products in local markets through various initiatives, including sales promotions, cooperative marketing efforts, direct participation by suppliers in National Accounts implementation, dedicated sales forces and product exclusivity. To promote growth, we have instituted a compensation system for branch managers based on profit increases and efficient working capital management at the branch level. Our compensation system encourages our branch managers to 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.

**ACTIVELY PURSUE STRATEGIC ACQUISITIONS.** We are the industry's leading consolidator. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will provide us with a significant number of acquisition opportunities. We utilize a disciplined approach toward acquisitions which includes well defined strategic criteria and established targets for return on investment and earnings accretion.

**EXPAND PRODUCT AND SERVICE OFFERINGS.** We intend to build on our demonstrated ability to introduce new products and services to meet customer demands and capitalize on market opportunities. For example, we will continue expanding our presence in the fast-growing data communications market. We have significantly increased our focus on this market, generating sales of almost \$100 million in 1998, up from \$52 million in 1995. By utilizing a dedicated data communications sales team and training our existing sales force to sell data communications products, we intend to increase sales to new and existing customers. In addition, through a recent acquisition, we now have a platform to sell integrated lighting control and power distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores. This is a well defined and attractive growth market where our marketing programs and logistics infrastructure provide measurable benefits for renovation, new construction and ongoing maintenance activities.

**LEVERAGE OUR e-COMMERCE AND INFORMATION SYSTEM CAPABILITIES.** We conduct a significant amount of business electronically and continue to invest in information technology to create tighter linkages with both customers and suppliers and to lower costs and shorten cycle time in the supply chain process for our customers and ourselves by:

- conducting business transactions electronically; we routinely process customer orders, shipping notices, supplier purchase orders, and funds transfer electronically with our trading partners; in our integrated supply business, 95% of all transactions are electronic;



- creating tighter linkages to both customers and suppliers through the use of technological advances, including an ability to order over the Internet and through CD-ROM catalogs, bar-coding, and electronic funds transfer;
- providing low cost, highly functional processing of a full-range of our business operations such as customer service, inventory, logistics management, accounting and administrative support; and
- analyzing market potential, sales performance and cost of doing business by branch, customer, product, sales representative and shipment type enabling us to work with customers to streamline activities and reduce costs.

**CONTINUE TO IMPROVE PROFIT MARGINS.** We have more than doubled our profit margins since 1994 and are committed to seeking continuous improvement in productivity and profitability. We use innovative and disciplined techniques to manage our business processes, employee productivity and return on capital. These initiatives include:

- using performance-based, branch level incentive programs to promote profitable growth;
- employing more disciplined and sophisticated pricing strategies;
- expanding use of information technology to continuously monitor operations and enhance decision making in order to streamline activities and reduce costs;
- utilizing activity-based costing to accurately measure profitability by branch, salesperson and customer;
- improving inventory management among suppliers, branches and regional distribution centers; and
- improving sales productivity through sales management and training programs.

**LOWER OPERATING COSTS.** Through our national scale, use of technology, quality of our information management capabilities, strategically located distribution centers and over 100 separate ISO 9002 quality certifications, we operate with one of the lowest cost structures in our industry. We will utilize our low cost advantage to continue to offer our customers competitive pricing while improving our overall profitability. Our low operating costs make it possible to fund strategic marketing initiatives and also make it difficult for less efficient competitors to match our combination of pricing and ability to service a wide range of customers on a profitable basis.

**EXPAND OUR INTERNATIONAL OPERATIONS.** Our international sales, the majority of which are in Canada, accounted for 10% of sales in 1998. We believe that there is significant additional demand for our products and services outside the U.S. and Canada. Many of our multinational domestic customers are seeking distribution, integrated supply and project management solutions globally. Our approach to international operations is consistent with our domestic philosophy. We follow our established customers and will only pursue business that we believe utilizes and extends our existing capabilities. This strategy of working through well-developed customer and supplier relationships reduces risks and provides the opportunity to establish a profitable business. In 1998 we opened two branch locations in Mexico, which are growing and profitable, and we recently opened sales offices in London, Scotland and Singapore.

**PROMOTE PERFORMANCE-ORIENTED CULTURE.** All named executives, as well as many other managers purchased significant equity positions over the past five years. These investments represent a significant portion of their personal net worth. Prior to the offering, over 220 of our executives and managers collectively held approximately 32% of our common stock on a fully diluted basis. None of our executives and managers will sell any shares of common stock in the offering. Our stock ownership programs and other incentive systems have closely aligned the interests of the managers with those of our stockholders. Our performance based stock option programs are directly linked to margin expansion and operating profit growth objectives.

## ACQUISITION AND INTEGRATION PROGRAM

Our philosophy towards growth includes a continuous evaluation to determine whether a particular opportunity, capability, or customer need is best developed internally or purchased through a strategic acquisition. We evaluate potential acquisitions, including those in the electrical distribution industry, the integrated supply market and other non-electrical distributors that would complement our customers' overall supply needs. We have completed 18 acquisitions representing total annual sales of over \$1.1 billion. In addition, we have recently entered into an asset purchase agreement to acquire a northeastern electrical distributor with annual sales of approximately \$22 million, subject to regulatory approval.

WESCO ACQUISITION HISTORY  
(DOLLARS IN MILLIONS)

YEAR	ACQUISITIONS	BRANCH LOCATIONS	ANNUAL SALES(1)
1995.....	2	2	\$ 47
1996.....	7	67	418
1997.....	2	9	52
1998.....	6	21	608
1999 to date.....	1	3	25
	--	---	-----
Total:.....	18	102	\$1,150

(1) Represents our estimate of annual sales of acquired businesses at the time of acquisition, based on our review of internal and/or audited statements of the acquired business.

Our business development department consists of a dedicated team of professionals who locate, evaluate, and negotiate all aspects of any acquisition, with particular emphasis on compatibility of management philosophy and strategic fit. Since 1995 we have considered over 250 potential acquisitions. We initially evaluate potential acquisitions based on their ability to:

- better serve our existing customers;
- offer expansion into key growth markets;
- add new product or service capabilities;
- support new National Account customers; and
- strengthen relationships with important manufacturers.

If a potential acquisition meets our strategic objectives, we then perform a rigorous financial and operational evaluation of the candidate. We adhere strictly to our acquisition criteria, which include targeted returns on investment, net income accretion and first year cash flow objectives. Retention of key management has always been an important element in our transaction structure.

Upon completing an acquisition, we strive to rapidly integrate the acquired business into our existing operations. Our focus is to fully understand the capabilities, strategic opportunities and needs of our new business partners, shorten the transition period to the extent feasible, maintain the acquired organization's stability, bolster the organization to better serve the defined market, adjust incentive programs, assure profitability and closely monitor sales and customer service. We believe that our disciplined integration process offers a number of opportunities to improve productivity and customer service, consolidate purchasing power and reduce operating costs.

## PRODUCTS AND SERVICES

**PRODUCTS.** Our network of branches and distribution centers stock over 215,000 products. Each branch tailors its inventory to meet the needs of the customers in its local market, typically stocking

approximately 4,000 to 8,000 products. Our integrated supply business allows our customers to access over 1,000,000 products for direct shipment.

Representative products that we sell include:

- Supplies: Fuses, terminals, connectors, boxes, fittings, tools, lugs, tape and other MRO supplies
- Distribution Equipment: Circuit breakers, transformers, switchboards, panelboards and busway
- Lighting: Lamps (light bulbs), fixtures and ballasts
- Wire and Conduit: Wire, cable, metallic and non-metallic conduit
- Control, Automation and Motors: Motor control devices, drives, programmable logic controllers, pushbuttons and operator interfaces
- Data Communications: Premise wiring, patch panels, terminals, connectors

We purchase products from a diverse group of over 23,000 suppliers. In 1998, the ten largest suppliers accounted for approximately 38% of our purchases. The largest of these was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 15% of total purchases. No other supplier accounted for more than 6%.

Our supplier relationships are strategically important to us, providing access to a wide range of products, technical training and sales and marketing support. We have preferred supplier agreements with approximately 150 of our suppliers and purchase approximately 60% of our stock inventory pursuant to these agreements. Consistent with industry practice, most of our agreements with suppliers, including both distribution agreements and preferred supplier agreements, are terminable by either party on no more than 60 days notice. See "Risk Factors -- Loss of Key Suppliers or Lack of Product Availability Could Decrease Sales and Earnings."

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

- outsourcing of the entire MRO purchasing process;
- providing manufacturing process improvements using state-of-the-art automated solutions;
- implementing inventory optimization programs;
- participating in joint cost savings teams;
- assigning our employees as on-site support personnel;
- recommending energy-efficient product upgrades; and
- offering safety and product training for customer employees.

**National Accounts Programs.** The typical National Accounts customer is a Fortune 500 industrial company, a large utility or other major customer, in each case with multiple locations. Recently, through rigorous selection processes, these customers have been seeking to substantially reduce their electrical supply base -- in some cases from several hundred suppliers to just one -- with expectations for documented cost reductions, high levels of service and consistent product and pricing across all locations. Our national platform, strong branch network and product breadth give us the capacity to offer multi-site agreements with the scope required by these customers.

Our National Accounts programs provide customers with total supply chain cost reductions by coordinating purchasing activity for MRO supplies across multiple locations. We typically are able to demonstrate documented savings of over 10% within the first year of program launch. Comprehensive implementation plans establish jointly-managed teams at the local and national level to prioritize activities, identify key performance measures and track progress against objectives. We involve our

preferred suppliers early in the implementation process, where they can contribute expertise and product knowledge to accelerate program implementation and the achievement of cost savings and process improvements.

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

**Major Projects.** We are one of the industry leaders in serving the complex needs of large commercial and industrial contractors. We have established a Major Projects Group, comprised of our most experienced personnel, which focuses on the top 50 U.S. electrical contractors on a multi-regional basis. These contractors typically specialize in building industrial sites, water treatment plants, airport expansions, healthcare facilities, correctional institutions and new sports stadiums.

#### MARKETS AND CUSTOMERS

We have a large base of approximately 130,000 customers diversified across our principal markets. With no customer accounting for more than 3% of 1998 sales, we are not dependent on any single customer.

**INDUSTRIAL CUSTOMERS.** Sales to industrial customers accounted for approximately 40% of our sales in 1998, while representing approximately 32% of the electrical distribution market in 1997.

MRO products are needed to maintain and upgrade the electrical and communications networks at all industrial sites. Expenditures are greatest in the heavy process industries, such as pulp and paper and petrochemical. Typically, electrical MRO is the first or second ranked product category by purchase value for total MRO requirements for an industrial site. Other MRO product categories include, among other things, lubricants; pipe, valves and fittings; fasteners; and power transmission products. MRO activity has been difficult and costly for industrial users to manage, as it is characterized by a fragmented supplier base, a high volume of low dollar transactions, poor usage and cost information and relatively high inventory levels. For example, it is not unusual for a customer to inventory as many as 10,000 MRO products. Furthermore, customers are sensitive to supply reliability, since a lack of critical spares could cause an entire manufacturing process to shut down.

Certain manufacturing customers incorporate electrical components and assemblies into their own products, which are commonly referred to as original equipment manufacturers or OEMs. Original equipment manufacturers typically require a reliable, high volume supply of a narrow range of electrical items. Customers in this segment are particularly service and price sensitive due to the volume and the critical nature of the product used. They expect value-added services such as design and technical support, timely supply and electronic commerce. Long term customer relationships are common and lead to an efficient supply process and stable, recurring revenues.

**ELECTRICAL CONTRACTORS.** Sales to electrical contractors accounted for approximately 39% of our sales in 1998, while representing approximately 41% of the electrical distribution market in 1997. These customers range from large contractors for major industrial and commercial projects, the customer types we principally serve, to small residential contractors which represent a small portion of our sales. Electrical products purchased by contractors typically account for approximately 40% to

50% of the total installed project cost, and, therefore, accurate cost estimates and competitive material costs are critical to a contractor's success in obtaining profitable projects. Contractors choose a distributor on the basis of price, various support services such as design assistance, bill of material development, project management capabilities, credit policies and inventory availability.

**UTILITIES.** Sales to utilities accounted for approximately 15% of our sales in 1998, while representing approximately 8% of the electrical distribution market in 1997. This market includes large investor-owned utilities, rural electric cooperatives and municipal power authorities. We provide our utility customers with an extensive range of supplies to meet their MRO and capital projects needs. Integrated supply arrangements are also important in this market as cost pressures and deregulation cause utility customers to streamline procurement practices.

Recent trends in the utility industry favor utility-oriented electrical distributors like us. The most important trend is the deregulation of utility power generation, which has forced large utilities to seek better asset utilization and cost savings in all aspects of their operations, including purchasing and supply management. In focusing on their core business, some have outsourced supply functions in order to reduce costs and enhance cash flow.

**COMMERCIAL, INSTITUTIONAL AND GOVERNMENTAL CUSTOMERS.** Sales to commercial, institutional and governmental customers accounted for approximately 5% of our sales in 1998, while representing approximately 13% of the electrical distribution market in 1997. This fragmented market includes schools, hospitals, property management firms, retailers and government agencies of all types. Through a recent acquisition, we now have a platform to sell integrated lighting control and distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores.

#### DISTRIBUTION NETWORK

**BRANCH NETWORK.** We have over 330 branches, of which approximately 275 are located in the U.S., approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, Singapore and the United Kingdom. Over the last three years we have opened approximately 15 branches per year, principally to service National Accounts customers. In addition to consolidations in connection with acquisitions, we occasionally close or consolidate existing branch locations to improve operating efficiency.

**DISTRIBUTION CENTERS.** To support our branch network, we have five distribution centers located near Pittsburgh, Pennsylvania, serving the Northeast and Midwest U.S.; near Reno, Nevada, serving the Western U.S.; near Memphis, Tennessee, serving the Southeast and Central U.S.; near Montreal, Quebec, serving Eastern and Central Canada; and near Vancouver, British Columbia, serving Western Canada.

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

#### SALES ORGANIZATION

**GENERAL SALES FORCE.** Our general sales force is based at the local branches and comprises approximately 2,200 of our employees, almost half of whom are outside sales representatives and the remainder are inside sales personnel. Outside sales representatives, who have an average of more than

eight years of experience with us, are paid under a compensation structure which is heavily weighted towards commissions. They are responsible for making direct customer calls, performing on-site technical support, generating new customer relations and developing existing territories. The inside sales force is a key point of contact for responding to routine customer inquiries such as price and availability requests and for entering and tracking orders.

**NATIONAL ACCOUNTS.** We believe that we have the largest National Accounts sales force in the electrical distribution industry, led by an experienced group of sales executives who negotiate and administer contracts, coordinate branch participation and identify sales and service opportunities. National Accounts managers' efforts are aligned by targeted customer industries, including automotive, pulp and paper, petrochemical, steel, mining and food processing.

**DATA COMMUNICATIONS.** Sales of data communications products are supported by a dedicated group of outside and inside sales representatives who focus primarily on the premise wiring systems market. This team is supported by additional resources in the purchasing, inventory management, product training, product management and regional sales areas. We also operate a training facility where customers and the general sales force can receive industry-recognized certification in data communications product installation.

**MAJOR PROJECTS.** Since 1995 a group of highly experienced sales managers target, on a national basis, the market for large construction projects with electrical material valued in excess of \$1 million. Our approach distinguishes us from almost all of our competitors, which typically handle even the largest construction projects on a local basis. Through the Major Projects Group, we can meet the needs of contractors for complex construction projects such as new sports stadiums, industrial sites, water treatment plants, airport expansions, healthcare facilities and correctional institutions.

**e-COMMERCE.** We have recently entered into a strategic alliance with Datastream Systems, Inc. to unite their customer base, the largest in the maintenance software market, with our nationwide distribution network. The initiative is part of Datastream's overall electronic commerce effort, called e-MRO(SM), which enables customers to search, select and purchase from a broad selection of MRO supplies through the Internet.

#### INTERNATIONAL OPERATIONS

To serve the Canadian market, we operate a network of approximately 50 branches in nine provinces. Branch operations are supported by two distribution centers located near Montreal and Vancouver. With sales of approximately US\$272 million, Canada represented 9% of our total sales in 1998. The Canadian market for electrical distribution is considerably smaller than the U.S. market, with roughly US\$2.4 billion in total sales in 1997, according to industry sources.

We are continuing to build our international presence outside of the U.S. and Canada, principally by following our National Accounts customers and key suppliers into their high growth markets, thereby limiting start-up risk and enhancing profit. We sell internationally through domestic export sales offices located within North America and sales offices in international locations. We have recently opened offices in Aberdeen, Scotland and London, England to support our sales efforts in Europe, Africa and the former Soviet Union, and an office in Singapore to support our sales in Asia. We also recently opened two branches in the Mexico City area.

#### MANAGEMENT INFORMATION SYSTEMS

Our corporate information system, WESCOM, provides low cost, highly functional processing of a full range of our business operations, such as customer service, inventory and logistics management, accounting and administrative support. The system has been upgraded with decision support,

executive information system analysis and retrieval capabilities to provide detailed income statement and balance sheet variance and trend reporting at the branch level. The system also provides activity-based costing capabilities for analyzing profitability by customer, sales representative and shipment type. Sales and margin trends and variances can be analyzed by branch, customer, product category, supplier or account representative.

The WESCOM system is fully distributed within WESCO, and every branch (other than EESCO and certain newly acquired branches) utilizes its own computer system to support local business activities. Telecommunication links through a central system give each branch access to information on inventory status in our distribution centers as well as other branches and an increasing number of on-line suppliers. We are developing an upgraded version of the WESCOM system to be released in 1999. This new version, WESNET, will link all branch operations through an intranet technology. EESCO operates its own system which is linked to our central system. We intend to integrate EESCO into the WESNET system over the next 12 months which is expected to reduce costs associated with operating dual systems.

We routinely process customer orders, shipping notices, suppliers purchase orders, and funds transfer via EDI transactions with our trading partners. Our electronic commerce strategy calls for tighter linkages to both customers and suppliers through greater use of technological advances, including Internet and CD-ROM catalogs, bar-coding, enhanced EDI and other innovative improvements.

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

#### COMPETITION

We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused on the local service area and is generally based on product line breadth, product availability, service capabilities and price. We believe that we have certain competitive advantages over many of our local competitors, which are not able to carry the range of products stocked by us, offer our depth of value-added services or achieve our level of purchasing economies of scale. Another source of competition is buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. While increased buying power may improve the competitive position of buying groups locally, we believe these groups have not been able to compete effectively with us for National Accounts customers due to the difficulty in coordinating a diverse ownership group.

#### EMPLOYEES

As of December 31, 1998, we had approximately 5,450 employees worldwide, of which approximately 4,700 were located in the U.S. and approximately 750 in Canada and our other foreign locations. Less than 5% of our employees are represented by unions. We believe our labor relations are generally good.

#### PROPERTIES

We have over 330 branches, of which approximately 275 are located in the U.S., approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, Singapore

and the United Kingdom. Approximately 30% of branches are owned facilities, and the remainder are leased.

The following table summarizes our distribution centers:

LOCATION -----	SQUARE FEET -----	LEASED/OWNED -----
Warrendale, PA.....	252,700	Owned and Leased
Sparks, NV.....	195,800	Leased
Byhalia, MS.....	148,000	Owned
Dorval, QE.....	97,000	Leased
Burnaby, BC.....	34,300	Owned

We also lease our 60,400 square foot headquarters in Pittsburgh, Pennsylvania. We do not regard the real property associated with any single branch location as material to our operations. We believe our facilities are in good operating condition.

#### INTELLECTUAL PROPERTY

Our trade and service mark, composed of the words "WESCO the extra effort people(R)," together with the running man design, is registered in the United States Patent and Trademark Office, the Canadian Trademark Office and the Mexican Instituto de la Propriedad Industrial. All trademarks and trade names referred to in this business section are the property of their respective holders.

#### ENVIRONMENTAL MATTERS

Our facilities and operations are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose strict, joint and several liability on certain persons for the cost of investigation or remediation of contaminated properties. These persons may include present or future owners and operators of properties, and persons that arranged for the disposal of hazardous substances. In addition, the disposal of certain products we distribute, such as ballasts, fluorescent lighting and batteries, must comply with environmental laws. Our owned and leased real property may carry with it certain liabilities under environmental laws.

We believe that we are in compliance in all material respects with applicable environmental laws. There are no significant capital expenditures for environmental control matters either estimated in the current year or expected in the near future.

#### LEGAL PROCEEDINGS

We are party to routine litigation incidental to our business. We do not believe that any legal proceedings to which we are a party or to which any of our property is subject will have a material adverse effect on our financial position or results of operations.



## MANAGEMENT

## DIRECTORS AND EXECUTIVE OFFICERS

Our directors and executive officers and their respective ages and positions are set forth below.

NAME - - - - -	AGE ---	POSITION -----
Roy W. Haley.....	52	Chairman, President and Chief Executive Officer
Steven A. Burleson.....	39	Vice President, Chief Financial Officer and Treasurer
William M. Goodwin.....	53	Vice President, Operations
James H. Mehta.....	43	Vice President, Business Development
James V. Piraino.....	39	Vice President, Marketing
Robert B. Rosenbaum.....	41	Vice President, Operations
Patrick M. Swed.....	56	Vice President, Operations
Donald H. Thimjon.....	55	Vice President, Operations
Ronald P. Van, Jr.....	38	Vice President, Operations
Robert E. Vanderhoff.....	44	Vice President, Operations and Supplier Business Development
Jeffrey B. Kramp.....	39	Corporate Secretary and General Counsel
James L. Singleton.....	43	Director
James A. Stern.....	48	Director
Anthony D. Tutrone.....	34	Director
Michael J. Cheshire.....	50	Director
Robert J. Tarr, Jr.....	55	Director
Kenneth L. Way.....	59	Director

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

ROY W. HALEY became Chairman of the Board upon the recapitalization. Mr. Haley has been President and Chief Executive Officer and a Director of WESCO since February 1994. From 1988 to 1993, Mr. Haley was an executive at American General Corporation, a diversified financial services company, where he served as Chief Operating Officer and as President and Director. Mr. Haley is also a director of United Stationers, Inc. and Cambrex Corporation.

STEVEN A. BURLESON joined WESCO in January 1995 as Corporate Controller and became Vice President and Corporate Controller in 1997. In 1998, Mr. Burleson became Chief Financial Officer and Treasurer. From 1990 to 1995, Mr. Burleson was Vice President and Treasurer of The Bon-Ton Stores, Inc.

WILLIAM M. GOODWIN has been Vice President, Operations of WESCO since March 1984. Since 1977, Mr. Goodwin has served as a branch, district and region manager for WESCO in various locations and also served as Managing Director of WESCOSA, a former Westinghouse affiliated manufacturing and distribution business in Saudi Arabia.

JAMES H. MEHTA has been Vice President, Business Development of WESCO since November 1995. From 1993 to 1995, Mr. Mehta was a principal with Schroder Ventures, a private equity investment firm based in London, England.

JAMES V. PIRAINO has been Vice President, Marketing since joining WESCO in August 1996. From 1995 to 1996, Mr. Piraino was a Vice President of AlliedSignal Corp. From 1989 to 1995, Mr. Piraino occupied marketing and sales management positions with W.W. Grainger, Inc.

ROBERT B. ROSENBAUM has been Vice President, Operations of WESCO since September 1998. Prior to joining WESCO, Mr. Rosenbaum was the President of Bruckner Supply Company, Inc., an integrated supply company we acquired in September 1998.

PATRICK M. SWED has been Vice President, Operations of WESCO since March 1994. Mr. Swed had been Vice President of Branch Operations for WESCO from 1991 to 1994.

DONALD H. THIMJON has been Vice President, Operations of WESCO since March 1994. Mr. Thimjon served as Vice President, Utility Group for WESCO from 1991 to 1994 and as Regional Manager from 1980 to 1991.

RONALD P. VAN, JR. has been Vice President, Operations of WESCO since October 1998. Mr. Van served as Controller of the EESCO Division for WESCO from 1996 to October 1998. From 1994 to 1996, Mr. Van was a Vice President and Controller of EESCO, an electrical distributor we acquired in 1996.

ROBERT E. VANDERHOFF has been Vice President, Operations and Supplier Business Development since April 1998, and Vice President, Manufactured Structures Group since March 1994. Mr. Vanderhoff had been Vice President of WESCO since April 1993.

JEFFREY B. KRAMP has been our Corporate Secretary and General Counsel since March 1994. From 1987 to February 1994, Mr. Kramp served as Assistant General Counsel at Westinghouse, with WESCO as his primary legal responsibility during this time period.

JAMES L. SINGLETON became a Director of WESCO upon the recapitalization. Mr. Singleton has been a Vice Chairman of Cypress since its formation in April 1994. Prior to joining Cypress, he was a Managing Director in the Merchant Banking Group at Lehman Brothers Inc. ("Lehman Brothers"). Mr. Singleton is also a director of Able Body Corporation, Cinemark USA, Inc., Genesis ElderCare Corp., L.P. Thebault Company and Williams Scotsman, Inc.

JAMES A. STERN became a Director of WESCO upon the recapitalization. Mr. Stern has been Chairman of Cypress since its formation in April 1994. Prior to joining Cypress, Mr. Stern was a Managing Director with Lehman Brothers, and served as head of the Merchant Banking Group. During his career at Lehman Brothers, he also served as head of that firm's Investment Banking, High Yield and Primary Capital Markets Groups. Mr. Stern is also a director of AMTROL Inc., Cinemark USA, Inc., Frank's Nursery & Crafts, Inc., Lear Corporation, Noel Group, Inc., Genesis ElderCare Corp. and a trustee of Tufts University.

ANTHONY D. TUTRONE became a Director of WESCO upon the recapitalization. Mr. Tutrone has been a Managing Director of Cypress since 1998 and has been a member of Cypress since its formation in April 1994. Prior to joining Cypress, he was a member of the Merchant Banking Group of Lehman Brothers. Mr. Tutrone is also a director of AMTROL Inc.

MICHAEL J. CHESHIRE became a Director of WESCO in 1998. Mr. Cheshire is Chairman and Chief Executive Officer of Gerber Scientific. Prior to joining Gerber Scientific in 1997, Mr. Cheshire spent 21 years with General Signal Corporation and was most recently President of their electrical group. Mr. Cheshire is also a Director of the Connecticut Business and Industry Association.

ROBERT J. TARR, JR. became a Director of WESCO in 1998. Mr. Tarr worked for more than 20 years in senior executive roles for Harcourt General, including six years as President, Chief Executive Officer and Chief Operating Officer of Harcourt General, Inc. (formerly General Cinema

Corporation) and the Neiman Marcus Group, Inc. Mr. Tarr is also a Director of the John Hancock Mutual Life Insurance Company, Houghton Mifflin & Co., Hannaford Bros., Inc., and Barneys Inc.

KENNETH L. WAY became a Director of WESCO in 1998. Mr. Way has been Chairman and Chief Executive Officer of Lear Corporation since 1988 and has been affiliated with Lear Corporation and its predecessor companies for 33 years in engineering, manufacturing, and general management capacities. Mr. Way is also a Director of Comerica, Inc. and CMS Energy Corporation.

#### COMPOSITION OF OUR BOARD AND COMMITTEES

After the offering, WESCO's Board of Directors will be divided into three classes. Each class will consist, as nearly as possible, of one-third of the whole number of the Board of Directors. Directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for such class expires. Upon election, directors will serve thereafter for three years, and will hold office until their successors are elected and qualified. There are currently seven members of the Board of Directors. The term of Class I directors will expire in 2000, the term of Class II directors in 2001 and the term of Class III directors in 2002.

Our Board of Directors has three standing committees: an Executive Committee, an Audit Committee and a Compensation Committee.

The Executive Committee consists of Messrs. Singleton, Cheshire, Haley and Stern, with Mr. Singleton serving as Chairman. It is responsible for overseeing the management of the affairs and business of WESCO and has been delegated authority to exercise the powers of the Board during intervals between Board meetings.

The Audit Committee consists of Messrs. Singleton, Tarr and Tutrone, with Mr. Singleton serving as Chairman. After the offering, the Audit Committee will consist of Mr. Tarr as Chairman and Mr. Cheshire. It is responsible for recommending the firm to be appointed as independent accountants to audit WESCO's financial statements and to perform services related to the audit; reviewing the scope and results of the audit with the independent accountants; reviewing with the management and the independent accountants WESCO's year end operating results; considering the adequacy of the internal accounting and control procedures of WESCO, reviewing the non-audit services to be performed by the independent accountants, if any, and considering the effect of such performance on the accountants' independence.

The Compensation Committee consists of Messrs. Stern, Singleton, Tarr, Tutrone and Way, with Mr. Stern serving as Chairman. It is responsible for the review, recommendation and approval of compensation arrangements for directors and executive officers, for the approval of such arrangements for other senior level employees, and for the administration of certain benefit and compensation plans and arrangements of WESCO.

#### OUTSIDE DIRECTOR COMPENSATION

Each director of WESCO who is not an employee of WESCO or any of its subsidiaries or Cypress is entitled to receive an annual director's fee of \$25,000. Effective January 1, 1999, WESCO established the 1999 deferred compensation plan for non-employee directors under which non-employee directors can elect to defer 25% or more of the annual director's fee. Amounts deferred under this arrangement will, on the deferral date, be converted into stock units (common stock equivalents) which will be credited to a bookkeeping account in the director's name. For purposes of determining the number of stock units to be credited to a director for a particular year, the average of the high and low trading prices of the common stock on the first trading day in January of that year will be used. Distribution of deferred stock units will be made in a lump sum or installments, in the

form of shares of common stock, in accordance with the distribution schedule selected by the director at the time the deferral election is made.

## EXECUTIVE COMPENSATION

The information set forth below describes the components of the total compensation of our Chief Executive Officer and our four other most highly compensated executive officers, based on 1998 salary and bonuses. The principal components of these individuals' current cash compensation are the annual base salary and bonus included in the Summary Compensation Table. Also described below is other compensation these individuals can receive under employment agreements and our stock and option programs.

## SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION		LONG-TERM COMPENSATION	ALL OTHER COMPENSATION (\$)(2)(3)(4)
		SALARY(\$)	BONUS(\$)	AWARDS	
				SECURITIES UNDERLYING OPTIONS/SARS(#)(1)	
Roy W. Haley, Chairman, President & CEO.....	1998	500,000	425,000	867,000	1,074,000
	1997	466,667	425,000	--	52,300
James H. Mehta, Vice President, Business Development.....	1998	275,000	115,000	190,740	564,637
	1997	258,339	115,000	--	13,325
Patrick M. Swed, Vice President, Operations.....	1998	200,000	130,000	190,740	473,000
	1997	200,000	130,000	--	33,000
James V. Piraino, Vice President, Marketing.....	1998	175,840	110,000	127,160	374,920
	1997	165,000	110,000	--	14,463
Stanley C. Weiss, Executive Vice President, Industry Affairs(5).....	1998	300,000	150,000	--	62,160(6)
	1997	300,000	150,000	--	62,010(6)

- (1) All options were granted under the 1998 stock option plan. All options granted in 1998 have an exercise price of \$10.75 per share. See "1998 Stock Option Plan."
- (2) Includes contributions by us under the WESCO Distribution, Inc. retirement savings plan in the amounts of (a) \$12,800, \$7,737, \$16,100, \$8,562 and \$13,950, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1998 and (b) \$9,550, \$7,675, \$15,950, \$7,543 and \$13,700, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1997.
- (3) Includes contributions by us under the WESCO Distribution, Inc. deferred compensation plan in the amounts of (a) \$61,200, \$6,900, \$16,900, \$10,350 and \$31,800, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1998 and (b) \$42,750, \$5,650, \$17,050, \$6,920 and \$31,900, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1997.
- (4) Includes special retention bonus payment in 1998 in the amounts of \$1,000,000, \$550,000, \$440,000 and \$356,008 for Messrs. Haley, Mehta, Swed and Piraino, respectively.
- (5) Mr. Weiss retired from WESCO effective December 31, 1998.
- (6) Includes life insurance premiums in the amount of \$16,410.

## EMPLOYMENT AGREEMENTS

In connection with the recapitalization, we entered into an employment agreement with Mr. Haley providing for a rolling employment term of three years. Pursuant to his agreement, Mr. Haley is entitled to an annual base salary of \$500,000 and an annual incentive bonus equal to a percentage of his annual base salary ranging from 0% to 200%. The actual amount of Mr. Haley's annual incentive bonus will be determined based upon our financial performance as compared to the annual performance objectives established for the relevant fiscal year. If Mr. Haley's employment with us is terminated by us without "cause", by Mr. Haley for "good reason" or as a result of Mr. Haley's death or disability, Mr. Haley is entitled to continued payments of his average annual base salary and his average annual incentive bonus, reduced by any disability payments for the three-year period, or in the case of a termination due to Mr. Haley's death or disability, the two-year period, following such termination, and continued welfare benefit coverage for the two-year period following such termination. In addition, in the event of any such qualifying termination, all outstanding options held by Mr. Haley will become fully vested. The agreement further provides that, in the event of the termination of Mr. Haley's employment by us without cause or by Mr. Haley for good reason, in either such case, within the two-year period following a "change in control" of WESCO, in addition to the termination benefits described above, Mr. Haley is entitled to receive continued welfare benefit coverage and payments in lieu of additional contributions to our Retirement Savings Plan and Deferred Compensation Plan for the three year period following such change in control. We have agreed to provide Mr. Haley with an excise tax gross up with respect to any excise taxes Mr. Haley may be obligated to pay pursuant to Section 4999 of the United States Internal Revenue Code of 1986 on any excess parachute payments. In addition, following a change in control, Mr. Haley is entitled to a minimum annual bonus equal to 50% of his base salary and the definition of "good reason" is modified to include certain additional events. The agreement also contains customary covenants regarding nondisclosure of confidential information and non-competition and non-solicitation restrictions.

In connection with our acquisition of EESCO, we entered into an employment agreement with Mr. Weiss, pursuant to which we agreed to employ Mr. Weiss during the period commencing on the date of the acquisition and ending on December 31, 1998. During the employment term under the agreement, Mr. Weiss was entitled to an annual base salary of \$300,000 and an annual performance-based incentive bonus equal to a percentage of his annual base salary, not to exceed 75%. The agreement also contained customary covenants regarding nondisclosure of confidential information and non-competition and non-solicitation restrictions. Mr. Weiss retired from WESCO effective December 31, 1998.

## 1998 STOCK OPTION PLAN

In connection with the recapitalization, we established a 1998 stock option plan to provide certain of WESCO's executive and key employees options to purchase shares of common stock. The 1998 stock option plan is administered by the Compensation Committee, which is constituted in such a way that, to the extent practicable, awards under the 1998 stock option plan qualify, or will qualify when granted, for exemption under Rule 16b-3 of the Securities Exchange Act of 1934 and as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986. The Compensation Committee has the authority to select employees to whom awards are granted and to set the terms, conditions and provisions of such awards. In addition, the Compensation Committee is authorized, by majority action, to prescribe, amend and rescind rules and regulations relating to the administration of the 1998 stock option plan, to make determinations with respect to the vesting and exercisability of the 1998 plan options, and to make all other determinations necessary or advisable for the administration and interpretation of the 1998 stock option plan. The 1998 stock option plan provides that the Board may adjust the number and class of shares available for issuance under the

1998 stock option plan and the number and class of shares subject to and exercise price of any outstanding 1998 plan options as necessary or appropriate to reflect any common stock dividend, stock split or share combination or any recapitalization, merger, consolidation, exchange of shares, liquidation or dissolution of WESCO.

A total of 3,612,500 shares of common stock were authorized for issuance under the 1998 stock option plan.

The exercise price per share of common stock to be purchased upon exercise of the 1998 plan options is determined by the Compensation Committee's evaluation of the fair market value per share of the common stock on the date of the grant of the option. At the discretion of the Compensation Committee, the exercise price of any 1998 plan options exercised after the offering may be paid in full or in part in the form of shares of common stock already owned and held for at least six months by the participant, based on the fair market value of such common stock on the date of exercise, as determined by the Board. As of March 31, 1999, options to purchase 3,462,798 shares of common stock had been granted under the 1998 stock option plan, of which (1) none had been canceled or exercised, (2) 3,462,798 with a weighted average exercise price of \$10.75 per share remained outstanding, and (3) none were exercisable. We expect to file a registration statement on Form S-8 with respect to the 1998 stock option plan after the offering. After giving effect to the foregoing, 149,702 options remained available for grant under the 1998 stock option plan.

#### Change in Control Provisions

In the event of a "change in control", outstanding 1998 plan options, whether or not exercisable, will be canceled in exchange for a cash payment with respect to each share of common stock subject to such 1998 plan options equal to the excess of (1) the value per share of the common stock in the transaction giving rise to the change in control over (2) the per share exercise price, unless the Compensation Committee determines in good faith, prior to the change in control, that the outstanding 1998 plan options will be honored or assumed by the successor in a manner that provides the 1998 stock option plan participants with rights at least as favorable as those prevailing immediately prior to the change in control. The offering has not resulted in a "change in control."

#### Management Stock Option Agreements

Each participant under the 1998 stock option plan is required to enter into a management stock option agreement specifying the exercise price and duration of the 1998 plan options being granted and such other terms consistent with the 1998 stock option plan as the Compensation Committee determines. Certain other terms of the management stock option agreements are summarized below.

#### Transferability of Options; Repurchase of Options

The 1998 stock option plan provides that no award granted under the 1998 stock option plan may be disposed of in any way, other than by will or by the laws of descent and distribution. All 1998 plan options granted pursuant to the 1998 stock option plan are exercisable only by the participant to whom such 1998 plan options were granted during his or her lifetime. Following the death of a participant, all rights with respect to 1998 plan options that were exercisable by the participant at the time of his or her death may be exercised by the participant's beneficiary or estate provided that the deceased participant's beneficiary agrees in writing to be bound by the provisions of the 1998 stock option plan and the management stock option agreement. The management stock option agreements also contain certain repurchase rights and obligations of WESCO, which will terminate upon consummation of the offering.

## Exercise of Options

Outstanding 1998 plan options granted under the 1998 stock option plan consist of two parts: a portion which is subject to time-based vesting and a portion which is subject to performance-based vesting. The time-based 1998 plan options will vest at a rate of 25% on each June 5 beginning in 1999 and ending in 2002. Performance-based 1998 plan options will become fully vested and exercisable on the earlier of January 1, 2008 or the grantee's sixty-fifth birthday, but may vest earlier at the rate of 25% per year from 1998 through 2001, if WESCO meets certain annual performance goals.

## Termination of Options

All 1998 plan options terminate on the tenth anniversary of the date of grant, unless terminated earlier as described below. Upon termination of a participant's employment with WESCO, unless otherwise determined by the Compensation Committee, (1) any unexercisable 1998 plan options will terminate and will not be exercisable, and (2) then exercisable 1998 plan options will terminate within certain specified periods depending upon the circumstances of the termination of employment.

## Federal Income Tax Aspects of the 1998 Stock Option Plan

The 1998 plan options are non-qualified stock options, i.e., they do not qualify as "incentive stock options" under Section 422 of the U.S. Internal Revenue Code. The grant of a 1998 plan option has no tax consequences to WESCO or to the participant. Upon exercise of a 1998 plan option, however, the participant will recognize taxable ordinary income equal to the excess of the fair market value on the date of the exercise of the shares of the common stock acquired over the exercise price of the 1998 plan option, and that amount will be deductible for federal income tax purposes by WESCO. The holder of the option shares will, upon a later disposition of such shares, recognize short term or long term capital gain or loss, depending on the holding period of the shares but WESCO will not be entitled to an additional tax deduction.

## 1994 STOCK OPTION PLAN

Under our 1994 stock option plan, the Compensation Committee, which is responsible for administering the 1994 stock option plan, may grant to certain executives, officers, and other key employees options to purchase up to an aggregate of 10,461,800 shares of common stock. In connection with the recapitalization, future issuances of options under the 1994 stock option plan were terminated and all options granted under the 1994 stock option plan became fully vested. The outstanding 1994 plan options were granted with an exercise price per share equal to the fair market value per share on the date of grant as determined by the Compensation Committee. We expect to file a registration statement on Form S-8 with respect to the 1994 stock option plan after the offering.

As of March 31, 1999, 1994 plan options to purchase 4,666,714 shares of common stock with a weighted average exercise price of \$1.92 were exercisable.

## Change in Control Provisions

In the event of a change in control, outstanding 1994 plan options will be canceled in exchange for a cash payment with respect to each share of common stock subject to such 1994 plan options equal to the excess of (1) the value per share of the common stock in the transaction giving rise to the change in control over (2) the per share exercise price, unless the Compensation Committee determines in good faith, prior to the change in control, that the outstanding 1994 plan options will be honored or assumed by the successor in a manner that provides the option participants with rights at least as favorable as those prevailing immediately prior to the change in control. The offering will not result in a change in control.

### Termination of Options

All 1994 plan options terminate on the tenth anniversary of the date of grant, unless terminated earlier as described below. Upon termination of a participant's employment with WESCO, unless otherwise determined by the Compensation Committee, in the case of termination other than for cause, then exercisable 1994 plan options will terminate within certain specified periods depending upon the circumstances of the termination of employment.

### Transferability of Options; Repurchase of Options

The 1994 plan options will not be transferable or assignable other than by will or by the laws of descent, and a 1994 plan option can be exercised only by the participant to whom it is granted or by the participant's estate or designated beneficiary upon such participant's death. Unless the Compensation Committee otherwise determines, each 1994 plan option agreement provides that the participant, in respect of shares purchased upon the exercise of any 1994 plan option, is entitled to the benefits of, and bound by the obligations in, the registration and participation agreement, including certain demand and "piggyback" registration rights thereunder. The 1994 stock option plan also contains certain repurchase rights and obligations of WESCO, which will terminate upon the consummation of the offering.

### Federal Income Tax Aspects of the 1994 Stock Option Plan

The grant and exercise of 1994 plan options will have the same tax consequences as the grant and exercise of 1998 plan options. See "1998 Stock Option Plan -- Federal Income Tax Aspects."

### STOCK OPTION PLAN FOR BRANCH EMPLOYEES

A total of 2,890,000 shares of common stock may be issued under our stock option plan for branch employees. The Compensation Committee, which is responsible for administering the branch option plan, may grant to our branch managers and other key employees employed at a branch or contributing significantly to growth and profitability of a branch options to purchase shares of common stock. Branch options that are canceled, terminated or forfeited without exercise will again be available for grant. The Board may at any time amend or terminate the branch option plan, but may not adversely affect the rights of any participant with respect to branch options granted prior to such action, unless the participant consents. As of March 31, 1999, 1,459,450 options had been granted, of which (1) 98,260 branch options had been canceled without exercise, (2) 9,653 branch options had been exercised at an exercise price of \$3.38, (3) 1,351,537 branch options granted with a weighted average exercise price of \$3.38 per share were outstanding, and (4) 453,730 branch options with an exercise price of \$3.38 were exercisable. After giving effect to the foregoing, 1,528,810 branch options remained available for grant under the branch option plan. The outstanding branch options were granted with an exercise price per share determined by the Board to represent the estimated fair market value per share on the date of grant. At the discretion of the Compensation Committee, the exercise price of any branch option exercised after the offering may be paid in full or in part in the form of shares of common stock already owned and held for at least six months by the participant, based on the fair market value of such common stock on the date of exercise, as determined by the Board. None of the named executives currently participate in the branch option plan.

Branch options are granted to participants as soon as practicable following the end of each performance period under the branch option plan. The first such performance period commenced on February 28, 1994 and ended on December 31, 1996, and the second such performance period commenced on January 1, 1997 and is scheduled to end on December 31, 1999. Branch options are allocated to branch or division employees by the Compensation Committee based primarily on the achievement of branch or division performance objectives during each performance period.



Under the terms of the recapitalization agreement, the Compensation Committee adopted a resolution causing 100% of all branch options to be rolled over and remain outstanding without any acceleration of the vesting schedule. We expect to file a registration statement on Form S-8 with respect to the branch option plan after the offering.

#### Change in Control Provisions

In the event of a change in control, outstanding branch options, whether or not exercisable, will be canceled in exchange for a cash payment with respect to each share of common stock subject to such branch options equal to the excess of (1) the value per share of the common stock in the transaction giving rise to the change in control over (2) the per share exercise price, unless the Compensation Committee determines in good faith, prior to the change in control, that the outstanding branch options will be honored or assumed by the successor in a manner that provides the participants with rights at least as favorable as those prevailing immediately prior to the change in control. The offering will not result in a change in control.

#### Branch Option Agreements

Each participant is required to enter into a branch option agreement specifying the exercise price and duration of the branch options being granted and such other terms consistent with the branch option plan as the Compensation Committee determines. Other terms of the branch option agreement are summarized below.

#### Exercise of Branch Options; Exercise Price

Except as otherwise determined by the Compensation Committee or in connection with a change in control, branch options become exercisable in one-third installments on each of the first, third, and fifth anniversaries of the date of grant. Upon exercise of a branch option, the participant is required to enter into a stock subscription agreement. The per share exercise price of any branch option may not be less than the greatest of (1) the fair market value per share of common stock as of the end of the related performance period, (2) such fair market value as of the date of grant, and (3) \$1.73.

#### Termination of Branch Options

All branch options terminate on the tenth anniversary of the date of grant, unless terminated earlier as described below. Upon termination of a participant's employment with WESCO, unless otherwise determined by the Compensation Committee, (1) any unexercisable branch options held by such participant will terminate and will not be exercisable, (2) in the case of termination other than for cause, then exercisable branch options will terminate within certain specified periods depending upon the circumstances of the termination of employment, and (3) in the case of termination for cause, all branch options held by such participant, whether or not then exercisable, will terminate immediately.

#### Transferability of Branch Options; Repurchase of Branch Options

The branch options will not be transferable or assignable other than by will or by the laws of descent, and a branch option can be exercised only by the participant to whom it is granted or by the participant's estate or designated beneficiary upon such participant's death. Unless the Compensation Committee otherwise determines, each branch option agreement provides that the branch plan participant, in respect of shares purchased upon the exercise of any branch option, is entitled to the benefits of, and bound by the obligations in, the registration and participation agreement, including certain demand and "piggyback" registration rights thereunder. The branch option agreements also

contain certain repurchase rights and obligations of WESCO, which will terminate upon the consummation of the offering.

#### Federal Income Tax Aspects of the Branch Options

The grant and exercise of branch options will have the same federal income tax consequences as the grant and exercise of the 1998 options. See "1998 Stock Option Plan -- Federal Income Tax Aspects."

#### LONG-TERM INCENTIVE PLAN

In April 1999, we established the 1999 Long-Term Incentive Plan, or LTIP, to assist us in attracting and retaining key employees and to act as an incentive for such employees to achieve corporate objectives. The LTIP will become effective upon the completion of this offering and is designed to be a successor plan to our 1994 stock option plan, 1998 stock option plan and branch option plan. Outstanding options granted under the prior plans will continue to be governed by their existing terms and any remaining options under such plans will be granted under the LTIP. We expect to file a registration statement on Form S-8 with respect to the LTIP after the offering.

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

The Compensation Committee of the Board of Directors will administer the LTIP, and has the sole discretionary authority to interpret the LTIP, to establish and modify administrative rules for the LTIP, to impose appropriate conditions or restrictions on awards granted under the LTIP and to take any other steps in connection with the LTIP that the Compensation Committee believes are necessary or advisable.

The Compensation Committee may grant awards under the LTIP in the form of stock options, restricted stock awards and performance awards to our key employees at its discretion. Each participant is required to execute an award agreement with WESCO which sets forth the specific terms and conditions of the award. Except under certain circumstances involving a change in our capital structure no participant may be granted awards with respect to more than 1,000,000 shares of common stock during any calendar year.

With respect to stock options granted under the LTIP, the Compensation Committee has the discretion to determine the exercise price of each share of common stock that may be purchased upon the exercise of those options. The LTIP provides that fair market value is to be determined according to the closing price per share of the common stock on the New York Stock Exchange on the date of the grant.

The Compensation Committee may designate options granted under the LTIP as incentive stock options or non-qualified stock options. However, the aggregate value on the date of the grant of the incentive stock option of any person which became exercisable for the first time in any calendar year may not be greater than \$100,000. In addition, the exercise price of any incentive stock option granted to any participant who owns more than 10% of the total combined voting power of all classes of our stock must be at least 110% of the fair market value of a share of common stock on the date of the grant and the term of any such stock option may not be more than five years.

The LTIP contains an accelerated ownership feature. This feature is intended to encourage employees to exercise options at an earlier date and to retain the shares so acquired, in furtherance of

our policy of encouraging increased employee stock ownership. Under the accelerated ownership feature, participants who tender previously owned shares or have shares withheld to pay all or a portion of the exercise price of vested stock options or to cover the associated tax liability may be eligible, in the discretion of the Compensation Committee, to receive an option covering the same number of shares as are tendered or withheld for such purposes. The market value on the date of grant of an accelerated ownership option establishes the exercise price of such option, and such option will have a term equal to the remaining term of the original option.

Subject to the Compensation Committee's authority to accelerate or extend the time during which an option granted under the LTIP would be exercisable, options granted under the LTIP will expire on the first to occur of: expiration of the option provided in the related award agreement, termination of the award upon the lapse of a specific period of time following the termination of the participant's employment, depending on the reasons for the termination, or ten years from the date of the grant. If certain events occur which would constitute a change in control under the LTIP, all options outstanding on the date of the change in control will become immediately and fully exercisable.

The Compensation Committee may also award restricted shares of common stock to our employees under the LTIP based on performance standards, periods of service or other criteria that the Compensation Committee establishes. Restricted shares awarded under the LTIP are subject to the restrictions, terms and conditions contained in the LTIP and the award agreements executed by the participants and may not be transferred, other than by will or the laws of descent and distribution or to an inter vivos trust to which the participant is treated as the owner, pledged or sold prior to the lapse of those restrictions. If certain events occur which would constitute a change in control under the LTIP, all restrictions applicable to the restricted shares awarded under the LTIP will terminate.

Finally, the Compensation Committee may also grant to our employees performance awards consisting of the right to receive a payment which is measured by the fair market value of a specific number of shares of common stock, increases in that fair market value during a specified time period, called the "award period", or a fixed cash amount which is contingent upon the extent to which certain predetermined performance targets are met. The performance targets may be related to the performance of WESCO or the individual performance of the participant and are determined by the Compensation Committee at its discretion. If certain events occur which would constitute a change in control under the LTIP, all performance awards for all award periods will become immediately payable to all participants and will be paid to all participants within 30 days after the change in control.

## OPTION GRANTS

The following table sets forth as to persons named in the Summary Compensation Table additional information with respect to stock options granted during 1998:

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(2)	
					5%	10%
Roy W. Haley.....	867,000	20.8%	\$10.75	8/6/2008	\$5,858,908	\$14,847,624
James H. Mehta.....	190,740	4.6	10.75	8/6/2008	1,288,960	3,266,477
Patrick M. Swed.....	190,740	4.6	10.75	8/6/2008	1,288,960	3,266,477
James V. Piraino.....	127,160	3.1	10.75	8/6/2008	859,307	2,177,651
Stanley C. Weiss.....	--	--	--	--	--	--

- (1) A portion of these options will vest on the basis of time ratably over four years and the remainder will vest in full on January 1, 2008, or if earlier, on the grantee's 65th birthday or the attainment of pre-established performance goals.
- (2) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date. These assumptions are not intended to forecast future appreciation of our stock price. The potential realizable value computation does not take into account federal or state income tax consequences of option exercises or sales of appreciated stock.

## AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table sets forth information for each named executive with regard to the aggregate stock options held at December 31, 1998. No stock options were exercised by any of the named executives during 1998.

NAME	NUMBER OF SECURITIES UNEXERCISED OPTIONS AT FY-END(#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END(\$)(1)
	(EXERCISABLE/UNEXERCISABLE)	(EXERCISABLE/UNEXERCISABLE)
Roy W. Haley.....	1,287,784/867,000	20,952,112/6,289,800
James H. Mehta.....	495,346/190,740	7,936,677/1,383,756
Patrick M. Swed.....	330,038/190,740	5,369,684/1,383,756
James V. Piraino.....	82,654/127,160	1,208,350/922,504
Stanley C. Weiss.....	--/--	--/--

- (1) Based on the offering price of \$18.00 per share of common stock.

The foregoing options were issued under our existing stock option plans. In connection with the June 1998 recapitalization, the Board caused all unvested 1994 plan options, including those held by the named executives, to vest and become exercisable upon the closing of the recapitalization.

## RETENTION BONUS PAYMENT

We paid an aggregate amount of approximately \$11 million to a group of approximately 45 managers, including the named executives, upon the closing of the recapitalization. With respect to each of these managers, payment was equal to approximately one to two times base salary. Immediately prior to the closing of the recapitalization, Clayton, Dubilier & Rice, or CD&R, which was the majority shareholder of WESCO prior to the recapitalization, made an equity contribution to WESCO equal to approximately one-half of this aggregate amount.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 1998 prior to the recapitalization, a former outside director and three former directors affiliated with CD&R served on the Compensation Committee. We had agreed to indemnify certain former members of the Board affiliated with CD&R and such CD&R affiliates against liabilities incurred under securities laws or with respect to their previous services for us.

At December 31, 1998, three directors affiliated with Cypress served on the Compensation Committee.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

## AMENDED AND RESTATED REGISTRATION AND PARTICIPATION AGREEMENT

In connection with the recapitalization, an investor group led by Cypress which included, among others, Chase Capital Partners and Co-Investment Partners, L.P., CD&R, Westinghouse and WESCO entered into a registration and participation agreement, which amended and restated the previous agreement among CD&R, Westinghouse and WESCO, to reflect, among other things, the succession of the investor group to CD&R's and Westinghouse's rights and obligations thereunder. Pursuant to the registration and participation agreement, the investor group and the management stockholders have the right, under certain circumstances and subject to certain conditions, to request that we register under the Securities Act shares of common stock held by them. Subject to certain conditions and exceptions, the investor group and the management stockholders also have the right to require that shares of common stock held by them be included in any registration under the Securities Act commenced by us. Neither the investor group nor any of the management stockholders have requested that shares of common stock held by them be included in this offering. The registration and participation agreement provides that we will pay all expenses in connection with the first three registrations requested by the investor group and the management stockholders. The registration and participation agreement also provides that we will indemnify the investors and the management stockholders and their affiliates for certain liabilities they may incur under the securities laws.

The registration and participation agreement also contains certain restrictions which prohibit the sale of common stock by Cypress unless Cypress provides each holder of common stock entitled to the benefits of the registration and participation agreement, including the other members of the investor group and the management stockholders, with a 30-day prior notice pursuant to which such holders may agree to participate in such sale on a pro rata basis with Cypress. The registration and participation agreement provides that, if Cypress sells all of its shares of common stock to a third party, Cypress may require such other holders of common stock to sell all of their shares to such third party pursuant to such sale at the same price and on the same terms as Cypress. In addition, the registration and participation agreement provides that if prior to any public equity offering by us, we issue additional shares of common stock to Cypress, subject to some exceptions, we will offer to all holders of registrable securities that are "accredited investors" the right to purchase a pro rata share of the newly-issued shares, based on each holder's equity interest in us, at the same price and on the same terms as Cypress.

In addition, the registration and participation agreement provides that so long as Cypress owns any of our securities, Cypress shall have the right to designate one director to our board of directors and the board of directors of WESCO Canada.

At the time we entered the registration and participation agreement, Cypress was not affiliated with WESCO, and we believe the transaction was made on terms no less favorable to us than we could have obtained from an unaffiliated third party.

## MANAGEMENT STOCKHOLDERS

Each member of management who holds common stock is a party to a stock subscription agreement with us which provides that each management stockholder is entitled to certain benefits of, and bound by certain obligations in, the registration and participation agreement, including certain registration rights thereunder. These stock subscription agreements also provide the management stockholder with the right under certain limited circumstances to require us to purchase all of the management stockholder's shares of common stock at the then fair market value based upon certain events. Pursuant to the stock option agreements governing each management stockholder's stock

options, such management stockholder also has the right under certain limited circumstances to require us to purchase all of such management stockholder's options at the then fair market value of the common stock minus the exercise price upon such events. At December 31, 1998, the redemption value of the shares and exercisable portion of the options was \$130.3 million. See Note 11 to Consolidated Financial Statements. These repurchase rights will terminate upon the consummation of this offering. In addition, such stock subscription agreements and stock option agreements provide that such rights are subject to, and limited by, any restrictions contained in the credit facilities, the indentures or other debt instruments on our ability to redeem or repurchase equity held by management stockholders.

A portion of the purchase price paid for the common stock purchased by certain management stockholders has been financed by full-recourse bank loans guaranteed by us. As of December 31, 1998, Messrs. Burleson, Goodwin, Haley, Kramp, Mehta, Piraino, Swed, Thimjon, Van and Vanderhoff had outstanding loans guaranteed by us in the amount of \$0, \$260,572, \$3,054,872, \$68,700, \$1,487,903, \$266,634, \$343,200, \$0, \$49,686 and \$282,832, respectively and since January 1, 1997, the largest amounts outstanding under such loans were \$68,800, \$260,572, \$3,054,872, \$68,800, \$1,487,903, \$266,634, \$587,959, \$167,262, \$49,686 and \$282,832, respectively.

#### PAYMENTS IN CONNECTION WITH THE RECAPITALIZATION

In connection with the recapitalization, Cypress received a transaction fee of approximately \$9.5 million from us and was reimbursed for all out-of-pocket expenses. We have also agreed to indemnify Cypress to the fullest extent allowable under applicable Delaware law and against any suits, claims, damages or expenses which may be made against or incurred by Cypress under applicable securities laws, including in connection with the offering.

Approximately \$517.5 and \$62.1 million of the equity consideration paid in connection with the recapitalization was paid to CD&R and Westinghouse, respectively, to purchase their shares of common stock. In addition, approximately \$52.1 million of the equity consideration was paid to purchase 5,780,000 shares held by Westinghouse upon exercise of an option granted at the date of formation with an exercise price of \$1.73 per share. Westinghouse also held approximately \$66.6 million of our formerly existing indebtedness which was repaid in connection with the recapitalization. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations -- Recent Developments" and Notes 3 and 16 to Consolidated Financial Statements.

The recapitalization was a negotiated transaction between WESCO, CD&R and Cypress, and we believe the transaction was made on terms no less favorable to us than could have been obtained from an unaffiliated third party.

#### OTHER TRANSACTIONS

Prior to the recapitalization, Westinghouse and CD&R were considered to be related parties. In 1998, we purchased \$2.8 million from, and sold \$7.3 million worth of products to, Westinghouse. See Note 16 to Consolidated Financial Statements. We paid an affiliate of CD&R fees of approximately \$0.1 million for advisory, management consulting and monitoring services rendered during 1998.

We believe these transactions were made on terms no less favorable to us than we could have obtained from an unaffiliated third party.

## PRINCIPAL STOCKHOLDERS

The following table sets forth certain information known to us with respect to the beneficial ownership of common stock as of March 31, 1999 and as adjusted to reflect WESCO's sale of the common stock in the offering by (i) each person known by us to beneficially own more than five percent of our outstanding common stock, (ii) each of our directors, (iii) each executive officer named in the Summary Compensation Table, and (iv) all of our directors and officers as a group. Unless otherwise indicated, the person or persons named have sole voting and investment power. In determining the number and percentage of shares beneficially owned by each person, shares that may be acquired by such person pursuant to options or convertible stock exercisable or convertible within 60 days of the date hereof are deemed outstanding for purposes of determining the total number of outstanding shares for such person and are not deemed outstanding for such purpose for all other stockholders.

NAME	NUMBER OF SHARES OWNED BENEFICIALLY	PERCENT OWNED BENEFICIALLY	
		PRIOR TO OFFERING	AFTER OFFERING
Cypress Merchant Banking Partners L.P.(1) c/o The Cypress Group L.L.C. 65 East 55th Street New York, New York 10222.....	18,580,966	53.4%	40.0%
Cypress Offshore Partners L.P.(1) Bank of Bermuda (Cayman) Limited P.O. Box 513 G.T. Third Floor British America Tower George Town, Grand Cayman Cayman Islands, B.W.I.....	962,370	2.8%	2.1%
Chase Equity Associates, L.P.(2) c/o Chase Capital Partners, L.P. 380 Madison Avenue, 12th Floor New York, New York 10017.....	4,653,131	13.4%	10.0%
Co-Investment Partners, L.P. c/o CIP Partners, LLC 660 Madison Avenue New York, New York 10021.....	4,653,189	13.4%	10.0%
Roy W. Haley.....	2,644,350	7.3%	5.5%
James H. Mehta.....	1,007,743	2.9%	2.1%
James V. Piraino.....	187,850	*	*
Patrick M. Swed.....	625,685	1.8%	1.3%
Stanley C. Weiss(3).....	--	*	*
James L. Singleton(1).....	19,543,336	56.2%	42.1%
James A. Stern(1).....	19,543,336	56.2%	42.1%
Anthony D. Tutrone.....	--	*	*
Michael J. Cheshire.....	23,120	*	*
Robert J. Tarr, Jr.....	23,120	*	*
Kenneth L. Way.....	23,120	*	*
All executive officers and directors as a group (18) persons.....	25,269,004	71.3%	53.6%



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\* Represents holdings of less than 1%.

- (1) Cypress Merchant Banking Partners L.P. and Cypress Offshore Partners L.P. are affiliates of Cypress. The general partner of Cypress Merchant Banking Partners L.P. and Cypress Offshore Partners L.P. is Cypress Associates L.P. and The Cypress Group L.L.C. is the general partner of Cypress Associates L.P. Messrs. Singleton and Stern are members of Cypress and may be deemed to share beneficial ownership of the shares of common stock shown as beneficially owned by such Cypress funds. Such individuals disclaim beneficial ownership of such shares.
- (2) These shares constitute shares of non-voting Class B common stock which are convertible at any time into common stock at the option of the holder.
- (3) Mr. Weiss retired from WESCO effective December 31, 1998.

## DESCRIPTION OF CAPITAL STOCK

At the time of the offering, the authorized capital stock consists of 210,000,000 shares of common stock, par value of \$.01 per share, 20,000,000 shares of Class B common stock, par value \$.01 per share, and 20,000,000 shares of preferred stock, par value \$.01 per share.

## COMMON STOCK

**VOTING RIGHTS.** Each holder of shares of common stock is entitled to one vote per share on all matters to be voted on by stockholders. Holders of common stock are not entitled to cumulative votes in the election of directors.

**DIVIDEND RIGHTS.** The holders of common stock are entitled to dividends and other distributions if, as and when declared by the Board out of assets legally available therefor, subject to the rights of any holder of preferred stock, restrictions set forth in WESCO's credit facilities and restrictions, if any, imposed by other indebtedness outstanding from time to time. See "Dividend Policy" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations -- Liquidity and Capital Resources." The holders of common stock and Class B common stock are entitled to equivalent per share dividends and distributions.

**OTHER RIGHTS.** Upon the liquidation, dissolution or winding up of WESCO, the holders of shares of common stock would be entitled to share pro rata (on an equal basis with the holders of the Class B common stock) in the distribution of all of WESCO's assets remaining available for distribution after satisfaction of all its liabilities and the payment of the liquidation preference of any outstanding preferred stock. The holders of common stock have no preemptive or other subscription rights to purchase shares of WESCO, nor are they entitled to the benefits of any sinking fund provisions. No share of common stock issued in connection with or outstanding prior to the offering is subject to any further call or assessment.

**REDEEMABLE COMMON STOCK.** Certain employees and key management of WESCO who hold common stock and options may require WESCO to repurchase in the event of death, disability or termination without cause during the term of employment, all of their shares and the exercisable portion of the options they hold. This repurchase right will terminate upon the consummation of the offering.

## CLASS B COMMON STOCK

The Class B common stock (nonvoting) is identical to the common stock in all respects except that the holders of Class B common stock will have no right to vote, except as required by law. Shares of Class B common stock automatically convert into the same number of shares of common stock upon the sale or transfer by the holder thereof to a non-affiliate. To the extent permitted by law, each holder of Class B common stock is entitled to convert any or all shares of Class B common stock held into the same number of shares of common stock.

## PREFERRED STOCK

The Board of Directors has the authority, without further action by the stockholders, to issue up to 20,000,000 shares of preferred stock in one or more series and to fix the number of shares, designations, voting powers, preferences, optional and other special rights and the restrictions or qualifications thereof. The rights, preferences, privileges and powers of each series of preferred stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions and other matters. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock and Class B common stock and could adversely affect the rights and

powers, including voting rights, of holders of shares of common stock and Class B common stock. The existence of authorized and undesignated shares of preferred stock may also have an adverse effect on the market price of the common stock. In addition, the issuance of any shares of preferred stock could have the effect of delaying, deferring or preventing a change of control of WESCO. No shares of preferred stock are outstanding, and WESCO has no current intention to issue any shares of preferred stock.

#### CERTAIN PROVISIONS OF THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

WESCO's Certificate of Incorporation, as amended and restated, provides for a classified Board of Directors in which directors are divided into three classes, each class being elected for a term of three years expiring at successive yearly intervals. In addition, the Certificate of Incorporation requires a vote of a majority of the remaining Board of Directors to fill a vacancy on the Board and does not permit vacancies to be filled by a vote of the stockholders. The Certificate of Incorporation provides that vacancies filled by the Board of Directors will be filled for the remainder of the term of the class in which the vacancy occurs. The Certificate of Incorporation further states that a decrease in the number of directors will not shorten the term of any incumbent.

#### SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

We are a Delaware corporation subject to Section 203 of the DGCL. Section 203 provides in general that an interested stockholder acquiring more than 15% of the outstanding voting stock of a corporation subject to Section 203 but less than 85% of such stock may not engage in certain business combinations (as defined in Section 203) with the corporation for a period of three years subsequent to the date on which the stockholder became an interested stockholder unless:

- prior to such date the corporation's board of directors approve either the business combination or the transaction in which the stockholder became an interested stockholder or
- the business combination is approved by the corporation's board of directors and authorized by a vote of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the interested stockholder.

A "business combination" includes mergers, asset sales and other transactions resulting in financial benefit to a stockholder. Section 203 could prohibit or delay mergers or other takeover or change of control attempts with respect to WESCO and, accordingly, may discourage attempts that might result in a premium over the market price for the shares held by stockholders.

#### TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for our common stock will be ChaseMellon Shareholder Services.

## DESCRIPTION OF CERTAIN INDEBTEDNESS

## CREDIT FACILITIES

The following is a summary of the material terms of the credit agreement entered into among WESCO, WESCO Distribution--Canada, Inc., WESCO Distribution, certain financial institutions party thereto, The Chase Manhattan Bank, as U.S. administrative agent, syndication agent and U.S. collateral agent, The Chase Manhattan Bank of Canada, as Canadian administrative agent and Canadian collateral agent, and Lehman Commercial Paper Inc., as documentation agent. The following summary is qualified in its entirety by reference to the credit agreement.

THE FACILITIES. The credit agreement provides for three term loan facilities in an aggregate principal amount of up to \$270.0 million, consisting of:

- a Tranche A term loan facility providing for term loans to WESCO Distribution in an aggregate principal amount of up to \$80.0 million,
- a Tranche B term loan facility providing for term loans to WESCO Distribution in an aggregate principal amount of up to \$90.0 million, and
- a delayed draw term facility providing for term loans to WESCO Distribution in an aggregate principal amount of up to \$100.0 million; and

a revolving credit facility providing for:

- dollar revolving loans in an aggregate principal amount outstanding at any time not to exceed \$50.0 million and
- U.S. dollar and/or Canadian dollar revolving loans in an aggregate principal amount outstanding at any time not to exceed U.S. \$50.0 million.

An aggregate principal amount not to exceed \$25.0 million is available under the revolving credit facility for acquisitions permitted under the credit agreement. The revolving credit facility and the term facilities are referred to in this prospectus as the credit facilities.

AVAILABILITY. The full amount of the Tranche A term facility and the Tranche B term facility was drawn upon the closing of WESCO Distribution's notes offering on June 5, 1998 and amounts repaid or prepaid will not be able to be reborrowed. The delayed draw term facility is available for two years after June 5, 1998 and amounts repaid or prepaid will not be able to be reborrowed. Amounts under the revolving credit facility are available on a revolving basis.

INTEREST. At the option of WESCO Distribution, borrowings under the term facilities and borrowings in U.S. dollars under the revolving credit facility bear interest at a rate per annum equal to LIBOR or the highest of Chase's published prime rate, a certificate of deposit rate plus 1% and the Federal Funds effective rate plus 0.5%, referred to as ABR, plus, in each case a borrowing margin based on WESCO Distribution's financial performance. At the option of WESCO Distribution, borrowings in Canadian dollars under the revolving credit facility bear interest at a rate per annum equal to the higher of Chase Canada's published prime rate and the Canadian Dollar Offered Rate plus 1%, plus, in each case, a borrowing margin based on WESCO Distribution's financial performance. Amounts outstanding under the credit facilities not paid when due will bear interest at a default rate equal to 2% above the rates otherwise applicable to the loans under the credit agreement.

FEES. WESCO Distribution has agreed to pay certain fees with respect to the credit agreement, including:

- fees on the unused commitments of the lenders;
- letter of credit fees on the aggregate face amount of outstanding letters of credit;

- annual administration fees; and
- agent, arrangement and other similar fees.

SECURITY; GUARANTEES. WESCO has irrevocably guaranteed the obligations of WESCO Distribution under the credit facilities jointly and severally, with each existing and subsequently acquired or organized domestic subsidiary and, to the extent no adverse tax consequences would result, any foreign subsidiary other than WESCO Distribution and the receivables subsidiary. In addition, the obligations of WESCO Distribution under the credit facilities and the related guarantees are secured by substantially all of the assets of WESCO and each other existing and subsequently acquired and organized domestic subsidiary and, to the extent no adverse tax consequences would result, foreign subsidiary other than the receivables subsidiary.

WESCO has irrevocably guaranteed the obligations of WESCO Canada under the revolving credit facility jointly and severally, with WESCO Distribution and each existing and subsequently acquired or organized subsidiary of WESCO Canada and any other subsidiary of WESCO organized under the laws of Canada and the U.S. guarantors. In addition, the obligations of WESCO Canada under the revolving credit facility and the related guarantees are secured by the U.S. collateral and substantially all of the assets of WESCO Canada and each existing and subsequently acquired or organized subsidiary of WESCO Canada and any other subsidiary of WESCO organized under the laws of Canada.

COMMITMENT REDUCTIONS AND REPAYMENTS. The revolving credit facility will mature in 2004. The Tranche A term loan will mature in 2004 with quarterly amortization payments during the term of such loan in an annual aggregate principal amount as follows: 1999, \$4.0 million; 2000, \$8.0 million; 2001, \$12.0 million; 2002, \$16.0 million; 2003, \$20.0 million; and 2004, \$20.0 million. The Tranche B term loan will mature in 2006, with quarterly amortization payments during the term of such loan in an annual aggregate principal amount as follows: 1999 through 2004, \$500,000; 2005, \$34.2 million; and 2006, \$52.3 million. The delayed draw term facility will mature in 2005, with quarterly amortization payments during the term of such facility in an annual aggregate principal amount as follows: 2002, \$25.0 million; 2003, \$25.0 million; 2004, \$25.0 million; and 2005, \$25.0 million assuming WESCO Distribution borrows the full amount available under the delayed draw term facility.

In addition, the credit facilities are subject to mandatory prepayment and reductions in an amount equal to:

- 100% of the net cash proceeds of certain equity issuances by WESCO, WESCO Distribution, WESCO Canada or any of their respective subsidiaries,
- 100% of the net cash proceeds of certain debt issuances of WESCO, WESCO Distribution, WESCO Canada or any of their respective subsidiaries,
- 75% of WESCO Distribution's excess cash flow, subject to a reduction to 50% if WESCO Distribution's long-term senior unsecured debt receives an investment grade rating from Standard and Poor's Rating Service or Moody's Investors Service, Inc. and
- 100% of the net cash proceeds of certain asset sales or other dispositions of property by WESCO, WESCO Distribution or any of its subsidiaries, in each case subject to exceptions.

AFFIRMATIVE, NEGATIVE AND FINANCIAL COVENANTS. The credit agreement contains a number of covenants that, among other things, restrict the ability of WESCO, WESCO Distribution, WESCO Canada and their respective subsidiaries to dispose of assets, incur additional indebtedness, incur or guarantee obligations, repay other indebtedness or amend other debt instruments, pay dividends, create liens on assets, make investments, loans or advances, make acquisitions, engage in mergers or consolidations, change the business conducted by WESCO Distribution, WESCO Canada and their

respective subsidiaries, make capital expenditures, or engage in certain transactions with affiliates and otherwise restrict certain corporate activities. In addition, the credit agreement requires us to comply with specified financial ratios and tests.

EVENTS OF DEFAULT. The credit agreement contains customary events of default.

#### RECEIVABLES FACILITY

The following is a summary of the material terms of the receivables facility entered into among WESCO Distribution, WESCO Canada, WESCO Receivables Corp., a special purpose wholly-owned subsidiary of WESCO Distribution, Chase as liquidity bank and funding agent for a multi-seller asset-backed commercial paper issuer. The following summary is qualified in its entirety by reference to the receivables sale agreements and the pooling agreement.

THE RECEIVABLES FACILITY. WESCO Receivables purchases the receivables generated by WESCO, WESCO Canada and certain other subsidiaries pursuant to two receivables sale agreements. The receivables sale agreements contain customary terms for similar transactions.

WESCO Receivables has entered into a pooling agreement with Chase as trustee pursuant to which WESCO Receivables transfers all the receivables to a trust, and the commercial paper issuer, or in certain circumstances, the liquidity bank provides through the purchase of an undivided percentage ownership interest in the Trust. If the commercial paper issuer no longer wishes to, or is unable to, provide financing, which may occur at any time, the liquidity bank is committed to thereafter be the receivables purchaser. The receivables facility is supported by a commitment of the liquidity bank, subject to the terms and conditions of the pooling agreement, to purchase transferred interests for a period of approximately six years on a revolving basis in an amount not to exceed \$300 million at any time. See Note 4 to Consolidated Financial Statements for further information concerning funding under the receivables facility.

The trust, on behalf of the receivables purchasers, has a first priority perfected ownership or security interest in the receivables, the rights of WESCO Receivables under the receivables sale agreements and cash collections and other proceeds received in respect of the receivables. Pursuant to a servicing agreement entered into by the receivables sellers, WESCO Receivables and the trust, the receivables sellers have agreed to service the receivables for the trust; provided, that, upon the occurrence of certain events, the servicing agreement may be terminated by the trustee.

COSTS. The effective financing rate under the receivables facility will be the weighted average of the interest rates on all outstanding commercial paper issued by the commercial paper issuer to fund its purchase of the transferred interests, except if the liquidity bank is the receivables purchaser, the effective financing rate will be either adjusted LIBOR plus a margin of up to 2.25% per annum or ABR plus a margin of up to 1.25% per annum, at the option of WESCO Receivables, plus in each case the fees described below.

FEES. WESCO Receivables has agreed to pay certain fees with respect to the receivables facility, including a commitment fee to the liquidity bank, a program fee and agent, arrangement and other similar fees.

FACILITY REDUCTIONS. After the end of the revolving period, all collections in respect of receivables purchased by WESCO Receivables from the receivables sellers will be used to reduce the transferred interests of the receivables purchasers in the receivables. Additionally, at any time, WESCO Receivables at its option may reduce the purchase commitment upon notice to the receivables purchasers or terminate the purchases of transferred interests by the receivables purchasers.

EARLY TERMINATION EVENTS. The pooling agreement contains certain early amortization events which will cause the termination of, or permit the Receivables Purchasers to terminate, the revolving period and effectively reduce the amount of financing available under the receivables facility to zero.

REPLACEMENT FACILITY. Although WESCO Distribution received a six-year commitment, WESCO Distribution intends to replace the receivables facility through a securitization of the receivables in the capital markets or another securitization transaction. However, no assurance can be made that such transaction will be completed or, if completed, whether such transaction may have materially different terms from the receivables facility.

#### 9 1/8% SENIOR SUBORDINATED NOTES DUE 2008

WESCO Distribution has outstanding \$300 million in aggregate principal amount of its senior subordinated notes. The senior subordinated notes are subject to the terms and conditions of an indenture dated as of June 5, 1998 between WESCO Distribution and Bank One, N.A., as trustee. The following summary of the material provisions of the senior subordinated notes does not purport to be complete, and is subject to, and qualified in its entirety by reference to, all of the provisions of the senior subordinated indenture and those terms made a part of the senior subordinated indenture and not otherwise defined herein are used below with the meanings set forth in the senior subordinated indenture.

GENERAL. The senior subordinated notes will mature on June 1, 2008 and bear interest at 9 1/8% per annum, payable semi-annually on June 1 and December 1 of each year. The senior subordinated notes are general unsecured obligations of WESCO Distribution and are subordinated in right of payment to all existing and future senior debt of WESCO Distribution. The notes are unconditionally guaranteed, on an unsecured senior subordinated basis, jointly and severally, by WESCO.

OPTIONAL REDEMPTION. The senior subordinated notes are subject to redemption at any time, at the option of WESCO Distribution, in whole or in part, on or after June 1, 2003 at redemption prices, plus accrued and unpaid interest, starting at 104.563% of principal, plus accrued and unpaid interest, during the 12-month period beginning June 1, 2003 and declining annually to 100% of principal, plus accrued and unpaid interest, on June 1, 2006 and thereafter.

In addition, prior to June 1, 2001, WESCO Distribution may redeem up to 35% of the aggregate principal amount of the senior subordinated notes with the net proceeds of this offering or other equity offerings, to the extent such proceeds are contributed within 120 days of any such offering to WESCO Distribution as common equity, at a price equal to 109.125% of the principal, plus accrued and unpaid interest, provided that at least 65% of the original aggregate principal amount of the senior subordinated notes remains outstanding thereafter.

CHANGE OF CONTROL. Upon the occurrence of a change of control, each holder of the senior subordinated notes may require WESCO Distribution to repurchase all or a portion of such holder's senior subordinated notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

SUBORDINATION. The senior subordinated notes are general unsecured obligations of WESCO Distribution and are subordinate to all existing and future senior debt of WESCO Distribution. The senior subordinated notes will rank senior in right of payment to all subordinated indebtedness of WESCO Distribution.

CERTAIN COVENANTS. The senior subordinated indenture contains a number of covenants restricting the operation of WESCO Distribution, which, among other things, limit the ability of WESCO Distribution to incur additional indebtedness, pay dividends or make distributions, sell assets, issue subsidiary stock, restrict distributions from subsidiaries, create certain liens, enter into certain consolidations or mergers and enter into certain transactions with affiliates.

EVENTS OF DEFAULT. Upon the occurrence of an event of default, with certain exceptions, the trustee or the holders of at least 25% in principal amount of the then outstanding senior subordinated notes may accelerate the maturity of all the senior subordinated notes as provided in the senior subordinated indenture.

#### 11 1/8% SENIOR DISCOUNT NOTES DUE 2008

WESCO has outstanding \$87 million in aggregate principal amount of its senior discount notes. The senior discount notes are subject to the terms and conditions of an indenture dated as of June 5, 1998 between WESCO and Bank One, N.A., as trustee. The following summary of the material provisions of the senior discount notes does not purport to be complete, and is subject to, and qualified in its entirety by reference to, all of the provisions of the senior discount indenture and those terms made a part of the senior discount indenture and not otherwise defined herein are used below with the meanings set forth in the senior discount indenture.

GENERAL. The senior discount notes will mature on June 1, 2008 and were sold at a discount resulting in a yield to maturity of 11.175% per annum, payable semi-annually on June 1 and December 1 of each year. The senior discount notes are generally unsecured obligations of WESCO and are subordinated in right of payment to all existing and future senior debt of WESCO.

OPTIONAL REDEMPTION. The senior discount notes are subject to redemption at any time, at the option of WESCO, in whole or in part, on or after June 1, 2003 at redemption prices, plus accrued and unpaid interest, starting at 105.563% of principal, plus accrued and unpaid interest, during the 12-month period beginning June 1, 2003 and declining annually to 100% of principal, plus accrued and unpaid interest, on June 1, 2006 and thereafter. At any time prior to June 1, 2001, WESCO may redeem, in whole but not in part, the senior discount notes with the proceeds of an equity offering at a redemption price equal to 111.125% of the accreted value at the date of redemption.

CHANGE OF CONTROL. Upon the occurrence of a change of control, each holder of the senior discount notes has the option to sell its senior discount notes to WESCO at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

SUBORDINATION. The senior discount notes are general unsecured obligations of WESCO and are subordinate to all existing and future senior debt of WESCO. The senior discount notes will rank senior in right of payment to all subordinated indebtedness of WESCO.

CERTAIN COVENANTS. The senior discount indenture contains a number of covenants restricting the operations of WESCO, which, among other things, limit the ability of WESCO to incur additional indebtedness, pay dividends or make distributions, sell assets, issue subsidiary stock, restrict distributions from subsidiaries, create certain liens, enter into certain consolidations or mergers and enter into certain transactions with affiliates.

EVENTS OF DEFAULT. Upon the occurrence of an event of default, with certain exceptions, the trustee or the holders of at least 25% in principal amount of the then outstanding senior discount notes may accelerate the maturity of all the senior discount notes as provided in the senior discount indenture.

#### CONVERTIBLE PROMISSORY NOTES

WESCO issued four promissory notes to certain sellers in connection with four acquisitions, including Bruckner, which are convertible in whole or in part into common stock. Three outstanding notes in the aggregate principal amount of \$31.2 million are automatically convertible into shares of common stock upon the offering. One note is convertible as to \$5 million of its principal amount, at the election of the payee, into shares of common stock upon the offering. The number of shares of common stock into which each note is convertible is determined by dividing the unpaid principal amount, or the amount elected by the payee to be received in the form of shares of common stock, as the case may be, by the offering price.



## SHARES ELIGIBLE FOR FUTURE SALE

Upon the consummation of this offering, we will have 46,510,614 shares of common stock issued and outstanding, including outstanding shares of Class B common stock which are convertible into common stock. All of the 9,725,000 shares of common stock to be sold in the offering and any shares sold upon exercise of the underwriters' over-allotment option will be freely tradable without restrictions or further registration under the Securities Act, except for any shares purchased by an "affiliate" of WESCO as that term is defined in Rule 144 under the Securities Act, which will be subject to the resale limitations of Rule 144. After the completion of the offering, we will have 36,785,614 shares of common stock outstanding which are "restricted securities" as that term is defined in Rule 144 and are also subject to certain restrictions on disposition. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act. Sales of restricted securities in the public market, or the availability of such shares for sale, could have an adverse effect on the price of the common stock. See "Risk Factors -- Our Common Stock Has Never Been Publicly Traded and the Price of our Common Stock May Fluctuate Significantly" and "Risk Factors -- A Substantial Number of Shares Will be Eligible for Future Sale by Our Current Stockholders, and the Sale of Those Shares Could Adversely Affect Our Stock Price."

In general, under Rule 144, as currently in effect, a person (or persons whose shares are required to be aggregated) who has beneficially owned shares of common stock for at least one year, including a person who may be deemed an "affiliate" of WESCO, is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of 1% of the total number of shares of the class of stock sold or the average weekly reported trading volume of the class of stock being sold during the four calendar weeks preceding such sale. A person who is not deemed an "affiliate" of WESCO at any time during the three months preceding a sale and who has beneficially owned shares for at least two years is entitled to sell such shares under Rule 144 without regard to the volume limitations as described above. As defined in Rule 144, an "affiliate" of an issuer is a person that directly or indirectly through the use of one or more intermediaries controls, is controlled by, or is under common control with, such issuer. The foregoing summary of Rule 144 is not intended to be a complete description thereof.

## LOCK-UP AGREEMENTS

Existing stockholders, including directors and executive officers of WESCO, who, after the offering, will hold in the aggregate 36,209,324 shares of common stock, have agreed, pursuant to lock-up agreements, that they will not, for a period of 180 days after the date of this prospectus, subject to certain limited exceptions, without the prior written consent of Lehman Brothers Inc., offer, sell, contract to sell or otherwise dispose of any shares of common stock or securities exercisable or exchangeable for common stock or enter into any derivative transaction with similar effect as a sale of common stock. The restrictions described in this paragraph do not apply to:

- the sale of common stock to the underwriters in this offering,
- the issuance by WESCO of shares of common stock upon the exercise of an option or the conversion of a security outstanding on the date of this prospectus,
- transactions by any person other than WESCO relating to shares of common stock or
- the issuance by WESCO of shares of common stock pursuant to employee benefit plans, qualified stock option plans or other employee compensation existing on the date of this prospectus.

## REGISTRATION RIGHTS

Pursuant to the registration and participation agreement, the investor group and the management stockholders have the right, under certain circumstances and subject to certain conditions, to request that we register under the Securities Act shares of our common stock held by them. Subject to

certain conditions and exceptions, the investor group and the management stockholders also have the right to require that shares of common stock held by them be included in any registration under the Securities Act commenced by us. No such stockholder has requested to register its shares of common stock in the offering. The registration and participation agreement provides that we will pay all expenses in connection with the first three registrations requested by the investor group and the management stockholders. The registration and participation agreement also provides that we will indemnify the investors and the management stockholders and their affiliates for certain liabilities they may incur under the securities laws.

## UNITED STATES FEDERAL TAX CONSIDERATIONS

The following summary describes United States federal income and estate tax consequences that may be relevant to the purchase, ownership and disposition of common stock by a Non-U.S. Holder. For this purpose, a "Non-U.S. Holder" is any person who is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual, a foreign partnership or a foreign estate or trust. This discussion does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to such Non-U.S. Holders in light of their personal circumstances. Furthermore, this discussion is based on provisions of the Internal Revenue Code of 1986, existing and proposed regulations promulgated thereunder and administrative and judicial interpretations thereof, as of the date hereof, all of which are subject to change. EACH PROSPECTIVE PURCHASER OF COMMON STOCK IS ADVISED TO CONSULT A TAX ADVISOR WITH RESPECT TO CURRENT AND POSSIBLE FUTURE TAX CONSEQUENCES OF ACQUIRING, HOLDING AND DISPOSING OF COMMON STOCK AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY U.S. STATE, MUNICIPALITY OR OTHER TAXING JURISDICTION.

## DIVIDENDS

We do not anticipate paying cash dividends on our capital stock in the foreseeable future. See "Dividend Policy." In the event, however, that dividends are paid on shares of common stock, dividends paid to a Non-U.S. Holder of common stock generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States and, where a tax treaty applies, are attributable to a United States permanent establishment of the Non-U.S. Holder, are not subject to the withholding tax, but instead are subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates. Certification and disclosure requirements must be complied with in order for dividends to be exempt from withholding under such effectively connected income exemption. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Until December 31, 1999, dividends paid to an address outside the United States are presumed to be paid to a resident of such country, unless the payer has knowledge to the contrary, for purposes of the withholding tax discussed above and, under the current interpretation of United States Treasury regulations, for purposes of determining the applicability of a tax treaty rate. However, a Non-U.S. Holder of common stock who wishes to claim the benefit of an applicable treaty rate, and avoid back-up withholding as discussed below for dividends paid after December 31, 1999, will be required to satisfy applicable certification and other requirements. Special rules apply to dividend payments made after December 31, 1999 to foreign intermediaries, U.S. or foreign wholly-owned entities that are disregarded for U.S. federal income tax purposes and entities that are treated as fiscally transparent in the United States, the applicable income tax treaty jurisdiction, or both. In addition, U.S. tax legislation, effective August 4, 1997, denies income tax treaty benefits to foreigners receiving income derived through a partnership, or otherwise fiscally transparent entity, in certain circumstances.

A Non-U.S. Holder of common stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

## GAIN ON DISPOSITION OF COMMON STOCK

A Non-U.S. Holder generally will not be subject to United States federal income tax with respect to gain recognized on a sale or other disposition of common stock unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States and, where a tax treaty applies, is attributable to a United States permanent establishment of the Non-U.S. Holder,
- in the case of a Non-U.S. Holder who is an individual and holds the common stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met,
- the Non-U.S. Holder is subject to tax pursuant to the provisions of the U.S. tax law applicable to certain U.S. expatriates,
- we are or have been a "U.S. real property holding corporation" for United States federal income tax purposes, and the Non-U.S. Holder owned, directly or pursuant to certain attribution rules, more than 5% of WESCO's common stock at any time within the shorter of the five-year period preceding such disposition or such Non-U.S. Holder's holding period.

WESCO believes it is not, and does not anticipate becoming, a "U.S. real property holding corporation" for United States federal income tax purposes.

An individual Non-U.S. Holder described in the first point above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates. An individual Non-U.S. Holder described in the second point above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by United States source capital losses (even though the individual is not considered a resident of the United States). If a Non-U.S. Holder that is a foreign corporation falls under the first point above, it will be subject to tax on its gain under regular graduated United States federal income tax rates and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits within the meaning of the Code for the taxable year, as adjusted for certain items, unless it qualifies for a lower rate under an applicable income tax treaty.

## FEDERAL ESTATE TAX

Common stock owned or treated as owned by an individual Non-U.S. Holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

## INFORMATION REPORTING AND BACKUP WITHHOLDING

WESCO must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to such Non-U.S. Holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

Until December 31, 1999, backup withholding generally will not apply to dividends paid to a Non-U.S. Holder at an address outside the United States, unless the payer has knowledge that the payee is a U.S. person. With respect to dividends paid after December 31, 1999, however, a Non-U.S. Holder will be subject to back-up withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to:

- information reporting; and

- backup withholding other than payments made before January 1, 2000, by or through certain U.S.-related financial intermediaries, unless the beneficial owner certifies under penalties of perjury that it is a Non-U.S. Holder, and the payor does not have actual knowledge that the beneficial owner is a United States person, or the holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

## UNDERWRITING

Under the terms of, and subject to the conditions contained in, the U.S. underwriting agreement, the form of which is filed as an exhibit to the registration statement, the U.S. underwriters named below, for whom Lehman Brothers Inc., Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., Robert W. Baird & Co., Incorporated and ING Baring Furman Selz LLC are acting as the U.S. representatives, have severally agreed, subject to the terms and conditions of the U.S. underwriting agreement, to purchase from WESCO, and WESCO has agreed to sell to each U.S. underwriter, the aggregate number of shares of common stock set forth opposite the name of each such U.S. underwriter below:

U.S. UNDERWRITERS -----	NUMBER OF SHARES -----
Lehman Brothers Inc. ....	
Bear, Stearns & Co. Inc. ....	
Donaldson, Lufkin & Jenrette Securities Corporation.....	
Goldman, Sachs & Co. ....	
Robert W. Baird & Co. Incorporated.....	
ING Baring Furman Selz LLC.....	
	-----
Total.....	7,780,000 =====

Under the terms of, and subject to the conditions contained in, the international underwriting agreement, the form of which is filed as an exhibit to the registration statement, the international managers named below of the concurrent offering of the shares of common stock outside the U.S. and Canada, for whom Lehman Brothers International (Europe), Bear, Stearns International Limited, Donaldson, Lufkin & Jenrette International, Goldman Sachs International, Robert W. Baird & Co. Incorporated and Baring Brothers Limited, as agent for ING Bank NV are acting as lead managers, have severally agreed, subject to the terms and conditions of the international underwriting agreement, to purchase from WESCO, and WESCO has agreed to sell to each international manager, the aggregate number of shares of common stock set forth opposite the name of each international manager below:

INTERNATIONAL MANAGERS -----	NUMBER OF SHARES -----
Lehman Brothers International (Europe).....	
Bear, Stearns International Limited.....	
Donaldson, Lufkin & Jenrette International.....	
Goldman Sachs International.....	
Robert W. Baird & Co. Incorporated.....	
Baring Brothers Limited, as agent for ING Bank NV.....	
	-----
Total.....	1,945,000 =====

The international managers and the U.S. underwriters are collectively referred to as the underwriters, and the lead managers and the U.S. representatives are collectively referred to as the representatives. The U.S. underwriting agreement and the international underwriting agreement provide that the obligations of the U.S. underwriters and the international managers to purchase shares of common stock are subject to certain conditions, and that if any of the foregoing shares of

common stock are purchased by the U.S. underwriters pursuant to the U.S. underwriting agreement or by the international managers pursuant to the international underwriting agreement then all the shares of common stock agreed to be purchased by the U.S. underwriters and the international managers, as the case may be, pursuant to their respective underwriting agreements, must be so purchased. The offering price and underwriting discounts and commissions per share for the U.S. offering and the international offering are identical. The closing of the U.S. offering is a condition to the closing of the international offering and the closing of the international offering is a condition to the closing of the U.S. offering.

The initial public offering price will be determined by negotiations between representatives of the underwriters and us and may not be indicative of prices that will prevail in the trading market. The representatives have advised us that the U.S. underwriters and the international managers propose to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus, and to certain selected dealers, who may include the U.S. underwriters and the international managers, at such public offering price less a selling concession not in excess of \$      per share. The selected dealers may reallow a concession not in excess of \$      per share to certain brokers and dealers. After this offering, the public offering price, the concession to selected dealers and the reallowance may be changed by the U.S. underwriters and the international managers.

We have agreed to indemnify, under certain circumstances, the U.S. underwriters and the international managers against certain liabilities, including liabilities under the Securities Act, and to contribute, under certain circumstances, to payments that the U.S. underwriters and the international managers may be required to make in respect thereof.

We have granted to the U.S. underwriters an option to purchase up to an aggregate 1,167,000 additional shares of common stock and have granted to the international managers an option to purchase up to 291,750 additional shares of common stock, in each case exercisable solely to cover over-allotments, at the public offering price less the underwriting discounts and commissions shown on the cover page of this prospectus. Such options may be exercised at any time until 30 days after the date of the underwriting agreements. To the extent that the over-allotment option is exercised, each U.S. underwriter or international manager, as the case may be, will be committed, subject to certain conditions, to purchase a number of additional shares of common stock proportionate to such U.S. underwriter's or international manager's initial commitment as indicated in the preceding tables.

The U.S. underwriters and the international managers have entered into an agreement between U.S. underwriters and international managers pursuant to which each U.S. underwriter has agreed that, as part of the distribution of the shares of common stock offered in the U.S. offering:

- it is not purchasing any such shares for the account of anyone other than a U.S. person, and
- it has not offered or sold, will not offer, sell, resell or deliver, directly or indirectly, any such shares or distribute any prospectus relating to the U.S. offering to anyone other than a U.S. person.

In addition, pursuant to such agreement, each international manager has agreed that, as part of the distribution of the shares of common stock offered in the international offering:

- it is not purchasing any such shares for the account of a U.S. person, and
- it has not offered or sold, and will not offer, sell, resell or deliver, directly or indirectly, any of such shares or distribute any prospectus relating to the international offering to any U.S. person.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the underwriting agreements and the agreement between U.S. underwriters and international managers, including:

- certain purchases and sales between U.S. underwriters and the international managers,
- certain offers, sales, resales, deliveries or distributions to or through investment advisors or other persons exercising investment discretion,
- purchases, offers or sales by a U.S. underwriter who is also acting as an international manager or by an international manager who is also acting as a U.S. underwriter and
- other transactions specifically approved by the U.S. representatives and the lead managers.

As used herein, the term "U.S. person" means any resident or national of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada, or any estate or trust the income of which is subject to United States or Canadian federal income taxation regardless of the source.

Pursuant to the agreement between the U.S. underwriters and the international managers, sales may be made between the U.S. underwriters and the international managers of such a number of shares of common stock as may be mutually agreed. The price of any shares so sold shall be the public offering price as then in effect for the shares of common stock being sold by the U.S. underwriters and the international managers less an amount equal to the selling concession allocable to such shares of common stock, unless otherwise determined by mutual agreement. To the extent that there are sales between the U.S. underwriters and the international managers pursuant to the agreement between the U.S. underwriters and the international managers the number of shares of common stock available for sale by the U.S. underwriters or by the international managers may be more or less than the amount specified on the cover page of the this prospectus.

Until the distribution of the common stock is completed, rules of the SEC may limit the ability of the underwriters and certain selling group members to bid for and purchase shares of common stock. As an exception to these rules, the representatives are permitted to engage in certain transactions that stabilize the price of the common stock. Such transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock.

If the underwriters create a short position in the common stock in connection with this offering (i.e., if they sell more shares of common stock than are set forth on the cover page of this prospectus), the representatives may reduce that short position by purchasing common stock in the open market. The representatives also may elect to reduce any short position by exercising all or part of the over-allotment options described herein.

The representatives may also impose a penalty bid on certain underwriters and selling group members. This means that, if the representatives purchase shares of common stock in the open market to reduce the underwriters' short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares as part of this offering.

In general, purchases of a security for the purpose of stabilization or to reduce a syndicate short position could cause the price of the security to be higher than it might otherwise be in the absence of such purchases. The imposition of a penalty bid might have an effect on the price of a security to the extent that it were to discourage resales of the security by purchasers in this offering.

Neither WESCO nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither WESCO nor any of the underwriters makes any representation that the representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.



Each international manager has represented and agreed that:

- it has not offered or sold and, prior to the date six months after the date of issue of the shares of common stock, will not offer or sell any shares of common stock to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995,
- it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the shares of common stock in, from or otherwise involving the United Kingdom, and
- it has only issued or passed on, and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issue of the shares of common stock if that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise be issued or passed upon.

The common stock has been approved for listing on the NYSE, subject to notice of issuance, under the symbol WCC.

WESCO has agreed, and existing stockholders, including directors and executive officers of WESCO, who, after this offering, will own in the aggregate 36,209,324 shares of common stock, have agreed that they will not, for a period of 180 days from the date of this prospectus, subject to certain limited exceptions, directly or indirectly, offer, sell or otherwise dispose of any shares of common stock or any securities convertible into or exchangeable or exercisable for any such shares of common stock or enter into any derivative transaction with similar effect as a sale of common stock, without the prior written consent of Lehman Brothers Inc. The restrictions described in this paragraph do not apply to:

- the sale of common stock to the underwriters in this offering,
- the issuance by WESCO of shares of common stock upon the exercise of an option or the conversion of a security outstanding as of the date of this prospectus,
- transactions by any person other than WESCO relating to shares of common stock or other securities acquired in open market transactions after the completion of this offering, or
- the issuance by WESCO of shares of common stock pursuant to employee benefit plans, qualified stock option plans or other employee compensation existing on the date of this prospectus.

Any offer of the shares of common stock in Canada will be made only pursuant to an exemption from the prospectus filing requirement and an exemption from the dealer registration requirement (where such an exemption is not available, offers shall be made only by a registered dealer) in the relevant Canadian jurisdiction where such offer is made.

Purchasers of the shares of common stock offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase, in addition to the offering price set forth on the cover hereof.

The U.S. underwriters and the international managers have informed WESCO that they do not intend to sell to, and therefore will not confirm the sales of shares of common stock offered hereby to any accounts over which they exercise discretionary authority in excess of 5% of shares offered by them.

Lehman Brothers Inc. has provided investment banking, financial advisory and other services to us, for which services Lehman Brothers Inc. has received customary fees.

It is anticipated that more than 10% of the proceeds from the sale of the common stock, not including underwriting compensation, will be received by the underwriters or affiliates of the underwriters as holders of WESCO's senior discount notes and senior subordinated notes and as lenders under WESCO's revolving credit facility and Tranche B term loan. Lehman Brothers Inc., a member of the National Association of Securities Dealers, Inc. ("NASD"), is acting as the underwriter of the offering of the common stock. Therefore, the offering of the common stock is being conducted pursuant to Rule 2710(c)(8) of the NASD Conduct Rules. In accordance with this provision, Lehman Brothers Inc. has agreed to act as qualified independent underwriter and the price of the common stock will be no higher than that recommended by Lehman Brothers Inc. as qualified independent underwriter, in compliance with the requirements of Rule 2720(c)(3) of such Conduct Rules. In connection with the offering of the common stock, Lehman Brothers Inc. in its role as qualified independent underwriter has performed due diligence investigations and participated in the preparation of the registration statement.

#### DIRECTED SHARE PROGRAM

At the request of WESCO, the underwriters have reserved for sale, at the offering price, up to 7.5% of the shares of the common stock that will be offered by this prospectus for directors, officers and employees of WESCO. Some purchasers of the reserved shares may be required to agree in writing not to sell, transfer, assign, pledge or hypothecate such shares for 180 days from their date of purchase. The number of shares of common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

#### LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Kirkpatrick & Lockhart LLP, Pittsburgh, Pennsylvania, and for the underwriters by Simpson Thacher & Bartlett, New York, New York.

#### EXPERTS

The consolidated balance sheets of WESCO as of December 31, 1997 and 1998 and the consolidated statements of operations, stockholders' equity and redeemable common stock and cash flows of WESCO for each of the three years in the period ended December 31, 1998 included in this prospectus have been included herein in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

The balance sheet of Bruckner as of December 31, 1997 and the statements of income and retained earnings and cash flows of Bruckner for the year then ended included in this prospectus have been included herein in reliance on the report of Anchin, Block & Anchin LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

#### AVAILABLE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may access and read our SEC filings, including the complete registration statement and all of the exhibits to it, through the SEC's Internet site at [www.sec.gov](http://www.sec.gov). This site contains reports, proxy and

information statements and other information regarding issuers that file electronically with the SEC. You may also read and copy any document we file at the SEC's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings will also be available after the offering at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005.

We have filed with the SEC a registration statement under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Our descriptions in this prospectus of the provisions of documents filed as exhibits to the registration statement or otherwise filed with the SEC are only summaries of the documents' material terms. If you want a complete description of the content of the documents, you should obtain the documents yourself by following the procedures described above.

WESCO was founded as a Delaware corporation in 1994. Our executive offices are located at Commerce Court, Suite 700, Four Station Square, Pittsburgh, Pennsylvania 15219, and its telephone number is (412) 454-2200.

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When the stock split referred to in Note 22 of the consolidated financial statements is effective, we will be in a position to render the following report.

/s/ PricewaterhouseCoopers LLP

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors  
of WESCO International, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and redeemable common stock and cash flows present fairly, in all material respects, the financial position of WESCO International, Inc. and subsidiaries at December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of WESCO's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

600 Grant Street  
Pittsburgh, Pennsylvania  
February 12, 1999, except for Note 22,

as to which the date is May , 1999.

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	1997	1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 7,620	\$ 8,093
Trade accounts receivable, net of allowance for doubtful accounts of \$10,814 and \$8,082 in 1997 and 1998, respectively (Note 4).....	351,170	181,511
Other accounts receivable.....	17,261	22,265
Inventories.....	299,406	343,764
Income taxes receivable.....	3,405	7,329
Prepaid expenses and other current assets.....	3,699	2,892
Deferred income taxes (Note 12).....	14,277	16,217
Total current assets.....	696,838	582,071
Property, buildings and equipment, net (Note 7).....	95,082	107,596
Goodwill and other intangibles, net of accumulated amortization of \$5,108 and \$10,163 in 1997 and 1998, respectively (Note 5).....	69,331	234,049
Other assets (Note 8).....	9,609	26,806
Total assets.....	\$870,860	\$ 950,522
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$311,796	\$ 378,590
Accrued payroll and benefit costs.....	27,694	19,614
Current portion of long-term debt.....	891	16,592
Other current liabilities (Note 10).....	20,154	51,671
Total current liabilities.....	360,535	466,467
Long-term debt (Note 9).....	294,275	579,238
Other noncurrent liabilities.....	5,875	7,040
Deferred income taxes (Note 12).....	16,662	18,832
Total liabilities.....	677,347	1,071,577
Commitments and contingencies (Note 17)		
Redeemable Class A common stock, \$.01 par value; 5,161,887 and 4,901,902 shares issued and outstanding in 1997 and 1998, respectively (redemption value of redeemable common stock and vested options of \$68,597 and \$130,267 in 1997 and 1998, respectively) (Note 11).....	8,978	21,506
STOCKHOLDERS' EQUITY (Notes 11 and 22):		
Class A common stock, \$.01 par value; 210,000,000 authorized, 53,943,584 and 25,209,817 shares issued and outstanding in 1997 and 1998, respectively.....	539	252
Class B nonvoting convertible common stock, \$.01 par value; 20,000,000 shares authorized, 4,653,131 issued and outstanding in 1998.....	--	46
Additional capital.....	92,789	326,783
Retained earnings (deficit).....	89,366	(468,220)
Common stock to be issued under option.....	2,500	--
Accumulated other comprehensive income (loss).....	(659)	(1,422)
Total stockholders' equity.....	184,535	(142,561)
Total liabilities and stockholders' equity.....	\$870,860	\$ 950,522
	=====	=====

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

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Sales, net.....	\$2,274,622	\$2,594,819	\$3,025,439
Cost of goods sold.....	1,869,565	2,130,900	2,487,780
Gross profit.....	405,057	463,919	537,659
Selling, general and administrative expenses....	326,003	372,532	415,028
Depreciation and amortization.....	10,846	11,331	14,805
Recapitalization costs (Note 3).....	--	--	51,800
Income from operations.....	68,208	80,056	56,026
Interest expense, net.....	17,382	20,109	45,121
Other expenses (Note 4).....	--	--	10,122
Income before income taxes.....	50,826	59,947	783
Provision for income taxes (Note 12).....	18,364	23,710	8,519
Net income (loss).....	\$ 32,462	\$ 36,237	\$ (7,736)
Earnings per common share (Note 13):			
Basic.....	\$ 0.55	\$ 0.61	\$ (0.17)
Diluted.....	\$ 0.51	\$ 0.55	\$ (0.17)

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
 AND REDEEMABLE COMMON STOCK

	COMPREHENSIVE INCOME	COMMON STOCK		ADDITIONAL CAPITAL	RETAINED EARNINGS (DEFICIT)	COMMON STOCK TO BE ISSUED UNDER OPTION	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	REDEEMABLE CLASS A COMMON STOCK
		CLASS A	CLASS B					
(IN THOUSANDS)								
BALANCE, DECEMBER 31, 1995...		\$ 539	\$ --	\$ 92,789	\$ 20,667	\$ 2,500	\$ (126)	\$ 7,730
Exercise of common stock options.....								343
Issuance of common stock.....								857
Net income.....	\$32,462				32,462			
Translation adjustment.....	(85)						(85)	
Comprehensive income.....	\$32,377							
BALANCE, DECEMBER 31, 1996...		539	--	92,789	53,129	2,500	(211)	8,930
Exercise of common stock options.....								171
Issuance of common stock.....								201
Repurchase of common stock...								(324)
Net income.....	\$36,237				36,237			
Translation adjustment.....	(448)						(448)	
Comprehensive income.....	\$35,789							
BALANCE, DECEMBER 31, 1997...		539	--	92,789	89,366	2,500	(659)	8,978
Recapitalization, net.....		(287)	46	231,326	(549,143)	(2,500)		1,271
Issuance of common stock.....								16,759
Repurchase of common stock...					(707)			(1,427)
Exercise of common stock options.....				888				
Forfeiture and repurchase of common stock options.....				1,780				(4,075)
Net income (loss).....	\$(7,736)				(7,736)			
Translation adjustment.....	(763)						(763)	
Comprehensive income.....	\$(8,499)							
BALANCE, DECEMBER 31, 1998...		\$ 252	\$ 46	\$326,783	\$(468,220)	\$ --	\$(1,422)	\$21,506

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



## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS)		
<b>OPERATING ACTIVITIES:</b>			
Net income (loss).....	\$ 32,462	\$ 36,237	\$ (7,736)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Recapitalization costs.....	--	--	40,500
Depreciation and amortization.....	10,846	11,331	14,805
Accretion of original issue and amortization of purchase discounts.....	4,592	4,856	6,300
Amortization of debt issuance costs and interest rate caps.....	531	418	1,276
Gain on sale of property, buildings and equipment.....	(81)	(855)	(1,404)
Deferred income taxes.....	(78)	2,837	2,370
Changes in assets and liabilities, excluding the effects of acquisitions:			
Sale of trade accounts receivable.....	--	--	274,245
Trade and other receivables.....	(21,058)	(32,641)	(23,644)
Inventories.....	(24,389)	(31,671)	(5,645)
Prepaid expenses and other current assets.....	5,930	(1,120)	(2,151)
Other assets.....	700	(3,652)	191
Accounts payable.....	20,323	9,690	(8,445)
Accrued payroll and benefit costs.....	(1,942)	1,594	(8,380)
Other current and noncurrent liabilities.....	(12,700)	(9,001)	(5,428)
Net cash provided (used) by operating activities...	15,136	(11,977)	276,854
<b>INVESTING ACTIVITIES:</b>			
Capital expenditures.....	(9,330)	(11,591)	(10,694)
Proceeds from the sale of property, buildings and equipment.....	2,338	3,996	2,039
Advances to affiliates.....	--	--	(1,461)
Acquisitions, net of cash acquired (Note 19).....	(103,918)	(13,914)	(173,976)
Net cash used by investing activities.....	(110,910)	(21,509)	(184,092)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of long-term debt.....	546,396	430,843	1,064,288
Repayments of long-term debt.....	(459,730)	(389,613)	(797,555)
Debt issuance costs.....	(682)	(172)	(10,693)
Recapitalization costs.....	--	--	(28,974)
Repurchase of common stock.....	--	(324)	(657,956)
Proceeds from issuance of common stock.....	1,200	372	332,795
Proceeds from contributed capital.....	--	--	5,806
Net cash provided (used) by financing activities...	87,184	41,106	(92,289)
Net change in cash and cash equivalents.....	(8,590)	7,620	473
Cash and cash equivalents at the beginning of period.....	8,590	--	7,620
Cash and cash equivalents at the end of period.....	\$ --	\$ 7,620	\$ 8,093

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

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. ORGANIZATION

WESCO International, Inc. and its subsidiaries (collectively, "WESCO"), headquartered in Pittsburgh, Pennsylvania, is a full-line distributor of electrical supplies and equipment and is a provider of integrated supply procurement services. WESCO currently operates branch locations in the United States, Canada, Mexico, Puerto Rico, Guam, Singapore and the United Kingdom.

Subsequent to the completion in June 1998 of a leveraged recapitalization (see Note 3), WESCO was substantially owned by an investor group led by affiliates of The Cypress Group L.L.C. ("Cypress") with WESCO's management retaining the remaining interest.

On February 28, 1994, Clayton & Dubilier Private Equity Fund IV Limited Partnership, managed by Clayton, Dubilier & Rice ("CD&R"), formed WESCO Distribution, Inc. for the purpose of acquiring substantially all of the assets and certain liabilities of Westinghouse Electric Supply Company ("1994 Formation") from the former Westinghouse Electric Corporation ("Westinghouse").

## 2. ACCOUNTING POLICIES

## Basis of Presentation

The consolidated financial statements include the accounts of WESCO International, Inc. and all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. They may also affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates upon subsequent resolution of some matters.

## Revenue Recognition

Revenues are recognized at the time products are shipped or services are rendered.

## Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less when purchased.

## Asset Securitization

WESCO accounts for the securitization of accounts receivable in accordance with Statement of Financial Accounting Standards ("SFAS") No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time the receivables are sold the balances are removed from the balance sheet. SFAS No. 125 also requires retained interests in the transferred assets to be measured by allocating the previous carrying amount between the assets sold and retained interests, if any, based on their relative fair values at the date of transfer.

## Inventories

Inventories primarily consist of merchandise purchased for resale and are stated at the lower of cost or market. Cost is determined principally under the average cost method.

## Property, Buildings and Equipment

Property, buildings and equipment are recorded at cost. Depreciation expense is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over either their respective lease terms or their estimated lives, whichever is shorter. Expenditures for new facilities and improvements that extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When property is retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any related gains or losses are recorded.

## Intangible Assets

Goodwill and other intangible assets arising from acquisitions are amortized on a straight-line basis over periods not exceeding 35 years. The carrying value of individual components of intangible assets are regularly reviewed by evaluating the estimated future undiscounted cash flows to determine recoverability of the assets. Any decrease in value is recognized on a current basis.

## Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances, if any, are provided when a portion or all of a deferred tax asset may not be realized.

## Earnings Per Share

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

## Foreign Currency Translation

The local currency is the functional currency for substantially all of WESCO's operations outside the United States. Assets and liabilities of these operations are translated to U.S. dollars at the exchange rate in effect at each period end. Income statement accounts are translated at the average exchange rate prevailing during the period. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of stockholders' equity. Gains and losses from foreign currency transactions are included in net income for the period.

## Financial Instruments

Periodically, WESCO enters into interest rate cap, floor and collar agreements to mitigate the exposure changes in interest rates have on variable-rate borrowings. If the requirements for hedge accounting are met, amounts paid or received under these agreements are recognized over the life of the agreements as adjustments to interest expense. Otherwise, the instruments are marked to market and the gains and losses from changes in the market value of the contracts are recorded in the

current period. These financial instruments did not have a material impact on WESCO's consolidated financial statements for the three years ended December 31, 1998.

#### Environmental Expenditures

WESCO has facilities and operations which distribute certain products that must comply with environmental regulations and laws. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenue, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

#### Reclassifications

Certain prior year amounts have been reclassified in order to conform with the current presentations.

#### Recent Accounting Pronouncements

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This statement, which is effective for fiscal years beginning after December 15, 1998, requires costs incurred to open a new facility, introduce a new product, commence a new operation or other similar activities to be expensed as incurred. Management does not expect this statement will have a material impact on the results of operations and financial position.

In June 1998, The Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement is effective in fiscal years beginning after June 15, 1999, although early adoption is permitted. This Statement requires the recognition of the fair value of any derivative financial instrument on the balance sheet. Changes in fair value of the derivative and, in certain instances, changes in the fair value of an underlying hedged asset or liability, are recognized through either income or as a component of other comprehensive income. Management does not expect this Statement will have a material impact on the results of operation or financial position of WESCO.

### 3. RECAPITALIZATION

On June 5, 1998, WESCO repurchased and retired all of the common stock of WESCO held by CD&R (48,163,584 shares), Westinghouse (11,560,000 shares), and certain other management and nonmanagement stockholders (2,138,484 shares). All shares were issued and repurchased at \$10.75 per share for net consideration of approximately \$653.5 million ("Equity Consideration"). In addition, WESCO repaid approximately \$379.1 million of then outstanding indebtedness, and sold 29,604,351 shares of common stock to an investor group led by affiliates of Cypress at \$10.75 per share representing approximately 88.7% of WESCO for an aggregate cash consideration of \$318.1 million ("Cash Equity Contribution") (collectively, "Recapitalization"). Existing management retained approximately 11.3% interest in WESCO after the Recapitalization. WESCO funded the Equity Consideration and the repayment of indebtedness from proceeds of the Cash Equity Contribution, issuance of approximately \$351 million of Senior Subordinated and Senior Discount Notes, a new \$170 million credit facility and the sale of approximately \$250 million of accounts receivable. Given the 11.3% retained ownership, the transaction was treated as a recapitalization for financial reporting purposes and, accordingly, the historical bases of WESCO's assets and liabilities were not affected.

In connection with the Recapitalization, WESCO recorded a one-time charge of \$51.8 million related to investment banking fees of \$13.8 million, compensation charges of \$11.3 million associated

with one-time bonuses paid to certain members of management, transaction fees of \$9.5 million paid to Cypress, compensation charges of \$6.2 million associated with the cash settlement of certain stock options, compensation charges of \$4.1 million associated with the acceleration of vesting of one former executive's stock options issued at a discount and other non-capitalized transaction fees and expenses amounting to \$6.9 million.

#### 4. ACCOUNTS RECEIVABLE SECURITIZATION

WESCO and certain of its subsidiaries entered into an agreement with a financial institution and a multi-seller asset-backed commercial paper issuer ("Receivables Facility") whereby it sells on a continuous basis an undivided interest in all eligible accounts receivable while maintaining a subordinated interest in a portion of the receivables. WESCO has agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded. Pursuant to the Receivables Facility, WESCO formed WESCO Receivables Corporation, a wholly-owned, special purpose, bankruptcy-remote subsidiary ("SPC"). SPC was formed to purchase, on a revolving basis and not to exceed \$300 million, trade accounts receivables generated by certain subsidiaries of WESCO. WESCO may, under certain circumstances, increase the size of the Receivables Facility when the amount of eligible trade accounts receivables exceeds \$300 million. The SPC will transfer to a trust all the receivables and the commercial paper issuer will provide financing to pay the purchase price of the receivables.

As of December 31, 1998, securitized accounts receivable totaled \$360.1 million, of which the subordinated retained interest was \$84.1 million. Accordingly, \$276 million of accounts receivable balances were removed from the consolidated balance sheet. Net proceeds from the transactions totaled \$274.2 million. Proceeds from securitized receivables were used primarily to complete the Recapitalization discussed in Note 3 and for general working capital needs. During 1998, WESCO incurred costs associated with the Receivables Facility of \$10.1 million, primarily related to the discount and loss on the sale of such receivables, partially offset by related servicing revenue. This amount is recorded as other expenses in the consolidated statement of operations.

#### 5. ACQUISITIONS

On September 11, 1998, WESCO acquired substantially all the assets and assumed substantially all liabilities and obligations relating to the operations of Bruckner Supply Company, Inc. ("Bruckner"), a privately owned company headquartered in Port Washington, New York. Bruckner is a provider of integrated supply procurement and outsourcing activities for large industrial companies. Net sales totaled approximately \$222 million in 1997.

The Bruckner purchase price at closing was \$99.1 million, consisting of \$72.5 million in cash and a noninterest bearing convertible note discounted to a value of \$26.6 million for financial reporting purposes, resulting in goodwill of \$88.0 million.

The Bruckner purchase agreement provided for certain post-closing adjustments, which were paid in December 1998 and totaled \$6.0 million. The agreement also provides for additional contingent consideration, not to exceed \$130 million, of which \$30 million was payable and recorded in other current liabilities at December 31, 1998, to be paid based on a multiple of increases in earnings before interest, taxes, depreciation and amortization of Bruckner with respect to calendar years 1998 through 2004. Following an initial public offering, up to 50% of the additional contingent consideration, if any, may be converted at the election of the holder into Class A common stock at the then market value.

In January 1998 WESCO acquired the electrical distribution businesses of Avon Electric Supplies, Inc. and its affiliates ("Avon"). Net sales totaled approximately \$85 million in 1997.

The following unaudited pro forma information assumes that the Bruckner and Avon acquisitions had occurred at the beginning of each period presented. Adjustments to arrive at the pro forma information include, among others, those related to acquisition financing, amortization of goodwill and the related tax effects of such adjustments at an assumed rate of 39%.

	YEAR ENDED DECEMBER 31	
	1997	1998
	(UNAUDITED)	
	(IN THOUSANDS, EXCEPT SHARE DATA)	
Sales, net.....	\$2,901,725	\$3,205,333
Net income (loss).....	41,551	(3,102)
Basic earnings (loss) per share.....	0.61	(0.69)
Diluted earnings (loss) per share.....	0.52	(0.69)

The pro forma financial information does not purport to present what WESCO's results of operations would have been if the Bruckner and Avon acquisitions had actually occurred at the beginning of each period presented, or to project WESCO's results of operations for any future period.

In addition to the Bruckner and Avon acquisitions, WESCO acquired four other distributors in 1998, the largest of which were Brown Wholesale Electric Company (acquired January 1998) and Reily Electric Supply, Inc. (acquired May 1998). In 1996 and 1997 combined, WESCO acquired nine distributors. A summary of certain information with respect to all acquisitions follows:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS)		
Aggregate purchase price.....	\$110,597	\$16,164	\$250,218
Recorded goodwill.....	59,766	5,913	162,743

All of the acquisitions were accounted for under the purchase method of accounting for business combinations. The results of operations of these companies are included in the consolidated financial statements prospectively from the acquisition dates. Pro forma results of these acquisitions, excluding Bruckner and Avon, assuming they had been made at the beginning of each year presented, would not be materially different from the consolidated results reported herein.

#### 6. CONCENTRATIONS OF CREDIT RISK AND SIGNIFICANT SUPPLIERS

WESCO distributes its products and services and extends credit to a large number of customers in the industrial, construction, utility and manufactured structures markets. In addition, one supplier accounted for approximately 18%, 18% and 15% of WESCO's purchases for each of the three years in the period ended December 31, 1998, respectively.

## 7. PROPERTY, BUILDINGS AND EQUIPMENT

The following table sets forth property, buildings and equipment:

	DECEMBER 31	
	1997	1998
	-----	
	(IN THOUSANDS)	
Land.....	\$17,875	\$ 17,613
Buildings and leasehold improvements.....	61,629	59,619
Furniture, fixtures and equipment.....	30,083	43,734
	-----	-----
	109,587	120,966
Accumulated depreciation and amortization.....	(20,721)	(26,907)
	88,866	94,059
Construction in progress.....	6,216	13,537
	-----	-----
	\$95,082	\$107,596
	=====	=====

## 8. OTHER ASSETS

The following table sets forth the components of other assets:

	DECEMBER 31	
	1997	1998
	-----	
	(IN THOUSANDS)	
Debt issuance costs.....	\$ 1,270	\$10,654
Software costs.....	6,846	7,866
Favorable lease commitments.....	1,054	1,054
Other.....	1,916	4,115
	-----	-----
	11,086	23,689
Accumulated amortization.....	(7,355)	(8,481)
	-----	-----
	3,731	15,208
Investment in and advances to affiliate.....	--	11,598
Restricted cash.....	5,878	--
	-----	-----
	\$ 9,609	\$26,806
	=====	=====

Debt issuance costs are amortized on a straight-line basis, which does not differ materially from the effective-interest rate method, over the term of the related debt. Investment in and advances to affiliate represents WESCO's investment in and amounts due from an unconsolidated equity-owned affiliate. Restricted cash represented proceeds received from the sale of properties that collateralized certain mortgage notes. Such mortgage notes were repaid in connection with the Recapitalization.

## 9. LONG TERM DEBT

The following table sets forth WESCO's outstanding indebtedness:

	DECEMBER 31	
	1997	1998
	(IN THOUSANDS)	
Term loans.....	--	\$169,500
Revolving facility.....	--	42,450
Old revolving facility.....	\$226,145	--
Senior subordinated notes (1).....	--	289,194
Senior discount notes (2).....	--	52,071
Mortgage notes (3).....	65,291	--
Other.....	3,730	42,615
	295,166	595,830
Less current portion.....	(891)	(16,592)
	\$294,275	\$579,238
	=====	=====

(1) Net of original issue discount of \$918 and purchase discount of \$9,888

(2) Net of original issue discount of \$33,266 and purchase discount of \$1,664

(3) Net of original issue discount of \$16,601

In connection with the Recapitalization, the old revolving facility and the mortgage notes were repaid. The old revolving facility was pursuant to credit agreements with various banks that provided for an aggregate \$360 million of revolving credit facilities maturing in February 2000. This facility provided variable-rate borrowings tied to market indexes plus a fixed margin. The mortgage notes consisted of a zero coupon First Mortgage Note due February 2001 and an 8.0% First Mortgage Note due February 2001, each held by Westinghouse.

The term loans and revolving facility borrowings were made pursuant to a credit agreement ("Credit Agreement") entered into by and between WESCO Distribution, Inc., ("WESCO Distribution") a wholly owned subsidiary of WESCO and certain financial institutions. The Credit Agreement provides for three term loan facilities in an aggregate principal amount of \$270 million, consisting of Tranche A Term Loan, Tranche B Term Loan and a Delayed Draw Term Loan Facility, and a \$100 million Revolving Credit Facility. Tranche A Term Loan provides for aggregate borrowings of \$80 million, Tranche B Term Loan provides for aggregate borrowings of \$90 million and the Delayed Draw Term Loan Facility provides for up to \$100 million aggregate principal. The term loan facilities mature in various periods from 2004 through 2006. The Revolving Credit Facility provides for up to \$100 million of revolving credit denominated in U.S. dollars or Canadian dollars. The maximum Canadian sublimit is approximately \$46 million. The Revolving Credit Facility matures in 2004.

Borrowings under the Credit Agreement are guaranteed by WESCO and are collateralized by substantially all the assets of WESCO and bear rates of interest equal to various indices, at WESCO's option, such as LIBOR, prime rate or the Federal Funds rate, plus a borrowing margin based on WESCO's financial performance. At December 31, 1998, the interest rate on Tranche A Term Loan, Tranche B Term Loan and the Revolving Credit Facility was 7.6%, 7.8% and 8.3%, respectively. In addition, WESCO has a 0.5% commitment fee on the unused commitments under the Revolving Credit Facility and the Delayed Draw Term Loan Facility.



At December 31, 1998, WESCO has four interest rate cap and two interest rate collar agreements with aggregate notional amounts of \$205 million that expire at various times between August 1999 and February 2000. The aggregate cost of these agreements of \$0.2 million is being amortized to interest expense on a straight-line basis over the period of the agreements. The agreements effectively provide a ceiling for LIBOR at 7.0% and, with respect to \$50 million notional value of interest rate collars, a floor of 4.5%. The market value of the interest rate caps and collars approximates the carrying value at December 31, 1998.

The Senior Subordinated Notes in an aggregate principal amount of \$300 million were issued by WESCO Distribution. The notes are unsecured obligations and are fully and unconditionally guaranteed by WESCO. The Senior Subordinated Notes bear interest at 9 1/8%, payable semiannually on June 1 and December 1 beginning December 1, 1998. The notes are due June 1, 2008. The Senior Subordinated Notes are redeemable by WESCO Distribution at any time prior to June 1, 2001, up to a maximum of 35% of the original aggregate principal amount of the Senior Subordinated Notes, with proceeds of an equity offering at a redemption price equal to 109.125% of the principal amount provided plus accrued and unpaid interest.

In addition, the Senior Subordinated Notes are redeemable at the option of WESCO Distribution, in whole or in part, at any time after June 1, 2003 at the following prices:

	REDEMPTION PRICE -----
2003.....	104.563%
2004.....	103.042
2005.....	101.521
2006 and thereafter.....	100.000

At any time prior to June 1, 2003, the Senior Subordinated Notes may be redeemed, in whole but not in part, at the option of WESCO at any time within 180 days after a change of control, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest and the then applicable premium. In addition, the noteholders have the right to require WESCO, upon a change of control, to repurchase all or any part of the Senior Subordinated Notes at a redemption price equal to 101% of the principal amount provided plus accrued and unpaid interest.

The Senior Discount Notes, issued by WESCO, have an aggregate principal amount of \$87 million. The notes were issued with an original issue discount of \$36.5 million that is being accreted over the period ending June 1, 2003. Beginning June 1, 2003, interest accrues at 11 1/8% payable semiannually on June 1 and December 1. At any time prior to June 1, 2001, WESCO may redeem, in whole but not in part, the Senior Discount Notes with the proceeds of an equity offering at a redemption price equal to 111.125% of the accreted value at the date of redemption.

Approximately 35% of the then outstanding Senior Discount Notes (\$30.9 million at December 31, 1998) must be redeemed on June 1, 2003. The remaining notes are due June 1, 2008 and are redeemable at the option of WESCO, in whole or in part, at any time after June 1, 2003 at the following prices:

	REDEMPTION PRICE -----
2003.....	105.563%
2004.....	103.708
2005.....	101.854
2006 and thereafter.....	100.000

At any time prior to June 1, 2003, the Senior Discount Notes may be redeemed, in whole but not in part, at the option of WESCO at any time within 180 days after a change of control, at a redemption price equal to 100% of the accreted value to the redemption date plus the then applicable premium. In addition, the noteholders have the right to require WESCO, upon a change of control, to repurchase all or any part of the Senior Discount Notes at a redemption price equal to 101% of the accreted value prior to June 1, 2003 or 101% of the principal amount plus accrued and unpaid interest if after June 1, 2003.

At December 31, 1997 and 1998, other borrowings primarily consist of notes issued to sellers in connection with acquisitions, of which \$2 million and \$37 million, respectively, are convertible into common stock at an initial public equity offering price.

The following table sets forth the aggregate principal repayment requirements for all indebtedness for the next five years:

## (IN THOUSANDS)

1999.....	\$16,871
2000.....	40,736
2001.....	13,071
2002.....	16,530
2003.....	51,412

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

WESCO is permitted to pay dividends under certain limited circumstances. At December 31, 1997 and 1998, no retained earnings were available for dividend payments.

Based on current market interest rates and discounted cash flow analyses, the fair value of WESCO's long-term debt approximates its carrying value at December 31, 1997 and 1998.

WESCO had \$3.3 million and \$4.5 million of outstanding letters of credit at December 31, 1997 and 1998, respectively. These letters of credit are used as collateral for performance and bid bonds. The value of the letters of credit approximates the contract value.

## 10. OTHER CURRENT LIABILITIES

The following table sets forth the components of other current liabilities:

	DECEMBER 31	
	1997	1998
	-----	-----
	(IN THOUSANDS)	
Accrued taxes other than income.....	\$10,696	\$12,466
Accrued interest.....	1,508	4,986
Deferred acquisition payable.....	--	30,000
Other.....	7,950	4,219
	-----	-----
	\$20,154	\$51,671
	=====	=====

## 11. CAPITAL STOCK

## Common Stock

There are 210,000,000 shares of Class A and 20,000,000 shares of Class B common stock authorized at a par value of \$.01 per share. The Class B common stock is identical to the Class A common stock, except for voting and conversion rights. The holders of Class B common stock have no voting rights. With certain exceptions, Class B common stock may be converted, at the option of the holder, into the same number of shares of Class A common stock. No Class B common stock was outstanding at December 31, 1997.

## Redeemable Class A Common Stock

Certain employees and key management of WESCO who hold Class A common stock and options may require WESCO to repurchase, under certain conditions, death, disability or termination without cause during the term of employment, all of the shares and the exercisable portion of the options held. This repurchase right terminates upon the consummation of an initial equity public offering of WESCO's Class A common stock. In connection with the redemption features described above, WESCO has classified outside of permanent equity an amount representing the initial fair value of the redeemable shares. These shares and exercisable options have not been marked to market since the events of redemption are considered remote.

The following table sets forth capital stock share activity:

	CLASS A	CLASS B	REDEEMABLE CLASS A
	-----	-----	-----
December 31, 1995.....	53,943,584	--	4,618,451
Options exercised.....	--	--	198,139
Shares issued.....	--	--	274,550
	-----	-----	-----
December 31, 1996.....	53,943,584	--	5,091,140
Options exercised.....	--	--	99,069
Shares issued.....	--	--	46,240
Shares repurchased.....	--	--	(74,562)
	-----	-----	-----
December 31, 1997.....	53,943,584	--	5,161,887
Recapitalization, net.....	(28,816,421)	4,653,131	(1,621,059)
Shares issued.....	--	--	1,559,675
Shares repurchased.....	--	--	(556,961)
Options exercised.....	82,654	--	358,360
	-----	-----	-----
December 31, 1998.....	25,209,817	4,653,131	4,901,902
	=====	=====	=====

## 12. INCOME TAXES

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS)		
Current taxes			
Federal.....	\$15,360	\$16,689	\$5,037
State.....	2,872	3,067	1,229
Foreign.....	210	1,117	(117)
Total current.....	18,442	20,873	6,149
Deferred taxes			
Federal.....	(1,588)	2,727	1,926
State.....	(267)	(183)	431
Foreign.....	523	293	13
Charge in lieu of taxes.....	1,254	--	--
Total deferred.....	(78)	2,837	2,370
	\$18,364	\$23,710	\$8,519
	=====	=====	=====

At the time of the 1994 Formation, WESCO had approximately \$45 million of future tax deductions (\$18 million of future tax benefits) that resulted in the creation of certain deferred tax assets. At that time, WESCO recorded a valuation allowance for the full amount of the deferred tax assets reflected on the opening balance sheet since the realization of the future tax benefits was not considered likely. However, at December 31, 1996, all of these deductions had been recognized as a reduction in noncurrent intangible assets.

The charge in lieu of taxes recognized in 1996 represents the amount of tax expense that would have been recognized had the benefits described above been recorded at the time of the 1994 Formation.

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS)		
United States.....	\$49,072	\$57,083	\$1,743
Canada.....	1,754	2,864	(960)
	\$50,826	\$59,947	\$ 783
	=====	=====	=====

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
Federal statutory rate.....	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit.....	4.2	3.3	137.8
Nondeductible expenses.....	2.5	2.6	206.2
Recapitalization costs.....	--	--	657.8
Foreign taxes.....	(0.1)	0.3	(51.1)
Net adjustment to valuation allowance.....	(5.8)	--	--
Other(1).....	0.3	(1.6)	102.3
	36.1%	39.6%	1,088.0%
	====	====	=====

(1) Includes the impact of adjustments for certain tax liabilities and the effect of differences between the recorded provision and the final filed tax return for the prior year.

In 1996, WESCO determined that it was more likely than not that it would realize the benefits of certain deferred tax assets originating subsequent to the 1994 Formation. As a result, WESCO recognized benefits of approximately \$2.9 million associated with the realization of post formation deferred tax assets through the reversal of the associated valuation allowance.

The following table sets forth deferred tax assets and liabilities:

	DECEMBER 31	
	1997	1998
	(IN THOUSANDS)	
Accounts receivable.....	\$ 4,236	\$ 6,330
Inventory.....	4,819	5,325
Other.....	5,222	4,562
Deferred tax assets.....	14,277	16,217
Intangibles.....	(3,766)	(4,792)
Property, buildings and equipment.....	(4,079)	(4,173)
Other.....	(8,817)	(9,867)
Deferred tax liabilities.....	(16,662)	(18,832)
	\$ (2,385)	\$ (2,615)
	=====	=====

## 13. EARNINGS PER SHARE

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
Net income (loss).....	\$ 32,462	\$ 36,237	\$ (7,736)
Interest on convertible debt.....	--	125	--
Net income (loss) used in diluted earnings per share.....	\$ 32,462	\$ 36,362	\$ (7,736)
Weighted average common shares outstanding used in computing basic earnings (loss) per share.....	58,680,756	59,030,100	45,051,632
Common shares issuable upon exercise of dilutive stock options.....	4,990,163	7,267,136	--
Assumed conversion of convertible debt.....	--	381,827	--
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings (loss) per share.....	63,670,919	66,679,063	45,051,632
Basic earnings (loss) per share.....	\$ 0.55	\$ 0.61	\$ (0.17)
Diluted earnings (loss) per share.....	0.51	0.55	(0.17)

Interest on convertible debt of \$1.3 million and common share equivalents outstanding in 1998 of 6,630,180 were anti-dilutive and, accordingly, were not considered in the computation of diluted loss per share for the year ended December 31, 1998.

## 14. EMPLOYEE BENEFIT PLANS

A majority of WESCO's employees are covered by defined contribution retirement savings plans for their service rendered subsequent to the 1994 Formation. Westinghouse retained certain retiree pension and health benefits for service rendered prior to the 1994 Formation. U.S. employee contributions of not more than 6% of eligible compensation are matched 50% by WESCO. WESCO's contributions for Canadian employees range from 1% to 6% of eligible compensation based on years of service.

In addition, employer contributions may be made at the discretion of the Board of Directors and can be based on WESCO's current year performance. Employees are credited for service with Westinghouse in determining the vesting of WESCO's contributions. For the years ended December 31, 1996, 1997 and 1998, WESCO contributed \$9.3 million, \$12.5 million and \$14.1 million, respectively, which was charged to expense.

## 15. STOCK INCENTIVE PLANS

## Stock Purchase Plan

In connection with the Recapitalization, WESCO established a stock purchase plan ("1998 Stock Purchase Plan") under which certain employees may be granted an opportunity to purchase WESCO's Class A common stock. The maximum number of shares available for purchase may not exceed 427,720. The purchase price per share is determined by the Board of Directors of WESCO to represent fair market value, as defined by the Stock Subscription Agreement. Should the purchase price of the stock be less than the fair market value of the stock at the grant date, such excess will be

recorded as compensation expense in the consolidated statements of operations. During 1998, 291,890 shares were issued at a weighted-average share price of \$10.75.

At the time of the 1994 Formation, WESCO established a stock purchase plan ("1994 Stock Purchase Plan") under which certain employees were granted an opportunity to purchase WESCO's Class A common stock. Future purchases of shares under the 1994 Stock Purchase Plan were terminated in conjunction with the establishment of the 1998 Stock Purchase Plan. Shares purchased under the 1994 Stock Purchase Plan in the periods indicated were as follows:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
Shares purchased.....	150,858	46,240	132,478
Weighted-average share price.....	\$ 2.92	\$ 4.34	\$ 10.75

#### Other Stock Purchases

In addition, certain key management employees of WESCO, nonemployee directors and other investors may be granted an opportunity to purchase WESCO's Class A common stock. The purchase price per share is determined by the Board of Directors to represent the fair market value, as defined by the Stock Subscription Agreement. At December 31, 1997 and 1998, 3,129,870 shares and 4,265,178 shares, respectively, had been purchased.

Other stock purchases in the periods indicated were as follows:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
Shares purchased.....	123,692	--	1,135,308
Weighted-average share price.....	\$ 3.38	--	\$ 10.75

#### Stock Option Plans

WESCO has sponsored three stock options plans, the 1998 Stock Option Plan, the Stock Option Plan for Branch Employees (collectively "Stock Option Plans") and the 1994 Stock Option Plan. Participation is limited to executive and senior officers, certain other key employees and branch employees. The Stock Option Plans and the 1994 Stock Option Plan cover a maximum of 6,502,500 and 10,461,800 shares of WESCO's Class A common stock, respectively. The exercise price per share is determined by the Board of Directors to represent the fair market value, as defined by these plans, at the grant date.

Options granted will vest and will become exercisable over periods ranging from four to five years or earlier based on WESCO achieving certain financial performance criteria, except in the event of a change in control. Each option terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

The plans require WESCO to repurchase the exercisable portion of the options held by an employee if the employee dies, is disabled or terminated without cause during the term of employment. This repurchase right terminates upon consummation of an initial public equity offering of WESCO's Class A common stock. Since the triggering event requiring the repurchase is considered remote, WESCO accounts for the plans as fixed plans and, accordingly, no compensation expense has been recorded.

In connection with the Recapitalization, future issuances of options under the 1994 Stock Option Plan were terminated and all options granted under the 1994 Stock Option Plan became fully vested.

The following table sets forth shares of common stock reserved for future issuance at December 31, 1998:

Stock Purchase Plan.....	135,830
Stock Option Plans.....	1,641,925

The following table sets forth a summary of stock option activity and related information for the years indicated:

	1996		1997		1998	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Beginning of year.....	5,547,066	\$1.76	5,713,067	\$1.85	6,926,983	\$2.20
Granted (1).....	364,140	3.13	1,510,892	3.42	4,121,140	9.76
Exercised.....	(198,139)	1.73	(99,069)	1.73	(1,134,383)	2.68
Canceled.....	--	--	(197,907)	1.77	(386,450)	3.83
End of year.....	5,713,067	1.85	6,926,983	2.20	9,527,290	5.34
Exercisable at end of year.....	1,086,409	\$1.75	1,956,414	\$1.78	5,133,912	\$2.05

(1) Options granted in 1998 include 635,800 options that were issued at a discount, resulting in approximately \$4.1 million of compensation expense. Of these options, 358,360 were subsequently exercised. The remaining 277,440 were forfeited and the associated costs were classified as additional capital.

The Westinghouse option discussed in Note 16 is not included in the information set forth above.

The following table sets forth exercise prices for options outstanding as of December 31, 1998:

EXERCISE PRICE PER OPTION	OPTIONS	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
\$ 1.73	3,649,955	5.6years
1.98	718,512	7.0
3.38	1,613,371	8.0
4.34	60,112	8.9
10.75	3,485,340	9.6

In connection with the implementation of SFAS No. 123, "Accounting for Stock-Based Compensation," WESCO has elected to continue to account for stock-based compensation arrangements under the provisions of Accounting Principles Board (APB) Opinion No. 25.



If compensation costs had been determined based on the fair value at the grant dates according to SFAS No. 123, WESCO's net income and earnings per share, would have been as follows:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Net income (loss)			
As reported.....	\$32,462	\$36,237	\$(7,736)
Pro forma.....	32,441	36,144	(8,629)
Basic earnings (loss) per share			
As reported.....	\$ 0.55	\$ 0.61	\$ (0.17)
Pro forma.....	0.55	0.61	(0.19)
Diluted earnings (loss) per share			
As reported.....	\$ 0.51	\$ 0.55	\$ (0.17)
Pro forma.....	0.51	0.54	(0.19)

The weighted-average fair value per option granted was \$0.29, \$0.58 and \$3.86, for the years ended December 31, 1996, 1997 and 1998, respectively.

For purposes of presenting pro forma results, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model and the following assumptions:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
Risk-free interest rate.....	6.5%	6.5%	5.0%
Expected life (years).....	7	7	7

#### 16. RELATED PARTIES

Prior to the Recapitalization, Westinghouse was considered a related party. A summary of purchases from and sales to Westinghouse follows:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS)		
Purchases from Westinghouse.....	\$19,115	\$15,498	\$2,765
Sales to Westinghouse.....	21,192	21,666	7,271

The amount due from Westinghouse at December 31, 1997, net of amounts owed was approximately \$2.6 million.

In connection with the 1994 Formation, WESCO granted Westinghouse an option to purchase 5,780,000 shares of Class A common stock at \$1.73 per share. The fair value of this option, or \$2.5 million, was included in the consolidated balance sheets as common stock to be issued under option. This option was exercised and the associated shares were repurchased in connection with the Recapitalization.

In connection with the Recapitalization, WESCO paid Cypress \$9.5 million related to transaction fees and WESCO received from CD&R \$5.8 million as contributed capital. Prior to the Recapitalization, WESCO paid CD&R an annual financial advisory and management consulting fee of \$0.4 million.

## 17. COMMITMENTS AND CONTINGENCIES

Future minimum rental payments required under operating leases, primarily for real property that have noncancelable lease terms in excess of one year as of December 31, 1998, are as follows:

(IN THOUSANDS)

1999.....	\$17,827
2000.....	15,677
2001.....	13,399
2002.....	9,083
2003.....	5,034
Thereafter.....	9,787

Rental expense for the years ended December 31, 1996, 1997 and 1998, was \$22.0 million, \$26.4 million and \$29.1 million, respectively.

WESCO has litigation arising from time to time in the normal course of business. In management's opinion, any present litigation WESCO is aware of will not materially affect WESCO's consolidated financial position, results of operations or cash flows.

Westinghouse agreed to indemnify WESCO for certain environmental liabilities that existed at the time of the 1994 Formation. WESCO has made a claim under this indemnity amounting to \$1.5 million. The ultimate resolution of this environmental compliance issue is not expected to materially impact WESCO's consolidated financial position, results of operations or cash flows.

At December 31, 1998, WESCO has guaranteed \$8.9 million in loans to certain stockholders.

## 18. SEGMENTS AND RELATED INFORMATION

In 1998, WESCO adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 established standards for disclosure of operating segments under the management approach. For purposes of this standard, WESCO is engaged principally in one line of business -- the sale of electrical products and maintenance repair and operating supplies -- which represents more than 95% of the consolidated sales, income from operations and assets, for the year ended December 31, 1998. The following table presents information about WESCO by geographic area. There were no material amounts of sales or transfers among geographic areas and no material amounts of United States export sales:

	YEAR ENDED DECEMBER 31					
	SALES, NET			LONG-LIVED ASSETS		
	1996	1997	1998	1996	1997	1998
	(IN THOUSANDS)					
United States.....	\$1,993,995	\$2,292,121	\$2,713,213	\$151,835	\$161,250	\$344,481
Canada.....	258,739	280,812	272,463	12,733	11,962	10,483
Other.....	21,888	21,886	39,763	147	810	1,889
	\$2,274,622	\$2,594,819	\$3,025,439	\$164,715	\$174,022	\$356,853
	=====	=====	=====	=====	=====	=====

## 19. SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow information:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	----- ( IN THOUSANDS ) -----		
Details of acquisitions			
Fair value of assets acquired.....	\$170,583	\$21,498	\$307,056
Liabilities assumed.....	(54,884)	(5,334)	(56,838)
Restructuring reserve.....	(5,102)	--	--
Notes issued to seller.....	(2,950)	(2,250)	(46,242)
Deferred acquisition payable.....	--	--	(30,000)
	-----	-----	-----
Cash paid for acquisitions.....	107,647	13,914	173,976
Less cash acquired.....	3,729	--	--
	-----	-----	-----
	\$103,918	\$13,914	\$173,976
	=====	=====	=====
Cash paid for interest.....	\$ 11,600	\$15,377	\$ 35,093
Cash paid for income taxes.....	13,756	27,523	9,470

Noncash investing and financing activities not reflected in the consolidated statement of cash flows for the year ended December 31, 1998, consisted of \$5.8 million use of restricted cash to reduce long-term debt, \$5.2 million of capital expenditures included in accounts payable, the conversion of \$1.6 million of notes payable to redeemable Class A common stock and the immaterial effects of the sale for a note of an equity interest in an operating division at book value.

## 20. OTHER FINANCIAL INFORMATION

In June 1998, WESCO Distribution issued \$300 million of 9 1/8% Senior Subordinated Notes. The Senior Subordinated Notes are fully and unconditionally guaranteed by WESCO on a subordinated basis to all existing and future senior indebtedness of WESCO. Summarized financial information for WESCO Distribution is as follows:

## BALANCE SHEET DATA

	DECEMBER 31, 1998
	----- ( IN THOUSANDS ) -----
Current assets.....	\$582,071
Noncurrent assets.....	368,451
Current liabilities.....	466,467
Long-term debt.....	527,167
Other noncurrent liabilities.....	25,872
Total liabilities and stockholders' equity.....	950,522

## STATEMENT OF OPERATIONS DATA

YEAR ENDED  
DECEMBER 31, 1998  
-----  
(IN THOUSANDS)

Sales, net.....	\$3,025,439
Gross profit.....	537,659
Income from operations.....	56,026
Net income (loss).....	(4,377)

Prior to the June 5, 1998 issuance of the Senior Discount Notes, WESCO Distribution financial information was identical to that of WESCO's presented herein.

## 21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth selected quarterly financial data for the years ended December 31, 1997 and 1998.

	FIRST QUARTER	SECOND QUARTER(1)	THIRD QUARTER	FOURTH QUARTER
	----- (IN THOUSANDS, EXCEPT SHARE DATA)			
1997				
Sales, net.....	\$576,776	\$659,377	\$679,991	\$678,675
Gross profit.....	104,340	114,698	120,913	123,968
Income from operations.....	14,890	20,744	23,443	20,979
Income before income taxes.....	10,092	15,833	18,207	15,815
Net income.....	6,085	9,533	10,989	9,630
Basic earnings per share.....	0.10	0.16	0.19	0.16
Diluted earnings per share.....	0.09	0.14	0.17	0.14
1998				
Sales, net.....	\$693,448	\$748,307	\$777,701	\$805,983
Gross profit.....	126,694	133,292	137,854	139,819
Income (loss) from operations.....	20,174	(23,423)	28,306	30,969
Income (loss) before income taxes.....	13,972	(36,271)	11,513	11,569
Net income (loss).....	8,523	(18,129)	26,438	(24,568)
Basic earnings (loss) per share.....	0.14	(0.35)	0.77	(0.71)
Diluted earnings (loss) per share.....	0.13	(0.35)	0.65	(0.71)

(1) Includes a one-time charge of \$51.8 million related to the Recapitalization in 1998 (see Note 3).

## 22. SUBSEQUENT EVENTS

## Initial Public Offering

On March 3, 1999, WESCO filed a registration statement with the Securities and Exchange Commission to register approximately \$200 million of common stock, including shares subject to an underwriters' over-allotment option ("Offering"). In connection with the Offering, certain employee rights to require WESCO to repurchase outstanding redeemable common stock will terminate.

WESCO intends to use net proceeds from the Offering to retire all of the outstanding 11 1/8% Senior Discount Notes due 2008, and the balance to repay all or a portion of the existing Revolving Credit Facility and Term Loans under the Credit Facilities. Pending application of the net proceeds from the Offering to repay the senior discount notes, WESCO plans to borrow approximately \$60.0 million in funds under the Delayed Draw Term Loan Facility to further reduce outstanding indebtedness under the Credit Facilities. If such indebtedness is repaid, WESCO would incur an extraordinary charge relating to the write-off of existing unamortized debt issue costs and payment of a premium associated with the retirement of the Senior Discount Notes. There can be no assurance as to the timing or completion of the Offering or as to the amount of net proceeds to be received by WESCO and applied to debt reduction as intended.

#### Stock Split (unaudited)

On April 11, 1999, the Board of Directors approved a 57.8 to one stock split effected in the form of a stock dividend of WESCO's common stock. The Board of Directors also reclassified the Class A common shares into common shares, increased the authorized common shares to 210,000,000 and the authorized Class B common shares to 20,000,000 and authorized 20,000,000 shares of \$.01 par preferred stock, all to be effective prior to the consummation of the Offering. In this report, all per share amounts and number of shares have been restated to reflect the stock split.

#### Long Term Incentive Plan

On April 26, 1999, the Board of Directors approved the Long Term Incentive Plan ("LTIP"). The LTIP provides for stock participation in the form of options, restricted stock awards and performance awards by certain key employees of WESCO. The LTIP covers a maximum of 6,936,000 shares of WESCO's common stock. The exercise price per share is determined by the Compensation Committee of the Board of Directors to represent the fair market value at the date of grant. Each award terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

## INDEPENDENT ACCOUNTANTS' REPORT

To the stockholders and directors of

BRUCKNER SUPPLY COMPANY, INC.

We have audited the accompanying balance sheet of Bruckner Supply Company, Inc. as of December 31, 1997, and the related statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bruckner Supply Company, Inc. at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

/s/ ANCHIN, BLOCK & ANCHIN LLP

New York, New York  
February 23, 1998

BRUCKNER SUPPLY COMPANY, INC.  
BALANCE SHEET  
DECEMBER 31, 1997

ASSETS		
CURRENT ASSETS:		
Cash.....	\$ 175,760	
Debt Securities-Notes 1 and 2.....	8,428,780	
Accounts receivable.....	22,044,715	
Inventories -- Note 1.....	2,195,277	
Prepaid expenses and other current assets.....	126,624	
	-----	
Total Current Assets.....		\$32,971,156
Property and Equipment, Net-Notes 1 and 3.....		357,705
Due From Affiliates -- Note 4.....		4,586
		-----
Total Assets.....		\$33,333,447
		=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$18,539,018	
Bank overdraft.....	3,536,448	
Other current liabilities.....	618,476	
	-----	
Total Current Liabilities.....		\$22,693,942
STOCKHOLDERS' EQUITY:		
Common stock, stated value:		
Authorized -- 200 shares		
Issued and outstanding -- 25 shares.....	\$ 7,500	
Additional paid-in capital.....	2,022,843	
Retained earnings.....	8,536,014	
	-----	
	10,566,357	
Net unrealized holding gains on available-for-sale securities -- Notes 1 and 2.....	73,148	
	-----	
Total Stockholders' Equity.....		10,639,505
		-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....		\$33,333,447
		=====

See the accompanying Notes to the Financial Statements.

BRUCKNER SUPPLY COMPANY, INC.  
STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1997

Net Sales -- Note 7.....	\$222,406,503
Cost of Sales.....	203,417,417
	-----
Gross Profit.....	18,989,086
% to Net Sales.....	8.5%
Operating Expenses.....	8,852,762
	-----
Operating Income.....	10,136,324
Investment and Other Income:	
Investment income, net -- Note 2.....	\$647,067
Other income.....	170,863
	-----
	817,930
	-----
Income before Income Taxes.....	10,954,254
Provision for Income Taxes -- Note 1.....	215,000
	-----
Net Income.....	10,739,254
Retained Earnings:	
Balance, beginning of year.....	9,220,700
Distributions to stockholders.....	(11,423,940)
	-----
Balance, end of year.....	\$ 8,536,014
	=====
Pro forma Information (unaudited):	
Income before Income Taxes.....	\$ 10,954,254
Provision for Income Taxes -- Note 1.....	4,491,244
	-----
Net Income.....	\$ 6,463,010
	=====

See the accompanying Notes to the Financial Statements.



BRUCKNER SUPPLY COMPANY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income.....	\$10,739,254
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization.....	\$ 111,429
Amortization of bond interest.....	2,733
Net realized gain on sale of debt and marketable equity securities.....	(96,088)
Gain on sale of property and equipment.....	(750)
Increase in:	
Accounts receivable.....	(10,718,009)
Inventories.....	(1,540,402)
Prepaid expenses and other current assets.....	(29,538)
Increase in:	
Accounts payable and accrued expenses.....	7,009,628
Total adjustments.....	(5,260,997)
Net Cash Provided by Operating Activities.....	5,478,257
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment.....	(82,980)
Proceeds from sale of property and equipment.....	750
Purchases of debt and marketable equity securities.....	(22,997,355)
Proceeds from sales and maturities of debt and marketable equity securities.....	23,446,815
Decrease in due from affiliate.....	1,992,732
Net Cash Provided by Investing Activities.....	2,359,962
CASH FLOWS FROM FINANCING ACTIVITIES:	
Distributions to stockholders.....	(11,423,940)
Increase in bank overdraft.....	3,536,448
Net Cash Used in Financing Activities.....	(7,887,492)
NET DECREASE IN CASH.....	(49,273)
CASH:	
Beginning of year.....	225,033
End of year.....	\$ 175,760
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Income taxes -- paid.....	\$ 165,780
-- refunded.....	9,134
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES:	
Net unrealized holding losses on available-for-sale securities.....	\$ (41,824)

See the accompanying Notes to the Financial Statements.

BRUCKNER SUPPLY COMPANY, INC.  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF BUSINESS:

Bruckner Supply Company, Inc. (the "Company") is an integrated supply company whose customers are major corporations located throughout the United States. The Company's revenues include total amounts billed to customers for products sold and all other aspects of handling customers' purchasing operations.

REVENUE RECOGNITION:

The Company generally sells merchandise which is shipped directly by its vendors to customers. Revenue is recognized upon shipment.

DEBT SECURITIES:

Debt securities available for sale are measured at fair value, with net unrealized gains and losses reported in equity. The Company uses the specific identification method to determine the cost of securities sold.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVENTORIES:

Inventories, which consist of finished goods, are valued at the lower of cost, first-in, first-out method, or market.

PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed by straight-line and accelerated methods over the estimated useful lives of the assets.

Leasehold improvements are amortized by the straight-line method over the estimated useful lives of the assets.

INCOME TAXES:

The Company is taxed as an S corporation for Federal and New York States tax purposes, whereby the company's income is reported by the stockholders. Accordingly, no provision has been made for Federal income taxes. The Company continues to be liable for certain states' corporate taxes. For unaudited pro forma purposes, the Company has provided for income taxes using the Company's statutory rate of 41%.

NOTE 2 -- DEBT SECURITIES:

The following table is a summary of investments at December 31, 1997:

	AMORTIZED COST	GROSS UNREALIZED		FAIR VALUE
		GAINS	LOSSES	
Available-For-Sale Debt Securities.....	\$8,355,632	\$73,148	--	\$8,428,780

The following table summarizes the maturities of all debt securities at fair value held at December 31, 1997:

	WITHIN 1 YEAR	MORE THAN 1 TO 5 YEARS	MORE THAN 5 TO 10 YEARS	TOTAL
	Available-For-Sale Debt Securities.....	\$2,656,195	\$4,016,570	\$1,756,015

Proceeds from sales and maturities of securities classified as available-for-sale were \$23,446,815. Gains of \$133,493 and losses of \$37,405 were realized on these sales. The net unrealized holding gains on available-for-sale securities decreased by \$41,824 in 1997.

Investment income for 1997 is comprised of:

Interest income.....	\$583,861
Net realized gains on sales of securities.....	96,088
	-----
	679,949
Less: Investment expenses.....	32,882
	-----
	\$647,067
	=====

NOTE 3 -- PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

Leasehold improvements.....	\$ 91,139
Machinery and equipment.....	476,238
Furniture and fixtures.....	244,586
Transportation and delivery equipment.....	233,799
	-----
	1,045,762
Less: Accumulated depreciation and amortization.....	688,057
	-----
	\$ 357,705
	=====

NOTE 4 -- DUE FROM AFFILIATES:

The amounts due from affiliates are non-interest bearing and have no specified repayment terms.

NOTE 5 -- RETIREMENT PLAN:

The Company maintains a defined-contribution 401(k) savings plan covering substantially all employees. Company contributions to the plan are at the discretion of the Board of Directors. During 1997 no company contribution was made to the plan.

## NOTE 6 -- COMMITMENTS AND CONTINGENCIES:

## LEASES:

The Company leases office space from an affiliate under an operating lease, which expires December 31, 2002, at an annual rent of \$150,000. The lease requires the Company to pay real estate taxes.

In February, 1998, the Company entered into an operating lease for additional office space, which expires February 6, 1999, at an annual rent of \$80,000.

The Company also leases certain computer equipment under an operating lease, which expires August 31, 1999, at an annual rate of \$155,820.

Rent expense was \$305,909 for 1997.

Future minimum rental commitments are as follows:

## YEARS ENDING DECEMBER 31,

1998.....	\$ 379,153
1999.....	260,547
2000.....	150,000
2001.....	150,000
2002.....	150,000
	-----
Total.....	\$1,089,700
	=====

## STOCKHOLDERS' AGREEMENT:

Under the terms of a stockholders' agreement, upon their death, Bruckner Supply Company, Inc. is required to purchase the shares owned by its stockholders at a value determined annually by the stockholders, and may be paid out over a period of ten years.

## NOTE 7 -- MAJOR CUSTOMER:

For the year ended December 31, 1997, one customer, through multiple operating divisions located throughout the United States, accounted for approximately 68% of net sales and approximately 37% of the December 31, 1997 accounts receivable balance.

## NOTE 8 -- SUBSEQUENT EVENT (UNAUDITED):

September 11, 1998, the Company sold to WESCO Distribution, Inc., substantially all of its assets and liabilities, other than cash, debt securities, amounts due from affiliates, certain equipment and prepaid expenses and bank overdraft.

BRUCKNER SUPPLY COMPANY, INC.  
UNAUDITED CONDENSED BALANCE SHEET

JUNE 30  
1998  
-----

ASSETS

CURRENT ASSETS

Cash.....	\$	539,327
Debt securities.....		753,554
Accounts receivable.....		33,441,794
Inventories.....		3,335,230
Prepaid expenses and other current assets.....		826,587
		-----
Total current assets.....		38,896,492
Property and equipment, net.....		358,994
Due from affiliates.....		4,911
		-----
Total assets.....		\$39,260,397
		=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable.....	\$23,400,522
Bank overdraft.....	3,476,490
Other current liabilities.....	923,587
	-----
Total current liabilities.....	27,800,599

STOCKHOLDERS' EQUITY

Common stock.....	7,500
Additional paid-in capital.....	2,022,843
Retained earnings.....	9,417,697
Net unrealized holding gains on available-for-sale securities.....	11,758
	-----
Total stockholders' equity.....	11,459,798
	-----
Total liabilities and stockholders' equity.....	\$39,260,397
	=====

See the accompanying Notes to Condensed Financial Statements.

BRUCKNER SUPPLY COMPANY, INC.  
UNAUDITED CONDENSED STATEMENT OF INCOME

	SIX MONTHS ENDED JUNE 30	
	1998	1997
Net sales.....	\$132,014,762	\$113,140,125
Cost of sales.....	118,414,945	104,822,756
Gross profit.....	13,599,817	8,317,369
Operating expenses.....	6,045,525	4,125,700
Operating income.....	7,554,292	4,191,669
Investment and other income		
Investment income, net.....	214,000	390,000
Other income.....	18,456	10,101
Income before income taxes.....	7,786,748	4,591,770
Provision for income taxes.....	6,766	197
Net income.....	\$ 7,779,982	\$ 4,591,573
Pro forma Information:		
Income before income taxes.....	\$ 7,786,748	\$ 4,591,770
Provision for income taxes.....	3,192,567	1,882,626
Net income.....	\$ 4,594,181	\$ 2,709,144

See the accompanying Notes to Condensed Financial Statements.

BRUCKNER SUPPLY COMPANY, INC.  
UNAUDITED CONDENSED STATEMENT OF CASH FLOW

	SIX MONTHS ENDED JUNE 30	
	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income.....	\$ 7,779,982	\$ 4,591,573
Adjustment to reconcile net income to cash from operating activities:		
Depreciation and amortization.....	50,913	57,733
Net realized gain on sale of debt securities.....	(81,665)	(86,165)
Increase in:		
Accounts receivable.....	(11,397,079)	(10,832,178)
Inventories.....	(1,139,953)	(760,604)
Prepaid and other current assets.....	(699,963)	2,749
Increase in:		
Accounts payable and accrued expenses.....	5,166,615	6,575,233
Net Cash Used in Operating Activities.....	(321,150)	(451,659)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment.....	(56,289)	(82,980)
Purchases of debt securities.....	(3,298,652)	(11,427,935)
Proceeds from sales and maturities of debt securities.....	10,998,240	16,699,995
Increase in due from affiliate.....	(325)	--
Net Cash Provided By Investing Activities.....	7,642,974	5,189,080
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in bank overdrafts.....	(59,958)	4,579,429
Distributions to stockholders.....	(6,898,299)	(9,430,000)
Net Cash Used in Financing Activities.....	(6,958,257)	(4,850,571)
Net increase (decrease) in cash.....	363,567	(113,150)
<b>CASH:</b>		
Beginning of year.....	175,760	225,033
End of year.....	\$ 539,327	\$ 111,883
	=====	=====

See the accompanying Notes to Condensed Financial Statements.

BRUCKNER SUPPLY COMPANY, INC.  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)

**DESCRIPTION OF BUSINESS**

Bruckner Supply Company, Inc. (the "Company") is an integrated supply company whose customers are major corporations located throughout the United States. The Company's revenues include total amounts billed to customers for products sold and all other aspects of handling customers' purchasing operations.

**BASIS OF PRESENTATION**

The unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles. The notes included herein should be read in conjunction with the audited financial statements of Bruckner (included as Exhibit 99.1 to WESCO International, Inc.'s Current Report on Form 8-K/A dated September 11, 1998).

The unaudited condensed balance sheet as of June 30, 1998, and the unaudited condensed statement of income and the unaudited condensed statement of cash flows for the six months ended June 30, 1998 and 1997, in the opinion of management, have been prepared on the same basis as the audited financial statements and include all adjustments necessary for the fair presentation of the results of the interim periods. All adjustments reflected in the condensed financial statements are of a normal recurring nature. Results for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

**INCOME TAXES**

The Company is taxed as an S corporation for Federal and New York States tax purposes, whereby the company's income is reported by the stockholders. Accordingly, no provision has been made for Federal income taxes. The Company continues to be liable for certain states' corporate taxes. For pro forma purposes, the Company has provided for income taxes using the Company's statutory rate of 41%.

**SUBSEQUENT EVENT**

On September 11, 1998, the Company sold to WESCO Distribution, Inc., substantially all of its assets and liabilities, other than cash, debt securities, amounts due from affiliates, certain equipment and prepaid expenses and bank overdraft.



LEHMAN WATERMARK

9,725,000 SHARES

WESCO INTL. LOGO

WESCO INTERNATIONAL, INC.

COMMON STOCK

-----  
PROSPECTUS

, 1999  
-----

LEHMAN BROTHERS  
BEAR, STEARNS & CO. INC.  
DONALDSON, LUFKIN & JENRETTE  
GOLDMAN, SACHS & CO.  
ROBERT W. BAIRD & CO.  
INCORPORATED

ING BARING FURMAN SELZ LLC

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED MAY 3, 1999

PROSPECTUS

9,725,000 SHARES  
WESCO INTL. LOGO

WESCO INTERNATIONAL, INC.

COMMON STOCK

-----  
This is our initial public offering of shares of our common stock. We are offering 9,725,000 shares. 7,780,000 shares are initially being offered in the United States and Canada and 1,945,000 shares are initially being offered outside the United States and Canada. No public market currently exists for our shares.

The common stock has been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol "WCC." Anticipated Price Range \$17.00 to \$19.00 per share.

INVESTING IN THE SHARES INVOLVES RISKS. RISK FACTORS BEGIN ON PAGE 8.

	PER SHARE	TOTAL
	-----	-----
Public Offering Price.....	\$	\$
Underwriting Discount.....	\$	\$
Proceeds to WESCO International, Inc.....	\$	\$

We have granted the underwriters a 30-day option to purchase up to 1,458,750 additional shares of common stock on the same terms and conditions as set forth above solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers expects to deliver the shares on or about \_\_\_\_\_, 1999.

LEHMAN BROTHERS

BEAR, STEARNS INTERNATIONAL LIMITED

DONALDSON, LUFKIN & JENRETTE

GOLDMAN SACHS INTERNATIONAL

ROBERT W. BAIRD & CO.  
INCORPORATED

BARING BROTHERS LIMITED,  
AS AGENT FOR ING BANK NV

, 1999

LEHMAN WATERMARK

9,725,000 SHARES

WESCO INTL. LOGO

WESCO INTERNATIONAL, INC.

COMMON STOCK

-----  
PROSPECTUS

, 1999  
-----

LEHMAN BROTHERS  
BEAR, STEARNS INTERNATIONAL LIMITED  
DONALDSON, LUFKIN & JENRETTE  
GOLDMAN SACHS INTERNATIONAL  
ROBERT W. BAIRD & CO.  
INCORPORATED

BARING BROTHERS LIMITED,  
AS AGENT FOR ING BANK NV

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth estimated expenses expected to be incurred in connection with the issuance and distribution of the securities being registered.

Securities and Exchange Commission Registration Fee.....	\$ 55,948
NYSE Listing Fee.....	250,000
NASD Filing Fee.....	22,000
Printing and Engraving Expenses.....	135,000
Accounting Fees and Expenses.....	300,000
Legal Fees and Expenses.....	400,000
Blue Sky Qualification Fees and Expenses.....	5,000
Transfer Agent Fees and Expenses.....	3,500
Miscellaneous.....	78,552
	-----
Total.....	\$1,250,000
	=====

## ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Under Section 145 of the DGCL, a corporation has the power to indemnify directors and officers under certain prescribed circumstances and subject to certain limitations against certain costs and expenses, including attorneys' fees actually and reasonably incurred in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, to which any of them is a party by reason of his being a director or officer of the corporation if it is determined that he acted in accordance with the applicable standard of conduct set forth in such statutory provision. Article VI of our By-Laws provides that we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director, officer, employee or agent of WESCO, or is or was serving at the our request as a director, officer, employee or agent of another entity, against certain liabilities, costs and expenses. Article VI further permits us to maintain insurance on behalf of any person who is or was a director, officer, employee or agent of WESCO, or is or was serving at our request as a director, officer, employee or agent of another entity against any liability asserted against such person and incurred by such person in any such capacity or arising out of his status as such, whether or not we would have the power to indemnify such person against such liability under the DGCL. We maintain directors' and officers' liability insurance.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation, in its certificate of incorporation, to limit or eliminate, subject to certain statutory limitations, the liability of directors to the corporation or its stockholders for monetary damages for breaches of fiduciary duty, except for liability (a) for any breach of the director's duty of loyalty to the corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, or (d) for any transaction from which the director derived an improper personal benefit. Article SIXTH of our Certificate of Incorporation contains the following provision regarding limitation of liability of our directors and officers:

"(e) No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, provided that nothing

contained in this Restated Certificate of Incorporation shall eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, or (d) for any transaction from which the director derived an improper personal benefit."

The Underwriting Agreement filed as an exhibit hereto contains provisions pursuant to which each Underwriter severally agrees to indemnify us, any person controlling WESCO within the meaning of Section 15 of the Securities Act of 1933, or Section 20 of the Securities Exchange Act of 1934 each director of WESCO, and each officer of WESCO who signs this registration statement with respect to information relating to such Underwriter furnished in writing by or on behalf of such Underwriter expressly for use in this registration statement.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Within the past three years, WESCO sold shares of its capital stock in the following transactions, each of which was intended to be exempt from the registration requirements of the Securities Act of 1933.

On April 9, 1996, WESCO sold to one key member of management of WESCO 49,708 shares of common stock, for an aggregate purchase price of \$98,298 and granted to such person 65,892 options to purchase shares of its common stock with an exercise price of \$1.98 per share. For the foregoing transactions, WESCO relied upon exemption from registration under Rule 701 under the Securities Act.

On December 20, 1996, WESCO sold to two senior executives of WESCO and three other key members of management of WESCO 224,842 shares of its common stock, for an aggregate purchase price of \$760,106, and granted to such persons 298,248 options to purchase shares of its common stock with an exercise price of \$3.38 per share. For the foregoing transactions, WESCO relied upon exemption from registration under Rule 701 under the Securities Act.

On January 1, 1997, WESCO granted key branch employees 1,459,450 options to purchase shares of its common stock with an exercise price of \$3.38 per share. For the foregoing transactions, WESCO relied upon exemption from registration under Rule 701 under the Securities Act.

On November 26, 1997, WESCO sold to one senior executive of WESCO 46,240 shares of its common stock, for an aggregate purchase price of \$200,776, and granted to such senior executive 60,112 options to purchase shares of its common stock with an exercise price of \$4.34 per share. For the foregoing transactions, WESCO relied upon exemption from registration under Rule 701 under the Securities Act.

On January 31, 1998, WESCO sold to each of two accredited investors in a private placement 57,569 shares of its common stock, for an aggregate purchase price of \$499,932. For the foregoing transactions, WESCO relied upon exemption from registration under Section 4(2) of the Securities Act.

On March 26, 1998, WESCO sold to one senior executive officer of WESCO 111,670 shares of its common stock, for an aggregate purchase price of \$1,199,927, and granted to such senior executive 635,800 options to purchase shares of its common stock with an exercise price of \$4.34 per share. For the foregoing transactions, WESCO relied upon the exemption from registration under Rule 701 under the Securities Act.

On April 24, 1998, WESCO sold to one key member of management of WESCO 17,340 shares of its common stock, for an aggregate purchase price of \$186,324 and granted to such key member of management 22,542 options to purchase shares of its common stock with an exercise price of \$10.75

per share. For the foregoing transactions, WESCO relied upon the exemption from registration Rule 701 under the Securities Act.

On June 5, 1998, in connection with the recapitalization of WESCO, WESCO sold to (i) Cypress Merchant Banking Partners L.P., 18,405,023 shares of its common stock, for an aggregate purchase price of \$197,768,020, (ii) Cypress Offshore Partners L.P., 962,370 shares of its common stock, for an aggregate purchase price of \$10,340,982, (iii) The Travelers Insurance Company, 418,819 shares of its common stock, for an aggregate purchase price of \$4,500,346, (iv) The Travelers Life and Annuity Company, 46,529 shares of its common stock, for an aggregate purchase price of \$499,969, (v) The Travelers Indemnity Company, 409,455 shares of its common stock, for an aggregate purchase price of \$4,399,731, (vi) The Phoenix Insurance Company, 55,835 shares of its common stock, for an aggregate purchase price of \$599,963, (vii) Co-Investment Partners, L.P., 4,653,189 shares of its common stock, for an aggregate purchase price of \$50,000,045 and (viii) Chase Equity Associates, L.P., 4,653,131 shares of its Class B common stock, for an aggregate purchase price of \$49,999,424. For the foregoing transactions, WESCO relied upon exemption from registration under Regulation D under the Securities Act.

On August 5, 1998, WESCO sold to senior executives 803,998 shares of its common stock, for an aggregate purchase price of \$8,639,223. For the foregoing transactions, WESCO relied upon exemption from registration under Regulation D under the Securities Act.

On August 5, 1998, WESCO sold to key members of management 291,890 shares of its common stock, for an aggregate purchase price of \$3,136,454. For the foregoing transactions, WESCO relied upon the exemption from registration under Rule 701 under the Securities Act.

On August 6, 1998, as contemplated by the recapitalization, WESCO granted to key members of management 3,462,798 options to purchase shares of its common stock with an aggregate exercise price of \$37,208,903. For the foregoing transactions, WESCO relied upon the exemption from registration under Rule 701 under the Securities Act.

On November 20, 1998, WESCO sold to senior executives 150,280 shares of its common stock, for an aggregate purchase price of \$1,614,808. For the foregoing transactions, WESCO relied upon exemption from registration under Regulation D under the Securities Act.

On December 31, 1998, WESCO sold to three directors of WESCO 69,360 shares of its common stock, for an aggregate purchase price of \$745,296. For the foregoing transactions, WESCO relied upon exemption from registration under Regulation D under the Securities Act.

## ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following exhibits are filed as part of this registration statement:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
1.1	Form of Underwriting Agreements	Filed herewith
2.1	Recapitalization Agreement dated as of March 27, 1998 among Thor Acquisitions L.L.C., WESCO International, Inc. (formerly known as CDW Holding Corporation, "WESCO") and certain securityholders of WESCO.	Incorporated by reference to WESCO's Exhibit 2.1 to Registration Statement in Form S-4 (No. 333-43225) (the "Form S-4")
2.2	Purchase Agreement dated May 29, 1998 among WESCO, WESCO Distribution, Inc. ("WESCO Distribution"), Chase Securities Inc. and Lehman Brothers Inc.	Incorporated by reference to Exhibit 2.2 to the Form S-4
2.3	Asset Purchase Agreement among Bruckner Supply Company, Inc. and WESCO Distribution dated September 11, 1998, previously filed. Omitted schedules and exhibits will be provided supplementally to the Commission upon request.	Incorporated by reference to Exhibit 2.01 to the Current Report on Form 8-K dated September 11, 1998
3.1	Certificate of Incorporation of WESCO	Incorporated by reference to Exhibit 3.1 to the Form S-4
3.2	Form of Amended and Restated Certificate of Incorporation of WESCO	Filed herewith
3.3	By-Laws of WESCO	Incorporated by reference to Exhibit 3.2 to the Form S-4
3.4	Form of Restated By-Laws of WESCO	Filed herewith
4.1	Form of Common Stock Certificate	Filed herewith
4.2	Form of Class B Common Stock Certificate	Previously filed
4.3	Indenture dated as of June 5, 1998 among WESCO, WESCO Distribution and Bank One, N.A.	Incorporated by reference to Exhibit 4.1 to the Form S-4
4.4	Form of 9 1/8% Senior Subordinated Note Due 2008, Series A (included in Exhibit 4.3).	Incorporated by reference to Exhibit 4.2 to the Form S-4
4.5	Form of 9 1/8% Senior Subordinated Note Due 2008, Series B (included in Exhibit 4.3).	Incorporated by reference to Exhibit 4.3 to the Form S-4
4.6	Exchange and Registration Rights Agreement dated as of June 5, 1998 among the Company, WESCO and the Initial Purchasers	Incorporated by reference to Exhibit 4.4 to the Form S-4
4.7	Indenture dated as of June 5, 1998 between WESCO and Bank One, N.A.	Incorporated by reference to Exhibit 4.5 to the Form S-4
4.8	Form of 11 1/8% Senior Discount Note Due 2008, Series A (included in Exhibit 4.7)	Incorporated by reference to Exhibit 4.6 to the Form S-4
4.9	Form of 11 1/8% Senior Discount Note Due 2008, Series B (included in Exhibit 4.7)	Incorporated by reference to Exhibit 4.7 to the Form S-4
4.10	Exchange and Registration Rights Agreement dated as of June 5, 1998 among WESCO and the Initial Purchasers	Incorporated by reference to Exhibit 4.8 to the Form S-4

EXHIBIT NO. -----	DESCRIPTION OF EXHIBIT -----	PRIOR FILING OR SEQUENTIAL PAGE NUMBER -----
5.1	Opinion of Kirkpatrick & Lockhart LLP as to the legality of the Common Stock	Previously filed
10.1	CDW Holding Corporation Stock Purchase Plan	Incorporated by reference to Exhibit 10.1 to the Form S-4
10.2	Form of Stock Subscription Agreement	Incorporated by reference to Exhibit 10.2 to the Form S-4
10.3	CDW Holding Corporation Stock Option Plan	Incorporated by reference to Exhibit 10.3 to the Form S-4
10.4	Form of Stock Option Agreement	Incorporated by reference to Exhibit 10.4 to the Form S-4
10.5	CDW Holding Corporation Stock Option Plan for Branch Employees	Incorporated by reference to Exhibit 10.5 to the Form S-4
10.6	Form of Branch Stock Option Agreement	Incorporated by reference to Exhibit 10.6 to the Form S-4
10.7	Non-Competition Agreement, dated as of February 28, 1996, between Westinghouse, WESCO and WESCO Distribution	Incorporated by reference to Exhibit 10.8 to the Form S-4
10.8	Employment Agreement between WESCO Distribution and Stanley C. Weiss	Incorporated by reference to Exhibit 10.9 to the Form S-4
10.9	Lease dated May 24, 1995 as amended by Amendment One dated June, 1995 and by Amendment Two dated December 24, 1995 by and between WESCO Distribution as Tenant and Opal Investors, L.P. and Mural GEM Investors as Landlord	Incorporated by reference to Exhibit 10.10 to the Form S-4
10.10	Lease dated April 1, 1992 as renewed by Letter of Notice of Intent to Renew dated December 13, 1996 by and between the Company successor in interest to Westinghouse Electric Corporation as Tenant and Utah State Retirement Fund as Landlord	Incorporated by reference to Exhibit 10.11 to the Form S-4
10.11	Lease dated September 4, 1997 and between WESCO Distribution as Tenant and The Buncher Company as Landlord	Incorporated by reference to Exhibit 10.12 to the Form S-4
10.12	Lease dated March, 1995 by and between WESCO Distribution-Canada, Inc. ("WESCO Canada") as Tenant and Atlantic Construction, Inc. as Landlord	Incorporated by reference to Exhibit 10.13 to the Form S-4



EXHIBIT NO. -----	DESCRIPTION OF EXHIBIT -----	PRIOR FILING OR SEQUENTIAL PAGE NUMBER -----
10.13	Credit Agreement dated as of June 5, 1998 among WESCO, the Company, WESCO Canada, The Chase Manhattan Bank, The Chase Manhattan Bank of Canada and Lehman Commercial Paper, Inc.	Incorporated by reference to Exhibit 10.14 to the Form S-4
10.14	U.S. Receivables Sales Agreement dated June 5, 1998 among the Company, WESCO Receivables Corp. (the "SPC"), The Chase Manhattan Bank and other sellers named therein.	Incorporated by reference to Exhibit 10.15 to the Form S-4
10.15	Canadian Receivables Sales Agreement dated June 5, 1998 among WESCO Distribution, WESCO Canada, the SPC, The Chase Manhattan Bank of Canada and other sellers named therein.	Incorporated by reference to Exhibit 10.16 to the Form S-4
10.16	WESCO Receivables Master Trust Pooling Agreement dated June 5, 1998 among the Company, WESCO Canada, the SPC, and The Chase Manhattan Bank	Incorporated by reference to Exhibit 10.17 to the Form S-4
10.17	WESCO Receivables Master Trust Pooling Agreement Series 1998-1 Supplement dated June 5, 1998	Incorporated by reference to Exhibit 10.18 to the Form S-4
10.18	Amended and Restated Registration and Participation Agreement dated June 5, 1998 among WESCO and certain securityholders of WESCO named therein.	Incorporated by reference to Exhibit 10.19 to the Form S-4
10.19	Employment Agreement between WESCO Distribution and Roy W. Haley	Incorporated by reference to Exhibit 10.20 to the Form S-4
10.20	WESCO International, Inc. 1998 Stock Option Plan	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.21	Form of Management Stock Option Agreement	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.22	1999 Long-Term Incentive Plan	Filed herewith
21.1	Subsidiaries of WESCO	Incorporated by reference to Exhibit 21.1 to WESCO's Annual Report on Form 10-K for the year ended December 31, 1998.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
23.1	Consent of Kirkpatrick & Lockhart LLP (included in its opinion filed as Exhibit 5.1 hereto)	Previously filed
23.2	Consent of PricewaterhouseCoopers LLP, Independent Accountants	Filed herewith
23.3	Consent of Anchin, Block & Anchin LLP, Independent Accountants	Filed herewith
23.4	Consent of Electrical Wholesaling Magazine	Previously filed
24.1	Powers of Attorney (included on signature page)	Previously filed
27.1	Financial Data Schedule	Previously filed

\*\* The registrant hereby agrees to furnish supplementally to the Commission, upon request, a copy of any omitted schedule to any of the agreements contained herein.

(b) The following financial statement schedule is filed herewith, accompanied by the report of the independent accountants on such schedule:

For the years ended December 31, 1996, 1997 and 1998.

Schedule II -- Valuation and Qualifying Accounts

Financial statement schedules not listed above have been omitted because they are inapplicable, are not required under applicable provisions of Regulation S-X, or the information that would otherwise be included in such schedules is contained in the registrant's financial statements or accompanying notes.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this amendment to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pittsburgh, Commonwealth of Pennsylvania, on May 3, 1999.

WESCO INTERNATIONAL, INC.

By: /s/ ROY W. HALEY

-----  
 Name: Roy W. Haley  
 Title: Chairman of the Board,  
 President and Chief  
 Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed on May 3, 1999 by the following persons in the capacities indicated, with respect to WESCO International, Inc.:

SIGNATURE

TITLE

-----  
 /s/ ROY W. HALEY

-----  
 Chairman, President and Chief Executive Officer (Principal  
 Executive Officer)

Roy W. Haley

-----  
 /s/ STEVEN A. BURLESON

-----  
 Vice President, Chief Financial Officer and Corporate  
 Controller (Principal Financial and Accounting Officer)

Steven A. Burleson

-----  
 \*

-----  
 Director

James L. Singleton

-----  
 \*

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 Director

James A. Stern

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 Director

Anthony D. Tutrone

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 Director

Michael J. Cheshire

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 Director

Robert J. Tarr, Jr.

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 \*

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 Director

-----  
 Kenneth L. Way

-----  
 \* /s/ STEVEN A. BURLESON

-----  
 Steven A. Burleson  
 as Attorney-in-Fact

When the stock split referred to in Note 22 of the consolidated financial statements is effective, we will be in a position to render the following report.

/s/ PricewaterhouseCoopers LLP

REPORT OF INDEPENDENT ACCOUNTANTS  
ON FINANCIAL STATEMENT SCHEDULE

To the Stockholders and Board of Directors  
of WESCO International, Inc.:

Our audits of the consolidated financial statements referred to in our report dated February 12, 1999, except for Note 22, as to which the date is May , 1999 appearing on page F-2 of this prospectus also included an audit of the financial statement schedule listed in Item 16 of this Form S-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

600 Grant Street  
Pittsburgh, Pennsylvania  
February 12, 1999, except for Note 22,

as to which the date is May , 1999

## SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
		ADDITIONS			
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO EXPENSE	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Allowance for doubtful accounts:					
Year ended December 31, 1996.....	8,589	3,017	2,961(a)	(4,492)	10,075
Year ended December 31, 1997.....	10,075	3,274	594	(3,129)	10,814
Year ended December 31, 1998.....	10,814	2,325	3,423(a)	(8,480)(c)	8,082
Allowance for deferred tax assets:					
Year ended December 31, 1996.....	4,182	--	(1,254)(b)	(2,928)	--
Year ended December 31, 1997.....	--	--	--	--	--
Year ended December 31, 1998.....	--	--	--	--	--

(a) Represents allowance for doubtful accounts acquired in connection with certain acquisitions.

(b) Represents reversal of valuation allowances as a result of realizing the benefits of the deferred tax assets acquired at the date of Formation.

(c) Includes \$3,464 which represents a reduction in the allowance for doubtful accounts related to the sale of receivables at fair market value in connection with the Receivables Facility.

## INDEX TO EXHIBITS

The registrant hereby agrees to furnish supplementally to the Commission, upon request, a copy of any omitted schedule to any of the agreements contained herein.

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10.16	WESCO Receivables Master Trust Pooling Agreement dated June 5, 1998 among the Company, WESCO Canada, the SPC, and The Chase Manhattan Bank	Incorporated by reference to Exhibit 10.17 to the Form S-4
10.17	WESCO Receivables Master Trust Pooling Agreement Series 1998-1 Supplement dated June 5, 1998	Incorporated by reference to Exhibit 10.18 to the Form S-4
10.18	Amended and Restated Registration and Participation Agreement dated June 5, 1998 among WESCO and certain securityholders of WESCO named therein.	Incorporated by reference to Exhibit 10.19 to the Form S-4
10.19	Employment Agreement between WESCO Distribution and Roy W. Haley	Incorporated by reference to Exhibit 10.20 to the Form S-4
10.20	WESCO International, Inc. 1998 Stock Option Plan	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.21	Form of Management Stock Option Agreement	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.22	1999 Long-Term Incentive Plan	Filed herewith
21.1	Subsidiaries of WESCO	Incorporated by reference to Exhibit 21.1 to WESCO's Annual Report on Form 10-K for the year ended December 31, 1998
23.1	Consent of Kirkpatrick & Lockhart LLP (included in its opinion filed as Exhibit 5.1 hereto)	Previously filed
23.2	Consent of PricewaterhouseCoopers LLP, Independent Accountants	Filed herewith
23.3	Consent of Anchin, Block & Anchin LLP, Independent Accountants	Filed herewith
23.4	Consent from Electrical Wholesaling Magazine	Previously filed
24.1	Powers of Attorney (included on signature page)	Previously filed
27.1	Financial Data Schedule	Previously filed



[NUMBER OF SHARES]

WESCO INTERNATIONAL, INC.

COMMON STOCK, PAR VALUE \$0.01 PER SHARE

U.S. UNDERWRITING AGREEMENT

\_\_\_\_\_, 1999

LEHMAN BROTHERS INC.  
BEAR, STEARNS & CO. INC.  
DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION  
GOLDMAN, SACHS & CO.  
ROBERT W. BAIRD & CO. INCORPORATED  
ING BARING FURMAN SELZ LLC  
As Representatives of the several  
Underwriters named in Schedule 1,  
c/o Lehman Brothers Inc.  
Three World Financial Center  
New York, New York 10285

Dear Sirs:

WESCO International, Inc., a Delaware corporation (the "Company"), proposes to sell \_\_\_\_\_ shares (the "Firm Stock") of the Company's common stock, par value \$0.01 per share (the "Common Stock"). In addition, the Company proposes to grant to the U.S. Underwriters named in Schedule 1 hereto (the "U.S. Underwriters") an option to purchase up to an additional \_\_\_\_\_ shares of the Common Stock on the terms and for the purposes set forth in Section 2 (the "Option Stock"). The Firm Stock and the Option Stock, if purchased, are hereinafter collectively called the "Stock". This is to confirm the agreement concerning the purchase of the Stock from the Company by the U.S. Underwriters named in Schedule 1 hereto (the "U.S. Underwriters").

It is understood by all parties that the Company is concurrently entering into an agreement dated the date hereof (the "International Underwriting Agreement") providing for the sale by the Company of \_\_\_\_\_ shares of Common Stock (including the over-allotment option thereunder) (the "International Stock") through arrangements with certain underwriters outside the United States (the "International Managers"), for whom Lehman Brothers International (Europe) and Bear, Stearns International Limited, Donaldson, Lufkin & Jenrette Securities International, Goldman, Sachs International, Robert W. Baird & Co. Incorporated and Baring Brothers Limited, as agent for ING Bank NV, are acting as lead managers. The U.S. Underwriters and the International Managers simultaneously are entering into an agreement between the U.S. and international underwriting syndicates (the "Agreement Between U.S. Underwriters and International Managers") which provides for, among other things, the transfer of shares of Common Stock

between the two syndicates. Two forms of prospectus are to be used in connection with the offering and sale of shares of Common Stock contemplated by the foregoing, one relating to the Stock and the other relating to the International Stock. The latter form of prospectus will be identical to the former except for certain substitute pages as included in the registration statement and amendments thereto referred to below. Except as used in Sections 2, 3, 4, 9 and 10 herein, and except as the context may otherwise require, references herein to the Stock shall include all the shares of the Common Stock which may be sold pursuant to either this Agreement or the International Underwriting Agreement, and references herein to any prospectus whether in preliminary or final form, and whether as amended or supplemented, shall include both the U.S. and the international versions thereof.

1. Representations, Warranties and Agreements of the Company. The Company represents, warrants and agrees that:

(a) A registration statement on Form S-1, and one or more amendments thereto, with respect to the Stock has (i) been prepared by the Company in conformity with the requirements of the United States Securities Act of 1933 (the "Securities Act") and the rules and regulations (the "Rules and Regulations") of the United States Securities and Exchange Commission (the "Commission") thereunder, (ii) been filed with the Commission under the Securities Act and (iii) become effective under the Securities Act; and a second registration statement on Form S-1 with respect to the Stock (i) may also be prepared by the Company in conformity with the requirements of the Securities Act and the Rules and Regulations and (ii) if to be so prepared, will be filed with the Commission under the Securities Act pursuant to Rule 462(b) of the Rules and Regulations on the date hereof. Copies of the first such registration statement and the amendment to such registration statement, together with the form of any such second registration statement, have been delivered by the Company to you as the representatives (the "Representatives") of the U.S. Underwriters. As used in this Agreement, "Effective Time" means (i) with respect to the first such registration statement, the date and the time as of which such registration statement, or the most recent post-effective amendment thereto, if any, was declared effective by the Commission and (ii) with respect to any second registration statement, the date and time as of which such second registration statement is filed with the Commission, and "Effective Times" is the collective reference to both Effective Times; "Effective Date" means (i) with respect to the first such registration statement, the date of the Effective Time of such registration statement and (ii) with respect to any second registration statement, the date of the Effective Time of such second registration statement, and "Effective Dates" is the collective reference to both Effective Dates; "Preliminary Prospectus" means each prospectus included in any such registration statement, or amendments thereof, before it became effective under the Securities Act and any prospectus filed with the Commission by the Company with the consent of the Representatives pursuant to Rule 424(a) of the Rules and Regulations; "Primary Registration Statement" means the first registration statement referred to in this Section 1(a), as amended at its

Effective Time, "Rule 462(b) Registration Statement" means the second registration statement, if any, referred to in this Section 1(a), as filed with the Commission, and "Registration Statements" means both the Primary Registration Statement and any Rule 462(b) Registration Statement, including in each case all information contained in the final prospectus filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations in accordance with Section 5(a) hereof and deemed to be a part of the Registration Statements as of the Effective Time of the Primary Registration Statement pursuant to paragraph (b) of Rule 430A of the Rules and Regulations; and "Prospectus" means such final prospectus, as first filed with the Commission pursuant to paragraph (1) or (4) of Rule 424(b) of the Rules and Regulations.

(b) The Primary Registration Statement conforms (and the Rule 462(b) Registration Statement, if any, the Prospectus and any further amendments or supplements to the Registration Statements or the Prospectus, when they become effective or are filed with the Commission, as the case may be, will conform) in all respects to the requirements of the Securities Act and the Rules and Regulations and do not and will not, as of the applicable effective date (as to the Registration Statements and any amendment thereto) and as of the applicable filing date (as to the Prospectus and any amendment or supplement thereto) contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided that no representation or warranty is made as to information contained in or omitted from the Registration Statements or the Prospectus in reliance upon and in conformity with written information furnished to the Company through the Representatives by or on behalf of any U.S. Underwriter specifically for inclusion therein.

(c) The Company and each "significant subsidiary" (within the meaning of Rule 1-02 of Regulation S-X) of the Company have been duly incorporated and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to so qualify, be in good standing or have such power or authority would not, singularly or in the aggregate, have a material adverse effect on the condition (financial or otherwise), results of operations, business or prospects of the Company and its subsidiaries taken as a whole (a "Material Adverse Effect").

(d) The Company will have a pro forma capitalization as set forth in the Prospectus under the heading "Capitalization". All of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the description thereof contained in the

Prospectus; and all of the outstanding shares of capital stock of each "significant subsidiary" (within the meaning of Rule 1-02 of Regulation S-X) of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction upon voting or transfer or any other claim of any third party, other than those incurred in connection with the Credit Agreement as set forth in the Prospectus. WESCO Distribution, Inc. and WESCO Distribution-Canada, Inc. are the only "significant subsidiaries" (within the meaning of Rule 1-02 of Regulation S-X) of the Company on the date hereof.

(e) The unissued shares of the Stock to be issued and sold by the Company to the U.S. Underwriters hereunder and under the International Underwriting Agreement have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein and in the International Underwriting Agreement, will be duly and validly issued, fully paid and non-assessable; and the Stock will conform to the description thereof contained in the Prospectus.

(f) The Company has full right, power and authority to execute and deliver this Agreement and the International Underwriting Agreement and to perform its obligations hereunder and thereunder; and all corporate action required to be taken for the due and proper authorization, execution and delivery of each of the Underwriting Agreement and the International Underwriting Agreement and the consummation of the transactions contemplated hereby and thereby has been duly and validly taken.

(g) Each of this Agreement and the International Underwriting Agreement has been duly authorized, executed and delivered by the Company.

(h) Each of this Agreement and the International Underwriting Agreement conforms in all material respects to the description thereof contained in the Prospectus.

(i) The execution, delivery and performance of this Agreement and the International Underwriting Agreement by the Company, and the consummation of the transactions contemplated hereby and thereby, will not conflict with or contravene, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, (i) the charter or by-laws of the Company, (ii) any agreement or other instrument binding upon the Company or any of its subsidiaries or their respective assets or (iii) any provision of applicable law or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any of its subsidiaries or their respective assets, except, in the case of clause (ii) and (iii), for conflicts, contraventions, defaults, liens, charges or encumbrances which would not, singularly or in the aggregate, have a Material

Adverse Effect. No consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the execution, delivery and performance of this Agreement or the International Underwriting Agreement by the Company and the consummation of the transactions contemplated hereby and thereby, except for the registration of the Stock under the Securities Act and such consents, approvals, authorizations or qualifications (i) as may be required to be obtained or made under the Exchange Act and under applicable state or foreign securities laws in connection with the purchase and distribution of the Stock by the U.S. Underwriters and the International Managers and (ii) the failure to obtain would not, singularly or in the aggregate, have a Material Adverse Effect.

(j) There are no contracts, agreements or understandings between the Company and any person granting such person the right (other than rights which have been waived or satisfied) to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statements or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act.

(k) Except as described in the Prospectus, the Company has not sold or issued any shares of Common Stock during the six-month period preceding the date of the Prospectus, including any sales pursuant to Rule 144A under, or Regulations D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock options plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(l) The historical financial statements (including the related notes) filed as part of the Registration Statements or contained in the Prospectus have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby and fairly present the financial position of the entities purported to be covered thereby at the respective dates indicated and the results of their operations and their cash flows for the respective periods indicated; and the financial information filed as part of the Registration Statements or contained in the Prospectus under the headings "Selected Historical Consolidated Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Management--Executive Compensation" are derived from the accounting records of the Company and its subsidiaries and fairly present the information purported to be shown thereby. The pro forma financial information contained in the Prospectus has been prepared on a basis consistent with the historical financial statements contained in the Prospectus (except as specified therein), includes all material adjustments to the historical financial information required by Rule 11-02 of Regulation S-X under the Securities Act and the Exchange Act to reflect the transactions described in the Prospectus, gives effect to assumptions made on a reasonable basis and fairly presents the historical and proposed transactions contemplated by the Prospectus, this Agreement and the International Underwriting Agreement.

(m) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company, whose report appears in the Prospectus and who have delivered the initial letter referred to in Section 7(e) hereof, are independent public accountants as required by the Securities Act and the Rules and Regulations and Anchin, Block & Anchin LLP, whose report appears in the Prospectus and who have delivered the initial letter referred to in Section 7(f) hereof, were independent accountants as required by the Securities Act and the Rules and Regulations during the periods covered by the financial statements on which they reported contained in the Prospectus.

(n) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any property or assets of the Company or any of its subsidiaries is subject other than proceedings that could not singularly or in the aggregate, reasonably be expected to have a Material Adverse Effect or have a material adverse effect on the power or ability of the Company or any of its subsidiaries to perform its obligations under this Agreement or the International Underwriters Agreement or to consummate the transactions contemplated hereby or thereby or the Prospectus.

(o) No action has been taken by the Company or its subsidiaries and no statute, rule, regulation or order has been enacted, adopted or issued by any governmental agency or body which prevents the issuance of the Stock or suspends the sale of the Stock in any jurisdiction; no injunction, restraining order or order of any nature by any federal or state court of competent jurisdiction has been issued with respect to the Company or any of its subsidiaries which would prevent or suspend the issuance or sale of the Stock or the use of the Preliminary Prospectus or the Prospectus in any jurisdiction; no action, suit or proceeding is pending against or, to the knowledge of the Company, threatened against or affecting the Company or any of its subsidiaries before any court or arbitrator or any governmental agency, body or official, domestic or foreign, which could reasonably be expected to interfere with or adversely affect the issuance of the Stock or in any manner draw into question the validity or enforceability of either this Agreement or the International Underwriting Agreement or any action taken or to be taken pursuant thereto; and the Company has complied with any and all requests by any securities authority in any jurisdiction for additional information to be included in the Preliminary Prospectus and the Prospectus.

(p) Neither the Company nor any of its "significant subsidiaries" (within the meaning of Rule 1-02 of Regulation S-X) is (i) in violation of its charter or by-laws, (ii) in default in any respect, and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject or (iii) in violation in any respect of any law, ordinance, governmental rule, regulation or court decree to which it or its property or assets may be subject, except, in the case of clauses (ii) or (iii), as would not have a Material Adverse Effect.

(q) Except as would not, singularly or in the aggregate, have a Material Adverse Effect, the Company and each of its subsidiaries possesses all licenses, certificates, authorizations and permits issued by, and has made all declarations and filings with, the appropriate federal, state or foreign regulatory agencies or bodies which are necessary or desirable for the ownership of its properties or the conduct of its business as described in the Prospectus, and none of the Company or any of its subsidiaries has received notification of any revocation or modification of any such license, certificate, authorization or permit or has any reason to believe that any such license, certificate, authorization or permit will not be renewed in the ordinary course.

(r) The Company and each of its subsidiaries has filed all federal, state, local and foreign income and franchise tax returns required to be filed through the date hereof and has paid all taxes due thereon, and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had (nor does the Company or any of its subsidiaries have any knowledge of any tax deficiency which, if determined adversely to the Company or any of its subsidiaries, could reasonably be expected to have) a Material Adverse Effect.

(s) The Company is not and, after giving effect to the offering and sale of the Stock and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" or an entity "controlled by" an investment company within the meaning of the United States Investment Company Act of 1940, as amended (the "Investment Company Act"), and the rules and regulations of the Commission thereunder.

(t) The Company and each of its subsidiaries has insurance covering its properties, operations, personnel and business, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Company and each of its subsidiaries and each of their respective businesses.

(u) The Company and each of its subsidiaries has good and marketable title in fee simple to, or has valid rights to lease or otherwise use, all items of real and personal property which are material to the business of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects

and imperfections of title except such as (i) do not materially interfere with the use made and proposed to be made of such property by the applicable Issuer and its subsidiaries or (ii) could not reasonably be expected to have a Material Adverse Effect.

(v) No labor disturbance by or dispute with the employees of the Company or any of its subsidiaries exists or, to the best knowledge of the Company, is contemplated or threatened, except as would not have a Material Adverse Effect.

(w) No "prohibited transaction" (as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended from time to time (the "Code")) or "accumulated funding deficiency" (as defined in Section 302 of ERISA) or any of the events set forth in Section 4043(b) of ERISA (other than events with respect to which the 30-day notice requirement under Section 4043 of ERISA has been waived) has occurred with respect to any employee benefit plan of the Company or any of its subsidiaries which could reasonably be expected to have a Material Adverse Effect; each such employee benefit plan is in compliance in all respects with applicable law, including ERISA and the Code, except as would not have a Material Adverse Effect; the Company and each of its subsidiaries has not incurred and does not expect to incur liability under Title IV of ERISA with respect to the termination of, or withdrawal from, any pension plan for which the Company or any of its subsidiaries would have any liability, except as would not have a Material Adverse Effect; and each such pension plan that is intended to be qualified under Section 401(a) of the Code is so qualified in all respects and nothing has occurred, whether by action or by failure to act, which could reasonably be expected to cause the loss of such qualification, except as would not have a Material Adverse Effect.

(x) Except as described in the Prospectus, there are no costs or liabilities of the Company or any of its subsidiaries associated with or arising from the application of any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws") (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with any Environmental Laws or any permits, licenses or other approvals required of the Company or any of its subsidiaries under applicable Environmental Laws to conduct its business, any related constraints on operating activities and any potential liabilities to third parties, including governmental authorities) which would, singularly or in the aggregate, have a Material Adverse Effect.



(y) Since the date as of which information is given in the Prospectus through the date hereof, and except as may otherwise be disclosed in the Prospectus, the Company has not (i) issued or granted any securities, (ii) incurred any liability or obligation, direct or contingent, other than liabilities and obligations which were incurred in the ordinary course of business, (iii) entered into any transaction not in the ordinary course of business or (iv) declared or paid any dividend on its capital stock.

(z) The Company has not taken or will not take, directly or indirectly, any action prohibited by Regulation M under the Exchange Act in connection with the offering of the Stock.

(aa) No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Preliminary Prospectus or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(bb) The Company and each of its subsidiaries has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida) relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

(cc) Since the date as of which information is given in the Prospectus, except as otherwise stated therein, there has been no material adverse change or any development involving a prospective material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of the Company, whether or not arising in the ordinary course of business.

(dd) There are no contracts or other documents which are required to be described in the Prospectus or filed as exhibits to either of the Registration Statements by the Securities Act or by the Rules and Regulations which have not been described in the Prospectus or filed as exhibits to either of the Registration Statements or incorporated therein by reference as permitted by the Rules and Regulations.

2. Purchase of the Stock by the U.S. Underwriters. On the basis of the representations, warranties and agreements contained in, and subject to the terms and conditions of, this Agreement, the Company agrees to sell \_\_\_\_\_ shares of the Firm Stock, severally and not jointly, to the several U.S. Underwriters and each of the U.S. Underwriters, severally and not jointly, agrees to purchase the number of shares of the Firm Stock set opposite that U.S. Underwriter's name in Schedule 1 hereto. The respective purchase obligations of the U.S. Underwriters with respect to the Firm Stock shall be rounded among the U.S. Underwriters to avoid fractional shares, as the Representatives may determine.

In addition, the Company grants to the U.S. Underwriters an option to purchase up to \_\_\_\_\_ shares of Option Stock. Such option is granted solely for the purpose of covering over-allotments in the sale of Firm Stock and is exercisable as provided in Section 4 hereof. Shares of Option Stock shall be purchased severally for the account of the U.S. Underwriters in proportion to the number of shares of Firm Stock set opposite the name of such U.S. Underwriters in Schedule 1 hereto. The respective purchase obligations of each U.S. Underwriter with respect to the Option Stock shall be adjusted by the Representatives so that no U.S. Underwriter shall be obligated to purchase Option Stock other than in 100 share amounts.

The price of both the Firm Stock and any Option Stock shall be \$\_\_\_\_\_ per share.

The Company shall not be obligated to deliver any of the Stock to be delivered on the First Delivery Date or the Second Delivery Date (as hereinafter defined), as the case may be, except upon payment for all the Stock to be purchased on such Delivery Date as provided herein and in the International Underwriting Agreement.

### 3. Offering of Stock by the U.S. Underwriters.

Upon authorization by the Representatives of the release of the Firm Stock, the several U.S. Underwriters propose to offer the Firm Stock for sale upon the terms and conditions set forth in the Prospectus; provided, however, that no Stock registered pursuant to the Rule 462(b) Registration Statement, if any, shall be offered prior to the Effective Time thereof.

It is understood that \_\_\_\_\_ shares of the Firm Stock will initially be reserved by the several U.S. Underwriters for offer and sale upon the terms and conditions set forth in the Prospectus to employees and persons having business relationships with the Company and its subsidiaries who have heretofore delivered to the Representatives offers to purchase shares of Firm Stock in form satisfactory to the Representatives, and that any allocation of such Firm Stock among such persons will be made in accordance with timely directions received by the Representatives from the Company; provided, that under no circumstances will the Representatives or any U.S. Underwriter be liable to the Company or to any such person for any action taken or omitted in good faith in connection with such offering to employees and persons having business relationships with the Company and its subsidiaries. It is further understood that any shares of such Firm Stock which are not purchased by such persons will be offered by the U.S. Underwriters to the public upon the terms and conditions set forth in the Prospectus.

Each U.S. Underwriter agrees that, except to the extent permitted by the Agreement Between U.S. Underwriters and International Managers, it will not offer or sell any of the Stock outside of the United States.

4. Delivery of and Payment for the Stock. Delivery of and payment for the Firm Stock shall be made at the offices of Simpson Thacher & Bartlett at 425 Lexington Avenue, New York, New York 10017, at 10:00 A.M., New York City time, on the third full business day following the date of this Agreement or at such other date or place as shall be determined by agreement between the Representatives and the Company. This date and time are sometimes referred to as the "First Delivery Date." On the First Delivery Date, the Company shall deliver or

cause to be delivered certificates representing the Firm Stock to the Representatives for the account of each U.S. Underwriter against payment to or upon the order of the Company of the purchase price by certified or official bank check or checks payable in New York Clearing House (next-day) funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligation of each U.S. Underwriter hereunder. Upon delivery, the Firm Stock shall be registered in such names and in such denominations as the Representatives shall request in writing not less than two full business days prior to the First Delivery Date. For the purpose of expediting the checking and packaging of the certificates for the Firm Stock, the Company shall make the certificates representing the Firm Stock available for inspection by the Representatives in New York, New York, not later than 2:00 P.M., New York City time, on the business day prior to the First Delivery Date.

At any time on or before the thirtieth day after the date of this Agreement the option granted in Section 2 may be exercised by written notice being given to the Company by the Representatives. Such notice shall set forth the aggregate number of shares of Option Stock as to which the option is being exercised, the names in which the shares of Option Stock are to be registered, the denominations in which the shares of Option Stock are to be issued and the date and time, as determined by the Representatives, when the shares of Option Stock are to be delivered; provided, however, that this date and time shall not be earlier than the First Delivery Date nor earlier than the second business day after the date on which the option shall have been exercised nor later than the fifth business day after the date on which the option shall have been exercised. The date and time the shares of Option Stock are delivered are sometimes referred to as the "Second Delivery Date" and the First Delivery Date and the Second Delivery Date are sometimes each referred to as a "Delivery Date").

Delivery of and payment for the Option Stock shall be made at the place specified in the first sentence of the first paragraph of this Section 4 (or at such other place as shall be determined by agreement between the Representatives and the Company) at 10:00 A.M., New York City time, on the Second Delivery Date. On the Second Delivery Date, the Company shall deliver or cause to be delivered the certificates representing the Option Stock to the Representatives for the account of each U.S. Underwriter against payment to or upon the order of the Company of the purchase price by certified or official bank check or checks payable in New York Clearing House (next-day) funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligation of each U.S. Underwriter hereunder. Upon delivery, the Option Stock shall be registered in such names and in such denominations as the Representatives shall request in the aforesaid written notice. For the purpose of expediting the checking and packaging of the certificates for the Option Stock, the Company shall make the certificates representing the Option Stock available for inspection by the Representatives in New York, New York, not later than 2:00 P.M., New York City time, on the business day prior to the Second Delivery Date.

5. Further Agreements of the Company. The Company agrees:

(a) To prepare the Rule 462(b) Registration Statement, if necessary, in a form approved by the Representatives and to file such Rule 462(b) Registration Statement with the Commission on the date hereof; to prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than 10:00 A.M., New York City time, on the day following the execution and delivery of this Agreement; to make no further amendment or any supplement to the Registration Statements or to the Prospectus except as permitted herein; to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to either Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish the Representatives with copies thereof; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, of the suspension of the qualification of the Stock for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statements or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) To furnish promptly to each of the Representatives and to counsel for the U.S. Underwriters a signed copy of each of the Registration Statements as originally filed with the Commission, and each amendment thereto filed with the Commission, including all consents and exhibits filed therewith;

(c) To deliver promptly to the Representatives in New York City such number of the following documents as the Representatives shall reasonably request: (i) conformed copies of the Registration Statements as originally filed with the Commission and each amendment thereto (in each case excluding exhibits other than this Agreement and the computation of per share earnings) and (ii) each Preliminary Prospectus, the Prospectus (not later than 10:00 A.M., New York City time, of the day following the execution and delivery of this Agreement) and any amended or supplemented Prospectus (not later than 10:00 A.M., New York City time, on the day following the date of such amendment or supplement); and, if the delivery of a prospectus is required at any time prior to the expiration of nine months after the Effective Time of the Primary Registration Statement in connection with the offering or sale of the Stock (or any other securities relating thereto) and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period

to amend or supplement the Prospectus in order to comply with the Securities Act, to notify the Representatives and, upon their request, to prepare and furnish without charge to each U.S. Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended or supplemented Prospectus which will correct such statement or omission or effect such compliance, and in case any U.S. Underwriter is required to deliver a prospectus in connection with sales of any of the Stock at any time nine months or more after the Effective Time of the Primary Registration Statement, upon the request of the Representatives but at the expense of such U.S. Underwriter, to prepare and deliver to such U.S. Underwriter as many copies as the Representatives may from time to time reasonably request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Securities Act;

(d) To file promptly with the Commission any amendment to the Registration Statements or the Prospectus or any supplement to the Prospectus that may, in the judgment of the Company or the Representatives, be required by the Securities Act or requested by the Commission;

(e) Prior to filing with the Commission either of the Registration Statements or supplement to the Prospectus or any Prospectus pursuant to Rule 424 of the Rules and Regulations, to furnish a copy thereof to the Representatives and counsel for the U.S. Underwriters and not to file any such document to which the Representatives shall reasonably object after having been given reasonable notice of the proposed filing thereof;

(f) As soon as practicable after the Effective Date of the Primary Registration Statement (it being understood that the Company shall have until at least 410 days after the end of the Company's current fiscal quarter), to make generally available to the Company's security holders and to deliver to the Representatives an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Securities Act and the Rules and Regulations (including, at the option of the Company, Rule 158);

(g) For a period of five years following the Effective Date of the Primary Registration Statement, to furnish to the Representatives copies of all materials furnished by the Company to its shareholders and all public reports and all reports and financial statements furnished by the Company to the principal national securities exchange or automatic quotation system upon which the Common Stock may be listed or quoted pursuant to requirements of or agreements with such exchange or system or to the Commission pursuant to the Exchange Act or any rule or regulation of the Commission thereunder;

(h) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Stock for offering and sale under the securities laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Stock; provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(i) For a period of 180 days from the date of the Prospectus, not to, directly or indirectly, (1) offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition or purchase by any person at any time in the future of) any shares of Common Stock (other than the Stock and shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans existing on the date hereof or pursuant to currently outstanding options, warrants or rights), or sell or grant options, rights or warrants with respect to any shares of Common Stock (other than the grant of options pursuant to option plans existing on the date hereof), or (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such shares of Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise, in each case without the prior written consent of Lehman Brothers Inc.; and to cause each officer and director of the Company to furnish to Lehman Brothers Inc., prior to the First Delivery Date, a letter or letters, in form and substance satisfactory to counsel for the U.S. Underwriters, pursuant to which each such person shall agree not to, directly or indirectly, (1) offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any shares of Common Stock or securities convertible into or exchangeable for Common Stock or (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such shares of Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise, in each case for a period of 180 days from the date of the Prospectus, without the prior written consent of Lehman Brothers Inc.;

(j) Prior to filing with the Commission any reports on Form SR pursuant to Rule 463 of the Rules and Regulations, to furnish a copy thereof to the counsel for the U.S. Underwriters and receive and consider its comments thereon, and to deliver promptly to the Representatives a signed copy of each report on Form SR filed by it with the Commission;

(k) To apply the net proceeds from the sale of the Stock being sold by the Company as set forth in the Prospectus; and

(1) To take such steps as shall be necessary to ensure that neither the Company nor any subsidiary shall become an "investment company" within the meaning of such term under the Investment Company Act and the rules and regulations of the Commission thereunder.

6. Expenses. The Company agrees to pay (a) the costs incident to the authorization, issuance, sale and delivery of the Stock and any taxes payable in that connection; (b) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statements and any amendments and exhibits thereto; (c) the costs of distributing the Registration Statements as originally filed and each amendment thereto and any post-effective amendments thereof (including, in each case, exhibits), any Preliminary Prospectus, the Prospectus and any amendment or supplement to the Prospectus, all as provided in this Agreement; (d) the costs of reproducing and distributing this Agreement, the Agreement Between U.S. Underwriters and International Managers and the Supplemental Agreement Among U.S. Underwriters; (e) the costs of distributing the terms of agreement relating to the organization of the domestic underwriting syndicate and selling group to the members thereof by mail, telex or other means of communication; (f) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of sale of the Stock; (g) any applicable listing or other fees; (h) the fees and expenses of qualifying the Stock under the securities laws of the several jurisdictions as provided in Section 5(h) and of preparing, printing and distributing a Blue Sky Memorandum (including related fees and expenses of counsel to the U.S. Underwriters); (i) all costs and expenses of the U.S. Underwriters, including the fees and disbursements of counsel for the U.S. Underwriters, incident to the offer and sale of shares of the Stock by the U.S. Underwriters to employees and persons having business relationships with the Company and its subsidiaries, as described in Section 3; and (j) all other costs and expenses incident to the performance of the obligations of the Company under this Agreement; provided that, except as provided in this Section 6 and in Section 11, the U.S. Underwriters shall pay their own costs and expenses, including the costs and expenses of their counsel, any transfer taxes on the Stock which they may sell and the expenses of advertising any offering of the Stock made by the U.S. Underwriters.

7. Conditions of U.S. Underwriters' Obligations. The respective obligations of the U.S. Underwriters hereunder are subject to the accuracy, on and as of the date hereof and on each Delivery Date, of the representations and warranties of the Company contained herein, to the accuracy of the statements of the Company and its officers made in any certificates delivered pursuant hereto, to the performance by the Company of its obligations hereunder, and to each of the following additional terms and conditions:

(a) The Rule 462(b) Registration Statement, if any, and the Prospectus shall have been timely filed with the Commission in accordance with Section 5(a); no stop order suspending the effectiveness of either of the Registration Statements or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and any request of the Commission for inclusion of additional information in either of the Registration Statements or the Prospectus or otherwise shall have been complied with.

(b) No U.S. Underwriter or International Manager shall have discovered and disclosed to the Company on or prior to such Delivery Date that either of the Registration Statements or the Prospectus or any amendment or supplement thereto contains any untrue statement of a fact which, in the opinion of Simpson Thacher & Bartlett, counsel for the U.S. Underwriters, is material or omits to state any fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the International Underwriting Agreement, the Stock, the Registration Statements and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the U.S. Underwriters, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(d) Kirkpatrick & Lockhart LLP shall have furnished to the Representatives its written opinion, as counsel to the Company, addressed to the U.S. Underwriters and dated such Delivery Date, in form and substance reasonably satisfactory to the Representatives, to the effect that:

(i) The Company and each of its subsidiaries have been duly incorporated and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification (other than those jurisdictions in which the failure to so qualify would not have a material adverse effect on the Company or the Company and its subsidiaries taken as a whole), and have all power and authority necessary to own or hold their respective properties and conduct the businesses in which they are engaged;

(ii) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company (including the shares of Stock being delivered on such Delivery Date) have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the description thereof contained in the Prospectus; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued and are fully paid, non-assessable and (except for directors' qualifying shares and except as set forth in the Prospectus) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;



(iii) There are no preemptive or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any shares of the Stock pursuant to the Company's charter or by-laws or any agreement or other instrument known to such counsel;

(iv) The Company and each of its subsidiaries have good and marketable title in fee simple to all real property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and all real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(v) To the best of such counsel's knowledge and other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property or asset of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, are reasonably likely to have a material adverse effect on the consolidated financial position, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(vi) The Primary Registration Statement was declared effective under the Securities Act as of the date and time specified in such opinion, the Rule 462(b) Registration Statement, if any, was filed with the Commission on the date specified therein, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) of the Rules and Regulations specified in such opinion on the date specified therein and no stop order suspending the effectiveness of either of the Registration Statements has been issued and, to the knowledge of such counsel, no proceeding for that purpose is pending or threatened by the Commission;

(vii) The Registration Statements, as of their respective Effective Dates, and the Prospectus, as of its date, and any further amendments or supplements thereto, as of their respective dates, made by the Company prior to such Delivery Date (other than the financial statements and other financial data contained therein, as to which such counsel need express no opinion) complied as to form in all material respects with the requirements of the Securities Act and the Rules and Regulations;

(viii) The statements contained in the Prospectus under the caption "Certain United States Federal Income Tax Consequences", insofar as they describe federal statutes, rules and regulations, constitute a fair summary thereof;

(ix) To the best of such counsel's knowledge, there are no contracts or other documents which are required to be described in the Prospectus or filed as exhibits to the Registration Statements by the Securities Act or by the Rules and Regulations which have not been described or filed as exhibits to the Registration Statements or incorporated therein by reference as permitted by the Rules and Regulations;

(x) This Agreement and the International Underwriting Agreement has each been duly authorized, executed and delivered by the Company;

(xi) The issue and sale of the shares of Stock being delivered on such Delivery Date by the Company and the compliance by the Company with all of the provisions of this Agreement and the International Underwriting Agreement, and the consummation of the transactions contemplated hereby and thereby will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties or assets of the Company or any of its subsidiaries is subject, nor will such actions result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets; and, except for the registration of the Stock under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under the Exchange Act and applicable state or foreign securities laws in connection with the purchase and distribution of the Stock by the U.S. Underwriters and the International Managers, no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution, delivery and performance of this Agreement or the International Underwriting Agreement by the Company and the consummation of the transactions contemplated hereby and thereby; and

(xii) To the best of such counsel's knowledge, there are no contracts, agreements or understandings between the Company and any person granting such person the right (other than rights which have been waived or satisfied) to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statements or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act.

In rendering such opinion, such counsel may (i) state that its opinion is limited to matters governed by the Federal laws of the United States of America, the laws of the Commonwealth of Pennsylvania and the General Corporation Law of the State of Delaware; and (ii) in giving the opinion referred to in Section 7(d)(iv), state that no examination of record titles for the purpose of such opinion has been made, and that it is relying upon a general review of the titles of the Company and its subsidiaries, upon opinions of local counsel and abstracts, reports and policies of title companies rendered or issued at or subsequent to the time of acquisition of such property by the Company or its subsidiaries, upon opinions of counsel to the lessors of such property and, in respect of matters of fact, upon certificates of officers of the Company or its subsidiaries, provided that such counsel shall state that it believes that both the U.S. Underwriters and it are justified in relying upon such opinions, abstracts, reports, policies and certificates. Such counsel shall also have furnished to the Representatives a written statement, addressed to the U.S. Underwriters and dated such Delivery Date, in form and substance satisfactory to the Representatives, to the effect that (x) such counsel and has acted as counsel to the Company in connection with the preparation of the Registration Statements, and (y) based on the foregoing, no facts have come to the attention of such counsel which lead it to believe that the Registration Statements, as of their respective Effective Dates, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, or that the Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The foregoing opinion and statement may be qualified by a statement to the effect that such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statements or the Prospectus except for the statements made in the Prospectus under the captions "Description of Capital Stock" and "Certain United States Federal Income Tax Consequences", insofar as such statements relate to the Stock and concern legal matters.

(e) With respect to the letter of PricewaterhouseCoopers LLP delivered to the Representatives concurrently with the execution of this Agreement (as used in this paragraph, the "initial letter"), the Company shall have furnished to the Representatives a letter (as used in this paragraph, the "bring-down letter") of such accountants, addressed to the U.S. Underwriters and dated such Delivery Date (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, (ii) stating, as of the date of the bring-down letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five days prior to the date of the bring-down letter), the conclusions and findings of such firm with respect to the financial information and other matters covered by the initial letter and (iii) confirming in all material respects the conclusions and findings set forth in the initial letter.

(f) With respect to the letter of Anchin, Block & Anchin LLP delivered to the Representatives concurrently with the execution of this Agreement (as used in this paragraph, the "initial letter"), the Company shall have furnished to the Representatives a letter (as used in this paragraph, the "bring-down letter") of such accountants, addressed to the U.S. Underwriters and dated such Delivery Date (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, (ii) stating, as of the date of the bring-down letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five days prior to the date of the bring-down letter), the conclusions and findings of such firm with respect to the financial information and other matters covered by the initial letter and (iii) confirming in all material respects the conclusions and findings set forth in the initial letter.

(g) The Company shall have furnished to the Representatives a certificate, dated such Delivery Date, of its chief executive officer and its chief financial officer stating that:

(i) The representations, warranties and agreements of the Company in Section 1 are true and correct as of such Delivery Date; the Company has complied with all its agreements contained herein; and the conditions set forth in Section 7(a) have been fulfilled;

(ii) (A) Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements included in the Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than

as set forth or contemplated in the Prospectus or (B) since such date there has not been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectus; and

(iii) They have carefully examined the Registration Statements and the Prospectus and, in their opinion (A) the Registration Statements, as of their respective Effective Dates, and the Prospectus, as of each of the Effective Dates, did not include any untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (B) since the Effective Date of the Primary Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to either of the Registration Statements or the Prospectus.

(h) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus or (ii) since such date there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is, in the judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Stock being delivered on such Delivery Date on the terms and in the manner contemplated in the Prospectus.

(i) Subsequent to the execution and delivery of this Agreement (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) of the Rules and Regulations and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities.

(j) Subsequent to the execution and delivery of this Agreement there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange or the American Stock Exchange or in the over-the-counter market, or trading in any securities of the Company on any exchange or in the over-the-counter market, shall have been suspended or minimum prices shall have been established on any such exchange or such market by the Commission, by such exchange or by any other regulatory body or governmental authority having jurisdiction, (ii) a banking moratorium shall have been declared by Federal or state authorities, (iii) the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States or there shall have been a declaration of a national emergency or war by the United States or (iv) there shall have occurred such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such) as to make it, in the judgment of a majority in interest of the several U.S. Underwriters, impracticable or inadvisable to proceed with the public offering or delivery of the Stock being delivered on such Delivery Date on the terms and in the manner contemplated in the Prospectus.

(k) The New York Stock Exchange, Inc. shall have approved the Stock for listing, subject only to official notice of issuance and evidence of satisfactory distribution.

(l) The closing under the International Underwriting Agreement shall have occurred concurrently with the closing hereunder on the First Delivery Date.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the U.S. Underwriters.

#### 8. Indemnification and Contribution.

(a) The Company and WESCO Distribution, Inc., its principal operating subsidiary (the "Principal Subsidiary"), jointly and severally, shall indemnify and hold harmless each U.S. Underwriter, its officers and employees and each person, if any, who controls any U.S. Underwriter within the meaning of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to purchases and sales of Stock), to which that U.S. Underwriter, officer, employee or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (A) in any Preliminary Prospectus, either of the Registration Statements or the Prospectus, or in any amendment or supplement thereto, or (B) in any blue sky application or other document prepared or executed by the Company (or based upon any written information furnished by the Company) specifically for the purpose of qualifying any or all of the Stock under the securities laws of any state or other jurisdiction (any such application, document or information being hereinafter called a "Blue Sky

Application"), (ii) the omission or alleged omission to state in any Preliminary Prospectus, either of the Registration Statements or the Prospectus, or in any amendment or supplement thereto, or in any Blue Sky Application any material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any act or failure to act, or any alleged act or failure to act, by any U.S. Underwriter in connection with, or relating in any manner to, the Stock or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (provided that the Company and the Principal Subsidiary shall not be liable in the case of any matter covered by this clause (iii) to the extent that it is determined in a final judgement by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such act or failure to act undertaken or omitted to be taken by such U.S. Underwriter through its gross negligence or wilful misconduct), and shall reimburse each U.S. Underwriter and each such officer, employee and controlling person promptly upon demand for any legal or other expenses reasonably incurred by that U.S. Underwriter, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company and the Principal Subsidiary shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any such amendment or supplement, or in any Blue Sky Application in reliance upon and in conformity with the written information furnished to the Company through the Representatives by or on behalf of any U.S. Underwriter specifically for inclusion therein and described in Section 8(e); and provided further that as to any Preliminary Prospectus this indemnity agreement shall not inure to the benefit of any U.S. Underwriter, its officers or employees or any person controlling that U.S. Underwriter on account of any loss, claim, damage, liability or action arising from the sale of Stock to any person by that U.S. Underwriter if that U.S. Underwriter failed to send or give a copy of the Prospectus, as the same may be amended or supplemented, to that person within the time required by the Securities Act, and the untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact in such Preliminary Prospectus was corrected in the Prospectus, unless such failure resulted from non-compliance by the Company with Section 5(c). The foregoing indemnity agreement is in addition to any liability which the Company and the Principal Subsidiary may otherwise have to any U.S. Underwriter or to any officer, employee or controlling person of that U.S. Underwriter.

(b) Each U.S. Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, its officers and employees, each of its directors and each person, if any, who controls the Company within the meaning of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Company or any such director, officer or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (A) in any Preliminary Prospectus, either of the Registration Statements or the Prospectus, or in any amendment or supplement thereto, or (B) in any Blue Sky Application or (ii) the omission or alleged omission to state in any Preliminary Prospectus, either of the Registration Statements or the Prospectus, or in any

amendment or supplement thereto, or in any Blue Sky Application any material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with the written information furnished to the Company through the Representatives by or on behalf of that U.S. Underwriter specifically for inclusion therein and described in Section 8(e), and shall reimburse the Company and any such director, officer or controlling person for any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred. The foregoing indemnity agreement is in addition to any liability which any U.S. Underwriter may otherwise have to the Company or any such director, officer or controlling person.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 8 except to the extent it has been materially prejudiced by such failure and, provided further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 8. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 8 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that any indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment thereof has been specifically authorized by the indemnifying party in writing, (ii) such indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party and in the reasonable judgment of such counsel it is advisable for such indemnified party to employ separate counsel or (iii) the indemnifying party has failed to assume the defense of such action and employ counsel reasonably satisfactory to the indemnified party, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such indemnified parties, which firm shall be designated in writing by the Representatives, if the indemnified parties under this Section 8 consist of any U.S. Underwriter



or any of their respective officers, employees or controlling persons, or by the Company, if the indemnified parties under this Section consist of the Company or any of the Company's directors, officers, employees or controlling persons. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss of liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 8 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 8(a) or 8(b) in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company and the Principal Subsidiary on the one hand and the U.S. Underwriters on the other from the offering of the Stock or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Principal Subsidiary on the one hand and the U.S. Underwriters on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Principal Subsidiary on the one hand and the U.S. Underwriters on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Stock purchased under this Agreement (before deducting expenses) received by the Company and the Principal Subsidiary, on the one hand, and the total underwriting discounts and commissions received by the U.S. Underwriters with respect to the shares of the Stock purchased under this Agreement, on the other hand, bear to the total gross proceeds from the offering of the shares of the Stock under this Agreement, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Principal Subsidiary or the U.S. Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. For purposes of the preceding two sentences, the net proceeds deemed to be received by the Company shall be deemed to be also for the benefit of the Principal Subsidiary and information supplied by the Company shall also be deemed to have been supplied by the Principal Subsidiary. The Company, the Principal Subsidiary and the U.S. Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(d) were to be determined by pro rata allocation (even if the U.S. Underwriters were treated as one entity for such

purpose) or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 8(d) shall be deemed to include, for purposes of this Section 8(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8(d), no U.S. Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Stock underwritten by it and distributed to the public was offered to the public exceeds the amount of any damages which such U.S. Underwriter has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The U.S. Underwriters' obligations to contribute as provided in this Section 8(d) are several in proportion to their respective underwriting obligations and not joint.

(e) The U.S. Underwriters severally confirm that the statements with respect to the public offering of the Stock set forth on the cover page of, and under the caption "Underwriting" in, the Prospectus are correct and constitute the only information furnished in writing to the Company by or on behalf of the U.S. Underwriters specifically for inclusion in the Registration Statements and the Prospectus.

#### 9. Defaulting U.S. Underwriters.

If, on either Delivery Date, any U.S. Underwriter defaults in the performance of its obligations under this Agreement, the remaining non-defaulting U.S. Underwriters shall be obligated to purchase the Stock which the defaulting U.S. Underwriter agreed but failed to purchase on such Delivery Date in the respective proportions which the number of shares of the Firm Stock set opposite the name of each remaining non-defaulting U.S. Underwriter in Schedule 1 hereto bears to the total number of shares of the Firm Stock set opposite the names of all the remaining non-defaulting U.S. Underwriters in Schedule 1 hereto; provided, however, that the remaining non-defaulting U.S. Underwriters shall not be obligated to purchase any of the Stock on such Delivery Date if the total number of shares of the Stock which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase on such date exceeds 9.09% of the total number of shares of the Stock to be purchased on such Delivery Date, and any remaining non-defaulting U.S. Underwriter shall not be obligated to purchase more than 110% of the number of shares of the Stock which it agreed to purchase on such Delivery Date pursuant to the terms of Section 2. If the foregoing maximums are exceeded, the remaining non-defaulting U.S. Underwriters, or those other underwriters satisfactory to the Representatives who so agree, shall have the right, but shall not be obligated, to purchase, in such proportion as may be agreed upon among them, all the Stock to be purchased on such Delivery Date. If the remaining U.S. Underwriters or other underwriters satisfactory to the Representatives do not elect to purchase the shares which the defaulting U.S. Underwriter or U.S. Underwriters agreed but failed to purchase on such Delivery Date, this Agreement (or, with respect to the Second Delivery Date, the obligation of the U.S. Underwriters to purchase, and of the Company to sell, the Option Stock) shall terminate without liability on the

part of any non-defaulting U.S. Underwriter or the Company, except that the Company will continue to be liable for the payment of expenses to the extent set forth in Sections 6 and 11. As used in this Agreement, the term "U.S. Underwriter" includes, for all purposes of this Agreement unless the context requires otherwise, any party not listed in Schedule 1 hereto who, pursuant to this Section 9, purchases Firm Stock which a defaulting U.S. Underwriter agreed but failed to purchase.

Nothing contained herein shall relieve a defaulting U.S. Underwriter of any liability it may have to the Company for damages caused by its default. If other underwriters are obligated or agree to purchase the Stock of a defaulting or withdrawing U.S. Underwriter, either the Representatives or the Company may postpone the First Delivery Date for up to seven full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the U.S. Underwriters may be necessary in the Registration Statement, the Prospectus or in any other document or arrangement.

#### 10. Termination.

The obligations of the U.S. Underwriters hereunder may be terminated by the Representatives by notice given to and received by the Company prior to delivery of and payment for the Firm Stock if, prior to that time, any of the events described in Sections 7(h), 7(i) or 7(j) shall have occurred or if the U.S. Underwriters shall decline to purchase the Stock for any reason permitted under this Agreement.

11. Reimbursement of U.S. Underwriters' Expenses. If (a) the Company shall fail to tender the Stock for delivery to the U.S. Underwriters for any reason permitted under this Agreement, or (b) the U.S. Underwriters shall decline to purchase the Stock for any reason permitted under this Agreement (including the termination of this Agreement pursuant to Section 15(b)), the Company shall reimburse the U.S. Underwriters for the reasonable fees and expenses of their counsel and for such other out-of-pocket expenses as shall have been incurred by them in connection with this Agreement and the proposed purchase of the Stock, and upon demand the Company shall pay the full amount thereof to the Representatives. If this Agreement is terminated pursuant to Section 9 by reason of the default of one or more U.S. Underwriters, the Company shall not be obligated to reimburse any defaulting U.S. Underwriter on account of those expenses.

12. Notices, etc. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to the U.S. Underwriters, shall be delivered or sent by mail, telex or facsimile transmission to Lehman Brothers Inc., Three World Financial Center, New York, New York 10285, Attention: Syndicate Department (Fax: 212-528-8822);

(b) if to the Company, shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Primary Registration Statement, Attention: [Steven A. Burleson] (Fax: (412) 454-2555);

provided, however, that any notice to an U.S. Underwriter pursuant to Section 8(c) shall be delivered or sent by mail, telex or facsimile transmission to such U.S. Underwriter at its address set forth in its acceptance telex to the Representatives, which address will be supplied to any other party hereto by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof. The Company shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the U.S. Underwriters by Lehman Brothers Inc. on behalf of the Representatives.

13. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the U.S. Underwriters, the Company, and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (A) the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the officers and employees of each U.S. Underwriter and the person or persons, if any, who control each U.S. Underwriter within the meaning of Section 15 of the Securities Act and for the benefit of each International Manager (and controlling persons thereof) who offers or sells any shares of Common Stock in accordance with the terms of the Agreement Between U.S. Underwriters and International Managers and (B) the indemnity agreement of the U.S. Underwriters contained in Section 8(b) of this Agreement shall be deemed to be for the benefit of directors, officers and employees of the Company and any person controlling the Company within the meaning of Section 15 of the Securities Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 13, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

14. Survival. The respective indemnities, representations, warranties and agreements of the Company, the Principal Subsidiary and the U.S. Underwriters contained in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Stock and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

15. Definition of the Terms "Business Day" and "Subsidiary". For purposes of this Agreement, (a) "business day" means any day on which the New York Stock Exchange, Inc. is open for trading and (b) "subsidiary" has the meaning set forth in Rule 405 of the Rules and Regulations.

16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK.

17. Counterparts. This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

18. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing correctly sets forth the agreement among the Company; the Principal Subsidiary and the U.S. Underwriters, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

WESCO INTERNATIONAL, INC.

By -----  
[Vice President, Chief Financial Officer and Corporate Controller]

WESCO DISTRIBUTION, INC.,

By -----  
[Vice President, Chief Financial Officer and Corporate Controller]

Accepted:

- LEHMAN BROTHERS INC.
- BEAR, STEARNS & CO. INC.
- DONALDSON, LUFKIN & JENRETTE
- SECURITIES CORPORATION
- GOLDMAN, SACHS & CO.
- ROBERT W. BAIRD & CO. INCORPORATED
- ING BARING FURMAN SELZ LLC

For themselves and as Representatives of the several U.S. Underwriters named in Schedule 1 hereto

By LEHMAN BROTHERS INC.

By -----  
Authorized Representative

SCHEDULE 1

U.S. Underwriters	Number of Shares
-----	-----
Lehman Brothers Inc.....	
Bear, Stearns & Co. Inc.....	
Donaldson, Lufkin & Jenrette Securities	
Corporation.....	
Goldman, Sachs & Co.....	
Robert W. Baird & Co. Incorporated.....	
ING Baring Furman Selz LLC.....	
	-----
Total.....	=====

FORM OF  
RESTATED  
CERTIFICATE OF INCORPORATION  
WESCO INTERNATIONAL, INC.

FIRST. The name of the corporation is WESCO International, Inc. The name under which the corporation was originally incorporated is CDW Holding Corporation. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 17, 1993.

SECOND. This Restated Certificate of Incorporation was duly adopted in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

THIRD. The original Certificate of Incorporation of the Corporation is amended and restated to read in full as follows:

ARTICLE I.

The name of the Corporation is WESCO International, Inc.

ARTICLE II.

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware, and the name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III.

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV.

A. Authorized Capitalization. The total number of all shares of capital stock which the Corporation shall have the authority to issue is 250,000,000 shares consisting of: (1) 210,000,000 shares of Common Stock, par value of \$.01 per share; (2) 20,000,000 shares of Class B Common Stock, par value of \$.01 per share; and (3) 20,000,000 shares of Preferred Stock, par value of \$.01 per share. The number of authorized shares of Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) if the increase or decrease is approved by the holders of a majority of the voting power of all of the then outstanding shares of stock entitled to vote in any general election of

directors, voting together as a single class but without the separate vote of the holders of any other class of stock.

B. Preferred Stock. The Corporation's Board of Directors is hereby expressly authorized to provide by resolution or resolutions from time to time for the issue of the Preferred Stock in one or more series, the shares of each of which series may have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereon, as shall be permitted under the General Corporation Law of the State of Delaware and as shall be stated in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors pursuant to the authority expressly vested in the Board of Directors hereby.

C. Common Stock. As used herein, the term "Common Stock" shall include the Common Stock and the Class B Common Stock. Except as otherwise provided herein, all shares of Common Stock and Class B Common Stock will be identical and will entitle the holders thereof to the same rights and privileges.

(1) Voting Rights. Except as otherwise required by law or as otherwise provided herein, on all matters submitted to the Corporation's stockholders, (i) the holders of Common Stock will be entitled to one vote per share and (ii) the holders of Class B Common Stock will have no right to vote.

(2) Dividends. When and as dividends are declared thereon, whether payable in cash, property or securities of the Corporation, the holders of Common Stock and the holders of Class B Common Stock will be entitled to share equally, share for share, in such dividends, provided that if dividends are declared which are payable in shares of Common Stock or Class B Common Stock, dividends will be declared which are payable at the same rate on each class of stock, and the dividends payable in shares of Common Stock will be payable to holders of Common Stock, and the dividends payable in shares of Class B Common Stock will be payable to holders of Class B Common Stock.

(3)(a) Conversion of Class B Common Stock. Each record holder of Class B Common Stock is entitled to convert any or all of the shares of such holder's Class B Common Stock into the same number of shares of Common Stock, provided that no holder of Class B Common Stock is entitled to convert any share or shares of Class B Common Stock to the extent that, as a result of such conversion, such holder or its Affiliates would directly or indirectly own, control or have power to vote a greater quantity of securities of any kind issued by the Corporation than such holder and its Affiliates are permitted to own, control or have power to vote under any law, regulation, order, rule or other requirement of any governmental authority at any time applicable to such holder and its Affiliates.

(3)(b) Certain Conversion Procedures. (i) Each conversion of shares of Class B Common Stock into shares of Common Stock will be effected by the surrender of the certificate or certificates representing the shares to be converted at the principal office of the Corporation or the transfer agent designated by the Corporation, if any, at any time during normal business hours, together with a written notice by the holder of such shares stating the number of shares of Class B



Common Stock that such holder desires to convert into Common Stock and that upon such conversion such holder, together with its Affiliates, will not directly or indirectly own, control or have the power to vote a greater quantity of securities of any kind issued by the Corporation than such holder and its Affiliates are permitted to own, control or have the power to vote under any applicable law, regulation, order, rule or other governmental requirement (and such statement will obligate the Corporation to issue such Common Stock). Such conversion will be deemed to have been effected as of the close of business on the date on which such certificate or certificates have been surrendered and such notice has been received, and at such time the rights of any such holder with respect to the converted Class B Common Stock will cease and the person or persons in whose name or names the certificate or certificates for shares of Common Stock are to be issued upon such conversion will be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(ii) Promptly after such surrender and the receipt of the written notice referred to in subparagraph (i) above, the Corporation will issue and deliver in accordance with the surrendering holder's instructions the certificate or certificates for the Common Stock issuable upon such conversion and a certificate representing any Class B Common Stock which was represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which was not converted. The Corporation shall be entitled to rely upon any written notice delivered pursuant to subparagraph (i) above and such notice shall, in the absence of fraud, be binding and conclusive upon the Corporation.

(4)(a) Transfers. The Corporation will not close its books against the transfer of Class B Common Stock in any manner that would interfere with the timely conversion of Class B Common Stock.

(4)(b) Subdivisions and Combinations of Shares. If the Corporation in any manner subdivides or combines the outstanding shares of one class of Common Stock, the outstanding shares of the other class of Common Stock will be proportionately subdivided or combined.

(4)(c) Issuance Costs. The issuance of certificates for Common Stock upon conversion of Class B Common will be made without charge to the holder or holders of such shares for any issuance tax (except stock transfer taxes) in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of Common Stock.

(5) Definitions. "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person, provided that, for purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise. Notwithstanding any other provision herein, the Board of Directors shall in its good faith determine whether any party shall be deemed an

"Affiliate" of any Person for purposes of this Certificate of Incorporation and such determination shall be binding and conclusive upon the Corporation.

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

D. Reclassification. Upon the effective date of this Restated Certificate of Incorporation (the "Effective Time"), each issued share of the capital stock of the Corporation theretofore designated as "Class A Common Stock," par value \$.01 per share, shall, without any action on the part of the holder thereof, be reclassified so that the designation thereof shall be changed from "Class A Common Stock" to "Common Stock," par value \$.01 per share, and that each existing share of Class A Common Stock shall become one share of Common Stock. Each holder of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Class A Common Stock ("Old Certificates") shall be entitled to receive upon surrender of such Old Certificates to the Corporation or its stock transfer agent for cancellation, a certificate or certificates ("New Certificates") representing the number of shares of Common Stock into which and for which shares of Class A Common Stock formerly represented by such Old Certificates so surrendered are combined and reclassified. From and after the Effective Time, Old Certificates shall represent only the right to receive New Certificates pursuant to the provisions hereof.

#### ARTICLE V.

The period of existence of the Corporation shall be perpetual.

#### ARTICLE VI.

The number of members of the Board of Directors will be fixed from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors but (subject to vacancies) in no event may there be less than three directors.

The Directors shall be divided into three classes, each consisting of one-third of such directors, as nearly as may be. In 1999, the stockholders shall designate that one class of directors shall be elected for a one-year term, one class for a two-year term and one class for a three-year term. Commencing with the stockholders' meeting in 2000, and at each succeeding annual stockholders' meeting, successors to the class of directors whose term expires at such annual stockholders' meeting shall be elected for a three-year term. If the number of such directors is changed, an increase or decrease in such directors shall be apportioned among the classes so as to maintain the number of directors comprising each class as nearly equal as possible, and any additional directors of any class shall hold office for a term which shall coincide with the remaining term of such class. A director shall hold office until the annual stockholders' meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification, or removal from office.

Except as otherwise required by law, any vacancy on the board of directors that results from an increase in the number of directors shall be filled only by a majority of the board of directors then in office, provided that a quorum is present, and any other vacancy occurring in the board of directors shall be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. A director may be removed only for cause by the stockholders.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation applicable thereto and such directors so elected shall not be divided into classes pursuant to this Article VI, in each case unless expressly provided by such terms.

#### ARTICLE VII.

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the By-laws of the Corporation.

#### ARTICLE VIII.

Meetings of stockholders may be held within or without the State of Delaware as the By-laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-laws of the Corporation. Elections of directors need not be by written ballot unless the By-laws of the Corporation shall so provide.

#### ARTICLE IX.

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

#### ARTICLE X.

(a) The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented. Without limiting the generality of the foregoing, no director shall be personally liable to the Corporation or any of its

stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall be required to indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation. The rights to indemnification and advancement of expenses conferred by this Article shall be presumed to have been relied upon by directors and officers of the Corporation in serving or continuing to serve the Corporation and shall be enforceable as contract rights. Said rights shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled. The Corporation may enter into contracts to provide such persons with specific rights to indemnification, which contracts may confer rights and protections to the maximum extent permitted by the Delaware General Corporation Law. The Corporation may create trust funds, grant security interests, obtain letters of credit, or use other means to ensure payment of such amounts as may be necessary to perform the obligations provided for in this Article or in any such contract.

(c) Any repeal or modification of this Article X by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

#### ARTICLE XI.

The stockholders of the Corporation shall have no authority to call a special meeting of the stockholders, subject to the rights of the holders of any class or series of capital stock having a preference over the Common Stock and Class B Common Stock as to dividends or upon liquidation.

#### ARTICLE XII.

No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting; and the power of the

stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

FOURTH: The foregoing amendment and restatement of the Certificate of Incorporation has been approved by the Board of Directors of the Corporation.

FIFTH: The foregoing amendment and restatement of the Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, WESCO International, Inc. has caused this Restated Certificate of Incorporation to be signed and attested this \_\_\_\_ day of May, 1999.

Attest: WESCO INTERNATIONAL, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

FORM OF

WESCO International, Inc.

BY-LAWS

As amended and restated on May \_\_, 1999

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## WESCO International, Inc.

## BY-LAWS

As amended and restated on May \_\_, 1999

## ARTICLE I

## STOCKHOLDERS

Section 1.01. Annual Meetings. The annual meeting of the stockholders of the Corporation for the election of Directors and for the transaction of such other business as properly may come before such meeting shall be held at such place, either within or without the State of Delaware, as may be fixed from time to time by resolution of the Board of Directors and set forth in the notice or waiver of notice of the meeting.

Section 1.02. Special Meetings. Special meetings of the stockholders may be called at any time by the Chairman or by the Board of Directors. Such special meetings of the stockholders shall be held at such places, within or without the State of Delaware, as shall be specified in the respective notices or waivers of notice thereof.

Section 1.03. Notice of Meetings; Waiver. The Secretary or any Assistant Secretary shall cause written notice of the place, date and hour of each meeting of the stockholders, and, in the case of a special meeting, the purpose or purposes for which such meeting is called, to be given personally or by mail, not less than ten nor more than sixty days prior to the meeting, to each stockholder of record entitled to vote at such meeting. If such notice is mailed, it shall be deemed to have been given to a stockholder when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the record of stockholders of the Corporation, or, if he shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to some other address, then directed to him at such other address. Such further notice shall be given as may be required by law.

No notice of any meeting of stockholders need be given to any stockholder who submits a signed waiver of notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a written waiver of notice. The attendance of any stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 1.04. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the presence in person or by proxy of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting.

Section 1.05. Voting. If, pursuant to Section 5.05 of these By-Laws, a record date has been fixed, every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each share outstanding in his name on the books of the Corporation at the close of business on such record date. If no record date has been fixed, then every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each share of stock standing in his name on the books of the Corporation at the close of business on the day next preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law or by the Certificate of Incorporation, the vote of a majority of the shares represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting.

Section 1.06. Voting by Ballot. No vote of the stockholders need be taken by written ballot or conducted by Inspectors of Elections unless otherwise required by law. Any vote which need not be taken by ballot may be conducted in any manner approved by the meeting.

Section 1.07. Adjournment. If a quorum is not present at any meeting of the stockholders, the stockholders present in person or by proxy shall have the power to adjourn any such meeting from time to time until a quorum is present. Notice of any adjourned meeting of the stockholders of the Corporation need not be given if the place, date and hour thereof are announced at the meeting at which the adjournment is taken, provided, however, that if the adjournment is for more than thirty days, or if after the adjournment a new record date for the adjourned meeting is fixed pursuant to Section 5.05 of these By-Laws, a notice of the adjourned meeting, conforming to the requirements of Section 1.03 hereof, shall be given to each stockholder of record entitled to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting.

Section 1.08. Proxies. Any stockholder entitled to vote at any meeting of the stockholders or to express consent to or dissent from corporate action without a meeting may authorize another person or persons to vote at any such meeting and express such consent or dissent for him by proxy. A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature, or by transmitting or authorizing an electronic transmission to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. No such proxy shall be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the stockholder executing it, except in those cases where applicable law provides that a proxy shall be irrevocable. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary. Proxies by electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for

which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 1.09. Organization; Procedure. At every meeting of stockholders the presiding officer shall be the Chairman or, in the event of his absence or disability, a presiding officer chosen by a majority of the Board of Directors. The Secretary, or in the event of his absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding officer, shall act as Secretary of the meeting. The order of business and all other matters of procedure at every meeting of stockholders may be determined by such presiding officer.

Section 1.10. Consent of Stockholders in Lieu of Meeting. No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting; and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

## ARTICLE II

### BOARD OF DIRECTORS

Section 2.01. General Powers. Except as may otherwise be provided by law, by the Certificate of Incorporation or by these By-Laws, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors and the Board of Directors may exercise all the powers of the Corporation.

Section 2.02. Number and Term of Office; Vacancies and Newly Created Directorships. The number of members of the Board of Directors will be fixed from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors, but (subject to vacancies) in no event may there be less than three Directors.

The Directors shall be divided into three classes, each consisting of one-third of such Directors, as nearly as may be. In 1999, the stockholders shall designate that one class of such Directors shall be elected for a one-year term, one class for a two-year term and one class for a three-year term. Commencing with the stockholders' meeting in 2000, and at each succeeding annual stockholders' meeting, successors to the class of Directors whose term expires at such annual stockholders' meeting shall be elected for a three-year term. If the number of such Directors is changed, by a majority vote of the Board of Directors then in office, an increase or decrease in such Directors shall be apportioned among the classes so as to maintain the number of Directors comprising each class as nearly equal as possible, and any additional Directors of any class shall hold office for a term which shall coincide with the remaining term of such class. A director shall hold office until the annual stockholders' meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification, or removal from office.

Except as otherwise required by law, any vacancy on the Board of Directors that results from an increase in the number of Directors shall be filled only by a majority vote of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors shall be filled by a majority of the Directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of Directors shall have the same remaining term as that of his or her predecessor. A director may be removed only for cause by the stockholders.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of stock issued by the Corporation shall have the right, voting separately by class or series, to elect Directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation applicable thereto and such Directors so elected shall not be divided into classes pursuant to this Article VI, in each case unless expressly provided by such terms.

Section 2.03. Election of Directors. Except as otherwise provided in these By-Laws, the Directors shall be elected at each annual meeting of the stockholders. If the annual meeting for the election of Directors is not held on the date designated therefor, the Directors shall cause the meeting to be held as soon thereafter as convenient. At each meeting of the stockholders for the election of Directors, provided a quorum is present, the Directors shall be elected by a plurality of the votes validly cast in such election.

Section 2.04. Annual and Regular Meetings. The annual meeting of the Board of Directors for the purpose of electing officers and for the transactions of such other business as may come before the meeting shall be held as soon as possible following adjournment of the annual meeting of the stockholders at the place of such annual meeting of the stockholders. Notice of such annual meeting of the Board of Directors need not be given. The Board of Directors from time to time may by resolution provide for the holding of regular meetings and fix the place (which may be within or without the state of Delaware) and the date and hour of such meetings. Notice of regular meetings need not be given, provided, however, that if the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be sent by regular mail or facsimile, to each Director who shall not have been present at the meeting at which such action was taken, addressed to him at his usual place of business, or shall be delivered to him personally. Notice of such action need not be given to any Director who attends the first regular meeting after such action is taken without protesting the lack of notice to him, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice, whether before or after such meeting.

Section 2.05. Special Meetings; Notice. Special meetings of the Board of Directors shall be held whenever called by the Chairman or, in the event of his absence or disability, by a majority of the Board of Directors, at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board of Directors may be called on 48 hours' notice, if notice is given to each Director personally or by telephone, regular mail, or on five days' notice, if notice is mailed by overnight delivery service to each Director, addressed to him at his usual place

of business. Notice of any special meeting need not be given to any Director who attends such meeting without protesting the lack of notice to him, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat.

Section 2.06. Quorum; Voting. At all meetings of the Board of Directors, the presence of a majority of the total authorized number of Directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.07. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting of the Board of Directors to another time or place. No notice need be given of any adjourned meeting unless the time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 shall be given to each Director.

Section 2.08. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 2.09. Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws, the Board of Directors may adopt such rules and regulations for the conduct of meetings of the Board of Directors and for the management of the property, affairs and business of the Corporation as the Board of Directors may deem appropriate. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

Section 2.10. Action by Telephonic Communications. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.11. Resignations. Any Director may resign at any time by delivering a written notice of resignation, signed by such Director, to the President or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 2.12. Removal of Directors. Any Director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote for the election of such Director, cast at a special meeting of stockholders called for the purpose. Any vacancy in the Board of Directors caused by any such removal may be filled at such meeting by the stockholders entitled to vote for the election of the Director so removed. If such stockholders do not fill such vacancy at such meeting, such vacancy may be filled in the manner provided in these By-Laws.

Section 2.13. Compensation. The amount, if any, which each Director shall be entitled to receive as compensation for his services as such shall be determined from time to time by resolution of the Board of Directors.

Section 2.14. Reliance on Accounts and Reports, etc. A Director, or a member of any Committee designated by the Board of Directors shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or Committees designated by the Board of Directors, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 2.15. Nomination of Directors. In addition to the right of the Board of Directors of the Corporation to make nominations for the election of Directors, nominations for the election of Directors may be made by any stockholder entitled to vote for the election of Directors. Advance written notice of such proposed nomination shall be received by the Secretary of the Corporation by certified mail no later than (i) 90 days prior to the anniversary of the previous year's annual meeting of stockholders, or (ii) with respect to an election to be held at a special meeting of stockholders or at an annual meeting that is held more than 70 days prior to the anniversary of the previous year's annual meeting, the close of business on the tenth day following the date on which notice of such meeting is first given to the stockholders. Each such notice shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation of employment of each such nominee, and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee. In addition, the stockholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

### ARTICLE III

#### EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 3.01. How Constituted. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more Committees, including an Executive Committee, each such Committee to consist of such number of Directors as from time to time may be fixed by the Board of Directors. The Board of Directors may designate one or more Directors as alternate members of any such Committee, who may replace any absent or disqualified member or members at any meeting of such Committee. Thereafter, members (and alternate members, if any) of each such Committee may be designated at the annual meeting of the Board of Directors. Any such Committee may be abolished or re-designated from time to time by the Board of Directors. Each member (and each alternate member) of any such Committee (whether designated at an annual meeting of the Board of Directors or to fill a vacancy or otherwise) shall hold office until his successor shall have been designated or until he shall cease to be a Director, or until his earlier death, resignation or removal.

Section 3.02. Powers. During the intervals between the meetings of the Board of Directors, the Executive Committee, except as otherwise provided in this section, shall have and may exercise all the powers and authority of the Board of Directors in the management of the property, affairs and business of the Corporation. Each such other Committee, except as otherwise provided in this Section, shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors, subject to applicable provisions of the General Corporation Law of the State of Delaware. The Executive Committee shall have, and any such other Committee may be granted by the Board of Directors, power to authorize the seal of the Corporation to be affixed to any or all papers which may require it.

Section 3.03. Proceedings. Each such Committee may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time. Each such Committee shall keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings.

Section 3.04. Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating such Committee, at all meetings of any Committee the presence of members (or alternate members) constituting a majority of the total authorized membership of such Committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such Committee. Any action required or permitted to be taken at any meeting of any such Committee may be taken without a meeting, if all members of such Committee shall consent to such action in writing and such writing or writings are filed with the minutes of the proceedings of the Committee. The members of any such Committee shall act only as a Committee, and the individual members of such Committee shall have no power as such.

Section 3.05. Action by Telephonic Communications. Members of any Committee designated by the Board of Directors may participate in a meeting of such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 3.06. Absent or Disqualified Members. In the absence or disqualification of a member of any Committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 3.07. Resignations. Any member (and any alternate member) of any Committee may resign at any time by delivering a written notice of resignation, signed by such member, to the Chairman or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery.



Section 3.08. Removal. Any member (and any alternate member) of any Committee may be removed at any time, either for or without cause, by resolution adopted by a majority of the whole Board of Directors.

Section 3.09. Vacancies. If any vacancy shall occur in any Committee, by reason of disqualification, death, resignation, removal or otherwise, the remaining members (and any alternate members) shall continue to act, and any such vacancy may be filled by the Board of Directors.

#### ARTICLE IV

##### OFFICERS

Section 4.01. Number. The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board of Directors, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may be elected in accordance with Section 4.11 hereof. Any number of offices may be held by the same person. Except for the Chairman of the Board who shall be a member of the Board of Directors, no officer need be a Director of the Corporation.

Section 4.02. Election. Unless otherwise determined by the Board of Directors, the officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors, and shall be elected to hold office until the next succeeding annual meeting of the Board of Directors. Each officer shall hold office until his successor has been elected and qualified, or until his earlier death, resignation or removal.

Section 4.03. Salaries. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 4.04. Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board of Directors. Any officer may resign at any time by delivering a written notice of resignation, signed by such officer, to the Board of Directors or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board of Directors.

Section 4.05. Authority and Duties of Officers. The officers of the Corporation shall have such authority and shall exercise such powers and perform such duties as may be specified in these By-Laws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

Section 4.06. The Chairman. The Chairman, or, in the event of his absence or disability, a presiding officer chosen by a majority of the Board of Directors, shall preside at all meetings of the stockholders and of the Board of Directors and shall perform such other duties as may from time to time be assigned to him by the Board of Directors.

Section 4.07. The President. The President shall be the Chief Executive Officer of the Corporation and shall have general control and supervision of the policies and operations of the Corporation subject, however, to the control of the Board of Directors. He shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation. He shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation, and together with the Secretary or an Assistant Secretary, conveyances of real estate and other documents and instruments to which the seal of the Corporation is affixed. He shall have the authority to cause the employment or appointment of such employees and agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or agent elected or appointed by the President or the Board of Directors. The President shall perform such other duties and have such other powers as the Board of Directors or the Chairman may from time to time prescribe.

Section 4.08. The Vice Presidents. Each Vice President shall perform such duties and exercise such powers as may be assigned to him from time to time by the Board of Directors or the officer who is the Chief Executive Officer. In the absence of the President, the duties of the President shall be performed and his powers may be exercised by such Vice President as shall be designated by the President, or failing such designation, such duties shall be performed and such powers may be exercised by each Vice President in the order of their earliest election to that office; subject in any case to review and superseding action by the President.

In the case of a Vice President who is designated as the Chief Financial Officer, he shall perform such duties and exercise such powers as may be assigned to him from time to time by the Board of Directors or the officer who is Chief Executive Officer, including without limitation, the power and duty to render to the Board of Directors or the Chief Executive Officer, whenever requested, a statement of the financial condition of the Corporation, and to render a full financial report at the annual meeting of the stockholders, if called upon to do so, and to require from all officers or agents of the Corporation reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation.

Section 4.09. The Secretary. The Secretary shall have the following powers and duties:

(a) He shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders and of the Board of Directors in books provided for that purpose.

(b) He shall cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by law.

(c) Whenever any Committee shall be appointed pursuant to a resolution of the Board of Directors, he shall furnish a copy of such resolution to the members of such Committee.

(d) He shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of

the Corporation prior to the issuance thereof and to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized in accordance with these By-Laws, and when so affixed he may attest the same.

(e) He shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the Certificate of Incorporation or these By-Laws.

(f) He shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each became such holder of record.

(g) He shall sign (unless the Treasurer, an Assistant Treasurer or Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board of Directors.

(h) He shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these By-Laws or as may be assigned to him from time to time by the Board of Directors, or the President.

Section 4.10. The Treasurer. The Treasurer shall have the following powers and duties:

(a) He shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records of all receipts of the Corporation.

(b) He shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 8.05 of these By-Laws.

(c) He shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed as provided in Section 8.06 of these By-Laws) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) He may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors.

(e) He shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these By-Laws or as may be assigned to him from time to time by the Board of Directors or the President.

Section 4.11. Additional Officers. The Board of Directors may appoint such other officers and agents as it may deem appropriate, and such other officers and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as may be determined from time to time by the Board of Directors. The Board of Directors from time to time may delegate to any officer or agent the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any such officer or agent may remove any such subordinate officer or agent appointed by him, for or without cause.

## ARTICLE V

### CAPITAL STOCK

Section 5.01. Certificates of Stock. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until each certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock in the Corporation represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation, by the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board of Directors may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws.

Section 5.02. Signatures; Facsimile. All of such signatures on the certificate may be a facsimile, engraved or printed, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 5.03. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct that a new certificate be issued in place of any certificate therefore issued by the Corporation alleged to have been lost, stolen or destroyed, upon delivery to the Board of Directors of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Board of Directors may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the

transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the General Corporation Law of the State of Delaware. Subject to the provisions of the Certificate of Incorporation and these By-Laws, the Board of Directors may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

Section 5.05. Record Date. In order to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than sixty nor less than ten days before the date of such meeting. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5.06. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.07. Transfer Agent and Registrar. The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

## ARTICLE VI

## INDEMNIFICATION

Section 6.01. Nature of Indemnity. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action, suit or proceeding by reason of the fact that he is or was or has agreed to become an employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful; except that in the case of an action or suit by or in the right of the Corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 6.02. Successful Defense. To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.01 hereof or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 6.03. Determination That Indemnification Is Proper. Any indemnification of a director or officer of the Corporation under Section 6.01 hereof (unless ordered by a court) shall be made by the Corporation unless a determination is made that indemnification of the director or officer is not proper in the circumstances because he has not met the applicable

standard of conduct set forth in Section 6.01 hereof. Any indemnification of an employee or agent of the Corporation under Section 6.01 hereof (unless ordered by a court) may be made by the Corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 6.01 hereof. Any such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

Section 6.04. Advance Payment of Expenses. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Board of Directors may authorize the Corporation's counsel to represent such director, officer, employee or agent in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 6.05. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the Corporation under Sections 6.01 and 6.02, or advance of costs, charges and expenses to a director or officer under Section 6.04 of this Article, shall be made promptly, and in any event within 30 days, upon the written request of the director or officer. If a determination by the Corporation that the director or officer is entitled to indemnification pursuant to this Article is required, and the Corporation fails to respond within sixty days to a written request for indemnity, the Corporation shall be deemed to have approved such request. If the Corporation denies a written request for indemnity or advancement of expenses, in whole or in part, or if payment in full pursuant to such request is not made within 30 days, the right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 6.04 of this Article where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in Section 6.01 of this Article, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 6.01 of this Article, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.06. Survival; Preservation of Other Rights. The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer, employee and agent who serves in any such capacity at any time while these provisions as well as the relevant provisions of the Delaware General Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.07. Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire Board of Directors.

Section 6.08. Severability. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

## ARTICLE VII

### OFFICES

Section 7.01. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle.



Section 7.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

#### ARTICLE VIII

##### GENERAL PROVISIONS

Section 8.01. Dividends. Subject to any applicable provisions of law and the Certificate of Incorporation, dividends upon the shares of the Corporation may be declared by the Board of Directors at any regular or special meeting of the Board of Directors and any such dividend may be paid in cash, property, or shares of the Corporation's Capital Stock.

A member of the Board of Directors, or a member of any Committee designated by the Board of Directors shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or Committees of the Board of Directors, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.02. Reserves. There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may similarly modify or abolish any such reserve.

Section 8.03. Execution of Instruments. The President, any Vice President, the Secretary or the Treasurer may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors or the President may authorize any other officer or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization may be general or limited to specific contracts or instruments.

Section 8.04. Corporate Indebtedness. No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name, unless authorized by the Board of Directors or the President. Such authorization may be general or confined to specific instances. Loans so authorized may be effected at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board of Directors or the President shall authorize. When so authorized by the Board of Directors or the President, any part of or all the

properties, including contract rights, assets, business or good will of the Corporation, whether then owned or thereafter acquired, may be mortgaged, pledged, hypothecated or conveyed or assigned in trust as security for the payment of such bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation, and of the interest thereon, by instruments executed and delivered in the name of the Corporation.

Section 8.05. Deposits. Any funds of the Corporation may be deposited from time to time in such banks, trust companies or other depositories as may be determined by the Board of Directors or the President, or by such officers or agents as may be authorized by the Board of Directors or the President to make such determination.

Section 8.06. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board of Directors or the President from time to time may determine.

Section 8.07. Sale, Transfer, etc. of Securities. To the extent authorized by the Board of Directors or by the President, any Vice President, the Secretary or the Treasurer or any other officers designated by the Board of Directors or the President may sell, transfer, endorse, and assign any shares of stock, bonds or other securities owned by or held in the name of the Corporation, and may make, execute and deliver in the name of the Corporation, under its corporate seal, any instruments that may be appropriate to effect any such sale, transfer, endorsement or assignment.

Section 8.08. Voting as Stockholder. Unless otherwise determined by resolution of the Board of Directors, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

Section 8.09. Fiscal Year. The fiscal year of the Corporation shall commence on the first day of January of each year (except for the Corporation's first fiscal year which shall commence on the date of incorporation) and shall terminate in each case on the last day of December.

Section 8.10. Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware." The form of such seal shall be subject to alteration by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 8.11. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places

within or without the State of Delaware as may be determined from time to time by the Board of Directors.

ARTICLE IX

AMENDMENT OF BY-LAWS

Section 9.01. Amendment. These By-Laws may be amended, altered or repealed

(a) by resolution adopted by a majority of the Board of Directors at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting; or

(b) at any regular or special meeting of the stockholders if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

ARTICLE X

CONSTRUCTION

Section 10.01. Construction. In the event of any conflict between the provisions of these By-Laws as in effect from time to time and the provisions of the certificate of incorporation of the Corporation as in effect from time to time, the provisions of such certificate of incorporation shall be controlling.

Number	[WESCO LOGO]	Shares
- - - - -		- - - - -

INCORPORATED UNDER THE LAWS  
OF THE STATE OF DELAWARE

THIS CERTIFICATE IS TRANSFERABLE  
IN

WESCO INTERNATIONAL, INC.

CUSIP

-----  
This certifies that

is the owner of

-----  
FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK, \$0.01 PAR VALUE, OF

Wesco International, Inc. (the "Corporation") transferable on the books of the Corporation by the holder hereof in person or by its duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation and the bylaws of the Corporation and any amendments thereto. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

In witness whereof, the Corporation causes this Certificate to be executed on its behalf by its duly authorized officers.

CERTIFICATE OF STOCK

Dated:

COUNTERSIGNED AND REGISTERED:  
CHASEMELLON SHAREHOLDER SERVICES

TRANSFER AGENT  
AND REGISTRAR

/s/ Roy W. Haley  
PRESIDENT AND CHIEF EXECUTIVE  
OFFICER

[SEAL]

BY:

AUTHORIZED SIGNATURE

/s/ Jeffrey B. Kramp, Esq.  
SECRETARY AND GENERAL COUNSEL

WESCO INTERNATIONAL, INC.

THE CORPORATION IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OR SERIES OF STOCK. A COPY OF THE DESIGNATIONS, PREFERENCES, POWERS, QUALIFICATIONS AND RIGHTS OF EACH CLASS OR SERIES WILL BE FURNISHED BY THE CORPORATION UPON WRITTEN REQUEST AND WITHOUT CHARGE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -- Custodian (Cust) (Minor) Under Uniform Gifts to Minors Act (State)

UNIF TRF MIN ACT -- Custodian (until age) (Cust) under Uniform Transfers to Minors Act (Minor) (State)

Additional abbreviations may also be used though not in the above list.

For value received, hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

- - - - -
- - - - -

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

shares of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock of Common Stock on the books of the within named Corporation with full power of substitution in the premises.

Dated

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed:

By THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM) PURSUANT TO S.E.C. RULE 17Ad-15.

WESCO INTERNATIONAL, INC.  
1999 LONG-TERM INCENTIVE PLAN

ARTICLE I

PURPOSE AND ADOPTION OF THE PLAN

1.01 PURPOSE. The purpose of the WESCO International, Inc. 1999 Long-Term Incentive Plan (as the same may be amended from time to time, the "Plan") is to assist WESCO International, Inc., a Delaware corporation (the "Company") and its Subsidiaries (as defined below) in attracting and retaining highly competent key employees and to act as an incentive in motivating selected key employees of the Company and its Subsidiaries (as defined below) to achieve long-term corporate objectives.

1.02 ADOPTION AND TERM. The Plan has been approved by the Board of Directors of the Company (the "Board") and the stockholders of the Company to be effective as of the effective date of Company's Registration Statement on Form S-1, as filed with the Securities Exchange Commission in connection with the initial public offering of the Company's Common Stock (the "Effective Date"). The Plan shall remain in effect until terminated by action of the Board; provided, however, that no Incentive Stock Option (as defined below) may be granted hereunder after the tenth anniversary of the Effective Date and the provisions of Articles VII and VIII with respect to performance-based awards to "covered employees" under Section 162(m) of the Code (as defined below) shall expire as of the fifth anniversary of the Effective Date.

ARTICLE II

DEFINITIONS

For the purposes of this Plan, capitalized terms shall have the following meanings:

2.01 ACCELERATED OWNERSHIP OPTIONS shall have the meaning given to such term in Section 6.03.

2.02 ACQUIRING CORPORATION shall have the meaning given to such term in Section 9.08(b).

2.03 AWARD means any grant to a Participant of one or a combination of Non-Qualified Stock Options or Incentive Stock Options described in Article VI, Restricted Shares described in Article VII and Performance Awards described in Article VIII.

2.04 AWARD AGREEMENT means a written agreement between the Company and a Participant or a written notice from the Company to a Participant specifically setting forth the terms and conditions of an Award granted under the Plan.

2.05 AWARD PERIOD means, with respect to an Award, the period of time set forth in the Award Agreement during which specified target performance goals must be achieved or other conditions set forth in the Award Agreement must be satisfied.

2.06 BENEFICIARY means an individual, trust or estate who or which, by a written designation of the Participant filed with the Company or by operation of law, succeeds to the rights and obligations of the Participant under the Plan and an Award Agreement upon the Participant's death.

2.07 BOARD shall have the meaning given to such term in Section 1.02.

2.08 CHANGE IN CONTROL means the first to occur of the following events after the Effective Date: (a) the acquisition by any person, entity or "group" (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended), other than the Company, its Subsidiaries, any employee benefit plan of the Company or its Subsidiaries, or Cypress Merchant Banking Partners L.P. or any successor investment vehicle, of 30% or more of the combined voting power of the Company's then outstanding voting securities; (b) the merger or consolidation of the Company, as a result of which persons who were stockholders of the Company immediately prior to such merger or consolidation, do not, immediately thereafter, own, directly or indirectly, more than 70% of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company; (c) the liquidation or dissolution of the Company; (d) the sale, transfer or other disposition of all or substantially all of the assets of the Company to one or more persons or entities that are not, immediately prior to such sale, transfer or other disposition, affiliates of the Company; and (e) during any period of not more than two years, individuals who constitute the Board as of the beginning of the period and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (a) or (b) of this sentence) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at such time or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board.

2.09 CODE means the Internal Revenue Code of 1986, as amended. References to a section of the Code include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes said section.

2.10 COMMITTEE means the Compensation Committee of the Board.

2.11 COMPANY shall have the meaning given to such term in Section 1.01.

2.12 COMMON STOCK means Common Stock of the Company.

2.13 COMPANY VOTING SECURITIES means the combined voting power of all outstanding securities of the Company entitled to vote generally in the election of directors of the Company.

2.14 DATE OF GRANT means the date as of which the Committee grants an Award. If the Committee contemplates an immediate grant to a Participant, the Date of Grant shall be the date of the Committee's action. If the Committee contemplates a date on which the grant is to be made other than the date of the Committee's action, the Date of Grant shall be the date so

contemplated and set forth in or determinable from the records of action of the Committee; provided, however, that the Date of Grant shall not precede the date of the Committee's action.

2.15 EFFECTIVE DATE shall have the meaning given to such term in Section 1.02.

2.16 EXCHANGE ACT means the Securities Exchange Act of 1934, as amended.

2.17 EXERCISE PRICE shall have the meaning given to such term in Section 6.01(b).

2.18 EXTRAORDINARY TERMINATION shall have the meaning given to such term in Section 6.02(e).

2.19 FAIR MARKET VALUE means, as of any applicable date, the closing price per share of the Common Stock as quoted in the NYSE-Composite Transactions listing in The Wall Street Journal (or such other reliable publication as the Committee, in its discretion, may determine to rely upon) for the date as of which Fair Market Value is to be determined. If there are no sales on such date, then Fair Market Value shall be the closing price per share of the Common Stock as so quoted on the nearest date before the date as of which Fair Market Value is to be determined on which there are sales. If the Common Stock is not listed on the New York Stock Exchange on the date as of which Fair Market Value is to be determined, the Committee shall in good faith determine the Fair Market Value of the Common Stock on such date. Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse. Notwithstanding the foregoing, in the case of Options granted in connection with the assumption by the Company of stock options of acquired companies, as described in Section 9.08(c), the Committee may determine that the term "Fair Market Value" shall have the same meaning as is given to such term under the provisions of such assumed stock option.

2.20 INCENTIVE STOCK OPTION means a stock option within the meaning of Section 422 of the Code.

2.21 MERGER means any merger, reorganization, consolidation, share exchange, transfer of assets or other transaction having similar effect involving the Company.

2.22 NON-QUALIFIED STOCK OPTION means a stock option which is not an Incentive Stock Option.

2.23 OPTIONS means all Non-Qualified Stock Options and Incentive Stock Options granted at any time under the Plan.

2.24 ORIGINAL OPTION shall have the meaning given to such term in Section 6.03.

2.25 PARTICIPANT means a person designated to receive an Award under the Plan in accordance with Section 5.01.

2.26 PERFORMANCE AWARDS means Awards granted in accordance with Article VIII.

2.27 PERMANENT DISABILITY means a physical or mental disability or infirmity that prevents the performance of a Participant's employment-related duties lasting (or likely to last, based on competent medical evidence presented to the Board) for a period of six months or longer. The Board's reasoned and good faith judgment of Permanent Disability shall be final and shall be based



on such competent medical evidence as shall be presented to it by such Participant or by any physician or group of physicians or other competent medical expert employed by the Participant or the Company to advise the Board.

2.28 PLAN shall have the meaning given to such term in Section 1.01.

2.29 PRIOR PLANS shall have the meaning given to such term in Section 4.01.

2.30 RESTRICTED SHARES means Common Stock subject to restrictions imposed in connection with Awards granted under Article VII.

2.31 RETIREMENT means a Participant's retirement at or after age 65.

2.32 SUBSIDIARY means a subsidiary of the Company within the meaning of Section 424(f) of the Code.

### ARTICLE III

#### ADMINISTRATION

3.01 COMMITTEE. The Plan shall be administered by the Committee. The Committee shall have exclusive and final authority in each determination, interpretation or other action affecting the Plan and its Participants. The Committee shall have the sole discretionary authority to interpret the Plan, to establish and modify administrative rules for the Plan, to impose such conditions and restrictions on Awards as it determines appropriate, and to take such steps in connection with the Plan and Awards granted hereunder as it may deem necessary or advisable. The Committee may, subject to compliance with applicable legal requirements, with respect to Participants who are not subject to Section 16(b) of the Exchange Act or Section 162(m) of the Code, delegate such of its powers and authority under the Plan as it deems appropriate to designated officers or employees of the Company. In addition, the Board may exercise any of the authority conferred upon the Committee hereunder. In the event of any such delegation of authority or exercise of authority by the Board, references in the Plan to the Committee shall be deemed to refer to the delegate of the Committee or the Board, as the case may be.

### ARTICLE IV

#### SHARES

4.01 NUMBER OF SHARES ISSUABLE. The total number of shares of Common Stock authorized to be issued under the Plan shall be the sum of (a) 6,936,000 shares, (b) the number of shares of Common Stock covered by any unexercised portions of stock options granted under the Company's 1994 Stock Option Plan, 1998 Stock Option Plan or Stock Option Plan for Branch Employees (the "Prior Plans") that are canceled or terminated after the Effective Date and (c) the number of shares of Common Stock surrendered by Participants after the Effective Date to pay all or a portion of the exercise price and/or withholding taxes with respect to the exercise of stock options granted under any of the Prior Plans. The number of shares available for issuance under the Plan shall be subject to adjustment in accordance with Section 9.08. The shares to be offered

under the Plan shall be authorized and unissued shares of Common Stock, or issued shares of Common Stock which will have been reacquired by the Company.

4.02 SHARES SUBJECT TO TERMINATED AWARDS. Shares of Common Stock covered by any unexercised portions of terminated Options (including canceled Options) granted under Article VI, shares of Common Stock forfeited as provided in Section 7.02(a) and shares of Common Stock subject to any Award that are otherwise surrendered by a Participant or terminated may be subject to new Awards under the Plan. If any shares of Common Stock are withheld from those otherwise issuable or are tendered to the Company, by attestation or otherwise, in connection with the exercise of an Option, only the net number of shares of Common Stock issued as a result of such exercise shall be deemed delivered for purposes of determining the maximum number of shares available for delivery under the Plan.

## ARTICLE V

### PARTICIPATION

5.01 ELIGIBLE PARTICIPANTS. Participants in the Plan shall be such key employees of the Company and its Subsidiaries as the Committee, in its sole discretion, may designate from time to time. The Committee's designation of a Participant in any year shall not require the Committee to designate such person to receive Awards in any other year. The designation of a Participant to receive an Award under one portion of the Plan does not require the Committee to include such Participant under other portions of the Plan. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the types and amounts of their respective Awards. Subject to adjustment in accordance with Section 9.08, during any calendar year no Participant shall be granted Awards in respect of more than 1,000,000 shares of Common Stock (whether through grants of Options or other Awards of Common Stock or rights with respect thereto); provided, however, that if it is the Committee's intention as of the Date of Grant of an Award, as evidenced by the applicable Award Agreement, that such Award shall be earned by the Participant over a period of more than one calendar year, then for purposes of applying the foregoing per calendar year share limitation, the shares of Common Stock subject to such Award shall be allocated to the first calendar year in which such shares may be earned (determined without regard to possible vesting as a result of a Change in Control or pursuant to any provision of this Plan authorizing the Committee to accelerate the vesting of an Award).

## ARTICLE VI

### STOCK OPTIONS

#### 6.01 OPTION AWARDS.

(a) GRANT OF OPTIONS. The Committee may grant, to such Participants as the Committee may select, Options entitling the Participants to purchase shares of Common Stock from the Company in such numbers, at such prices, and on such terms and subject to such conditions, not inconsistent with the terms of the Plan, as may be established by the Committee. The terms of any Option granted under the Plan shall be set forth in an Award Agreement.

(b) EXERCISE PRICE OF OPTIONS. The exercise price of each share of Common Stock which may be purchased upon exercise of any Option granted under the Plan (the "Exercise Price") shall be determined by the Committee; provided, however, that, except in the case of any substituted Options described in Section 9.08(c), the Exercise Price shall in all cases be equal to or greater than the Fair Market Value on the Date of Grant.

(c) DESIGNATION OF OPTIONS. Except as otherwise expressly provided in the Plan, the Committee may designate, at the time of the grant of an Option, such Option as an Incentive Stock Option or a Non-Qualified Stock Option; provided, however, that an Option may be designated as an Incentive Stock Option only if the applicable Participant is an employee of the Company or a Subsidiary on the Date of Grant.

(d) SPECIAL INCENTIVE STOCK OPTION RULES. No Participant may be granted Incentive Stock Options under the Plan (or any other plans of the Company and its Subsidiaries) that would result in Incentive Stock Options to purchase shares of Common Stock with an aggregate Fair Market Value (measured on the Date of Grant) of more than \$100,000 first becoming exercisable by such Participant in any one calendar year. Notwithstanding any other provision of the Plan to the contrary, no Incentive Stock Option shall be granted to any person who, at the time the Option is granted, owns stock (including stock owned by application of the constructive ownership rules in Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, unless at the time the Incentive Stock Option is granted the Exercise Price is at least 110% of the Fair Market Value on the Date of Grant of the Common Stock subject to the Incentive Stock Option and the Incentive Stock Option by its terms is not exercisable for more than five (5) years from the Date of Grant.

(e) RIGHTS AS A STOCKHOLDER. A Participant or a transferee of an Option pursuant to Section 9.04 shall have no rights as a stockholder with respect to the shares of Common Stock covered by an Option until that Participant or transferee shall have become the holder of record of any such shares, and no adjustment shall be made with respect to any such shares of Common Stock for dividends in cash or other property or distributions of other rights on the Common Stock for which the record date is prior to the date on which that Participant or transferee shall have become the holder of record of any shares covered by such Option; provided, however, that Participants are entitled to the adjustments set forth in Section 9.08.

#### 6.02 TERMS OF STOCK OPTIONS

(a) CONDITIONS ON EXERCISE. An Award Agreement with respect to Options may contain such waiting periods, exercise dates and restrictions on exercise (including, but not limited to, periodic installments) as may be determined by the Committee at the time of grant.

(b) DURATION OF OPTIONS. Options shall terminate after the first to occur of the following events:

(i) Expiration of the Option as provided in the related Award Agreement; or

(ii) Termination of the Award as provided in Section 6.02(e) following the Participant's Termination of Employment; or

(iii) Ten years from the Date of Grant.

(c) ACCELERATION OF EXERCISE TIME. The Committee, in its sole discretion, shall have the right (but shall not in any case be obligated), exercisable at any time after the Date of Grant, to permit the exercise of any Option prior to the time such Option would otherwise become exercisable under the terms of the related Award Agreement.

(d) EXTENSION OF EXERCISE TIME. In addition to the extensions permitted under Section 6.02(e) in the event of Termination of Employment, the Committee, in its sole discretion, shall have the right (but shall not in any case be obligated), exercisable on or at any time after the Date of Grant, to permit the exercise of any Option after its expiration date described in Section 6.02(e), subject, however, to the limitations described in Sections 6.02(b)(i) and (iii).

(e) EXERCISE OF OPTIONS UPON TERMINATION OF EMPLOYMENT.

(i) EXTRAORDINARY TERMINATION. Unless otherwise provided in the Award Agreement or otherwise determined by the committee at the Date of Grant, in the event that a Participant's employment with the Company and the Subsidiaries terminates by reason of the Participant's death, permanent Disability or Retirement (each an "Extraordinary Termination"), then any Options held by the Participant and then exercisable shall remain exercisable solely until the first to occur of (i) the first anniversary of the Participant's termination of employment or (ii) the expiration of the term of the Option unless the exercise period is extended by the Committee in accordance with Section 6.02(d). Any Options held by the Participant that are not exercisable at the date of the Extraordinary Termination shall terminate and be cancelled immediately upon such Extraordinary Termination, and any Options described in the preceding sentence that are not exercised within the period described in such sentence shall terminate and be cancelled upon the expiration of such period.

(ii) OTHER TERMINATION OF EMPLOYMENT. Unless otherwise provided in the Award Agreement or otherwise determined by the Committee at or after the Date of Grant, in the event that a Participant's employment with the Company and the Subsidiaries terminates for any reason other than an Extraordinary Termination, any Options held by such Participant that are exercisable as of the date of such termination shall remain exercisable for a period of 60 days (or, if shorter, during the remaining term of the Options), unless the exercise period is extended by the Committee in accordance with Section 6.02(d). Any Options held by the Participant that are not exercisable at the date of the Participant's termination of employment shall terminate and be cancelled immediately upon such termination, and any Options described in the preceding sentence that are not exercised within the period described in such sentence shall terminate and be cancelled upon the expiration of such period.

6.03 ACCELERATED OWNERSHIP OPTIONS. With respect to any Option or any stock option granted under the terms of one of the Prior Plans or otherwise (an "Original Option"), the Committee shall have the authority to specify, at or after the time of grant of such Original Option, that, subject to the availability of shares of Common Stock under the Plan, a Participant shall be granted a new option (referred to as an "Accelerated Ownership Option") in the event (i) such Participant exercises all or a part of such Original Option by surrendering previously acquired shares of Common Stock in full or partial payment of the exercise price under such Original Option, and/or (ii) a Participant's withholding tax obligation with respect to the exercise of an Original Option is satisfied in whole or in part by the delivery of previously acquired shares of Common Stock by the Participant to the Company or the withholding of shares of Common

Stock from the shares otherwise issuable to the Participant upon the exercise of the Original Option. Each such Accelerated Ownership Option shall cover a number of shares of Common Stock equal to the number of shares of Common Stock surrendered in payment of the exercise price under such Original Option and/or surrendered or withheld to pay withholding taxes with respect to such Original Option. Each such Accelerated Ownership Option shall have an Exercise Price per share of Common Stock equal to the Fair Market Value of the Common Stock on the date of exercise of the Original Option in respect of which the Accelerated Ownership Option was granted and shall expire on the stated expiration date of the Original Option. An Accelerated Ownership Option shall be exercisable at any time and from time to time from and after the Date of Grant of such Accelerated Ownership Option, subject to such restrictions on exercisability as may be imposed in the discretion of the Committee. Any Accelerated Ownership Option may provide for the grant, when exercised, of subsequent Accelerated Ownership Options to the extent and upon such terms and conditions, consistent with this Section 6.03, as the Committee in its sole discretion shall specify at or after the time of grant of such Accelerated Ownership Option. An Accelerated Ownership Option shall contain such other terms and conditions, which may include a restriction on the transferability of the shares of Common Stock received upon exercise of the Accelerated Ownership Option, as the Committee in its sole discretion shall deem desirable and which may be set forth in rules or guidelines adopted by the Committee or in the Award Agreements evidencing the Accelerated Ownership Options.

6.04 OPTION EXERCISE PROCEDURES. Each Option granted under the Plan shall be exercised by written notice to the Company which must be received by the officer or employee of the Company designated in the Award Agreement at or before the close of business on the expiration date of the Award. The Exercise Price of shares purchased upon exercise of an Option granted under the Plan shall be paid in full in cash by the Participant pursuant to the Award Agreement; provided, however, that in lieu of such cash a Participant may (if authorized by the Committee) pay the Exercise Price in whole or in part by delivering (actually or by attestation) to the Company shares of the Common Stock having a Fair Market Value on the date of exercise of the Option equal to the Exercise Price for the shares being purchased; except that (i) any portion of the Exercise Price representing a fraction of a share shall in any event be paid in cash and (ii) no shares of the Common Stock which have been held for less than six months may be delivered in payment of the Exercise Price of an Option. Payment may also be made, in the discretion of the Committee, by the delivery (including, without limitation, by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the shares and deliver the sale or margin loan proceeds directly to the Company to pay for the Exercise Price. The date of exercise of an Option shall be determined under procedures established by the Committee, and as of the date of exercise the person exercising the Option shall, as between the Company and such person, be considered for all purposes to be the owner of the shares of Common Stock with respect to which the Option has been exercised. Any part of the Exercise Price paid in cash upon the exercise of any Option shall be added to the general funds of the Company and may be used for any proper corporate purpose. Unless the Committee shall otherwise determine, any shares of Common Stock transferred to the Company as payment of all or part of the Exercise Price upon the exercise of any Option shall be held as treasury shares.

6.05 CHANGE IN CONTROL. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable. The provisions of this Section 6.05 shall not be applicable to any Options granted to a Participant if any Change in

Control results from such Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Common Stock or Company Voting Securities.

## ARTICLE VII

### RESTRICTED SHARES

7.01 RESTRICTED SHARE AWARDS. The Committee may grant to any Participant an Award of such number of shares of Common Stock on such terms, conditions and restrictions, whether based on performance standards, periods of service, retention by the Participant or ownership of specified shares of Common Stock or other criteria, as the Committee shall establish. With respect to performance-based Awards of Restricted Shares intended to qualify for deductibility under the "performance-based" compensation exception contained in Section 162(m) of the Code, performance targets will include specified levels of one or more of the following (in absolute terms or relative to one or more other companies or indices): operating income, return on investment, return on stockholders' equity, stock price appreciation, earnings before interest, taxes, depreciation and amortization, earnings per share and/or growth in earnings per share. The terms of any Restricted Share Award granted under this Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with this Plan.

(a) ISSUANCE OF RESTRICTED SHARES. As soon as practicable after the Date of Grant of a Restricted Share Award by the Committee, the Company shall cause to be transferred on the books of the Company or its agent, shares of Common Stock, registered on behalf of the Participant, evidencing the Restricted Shares covered by the Award, subject to forfeiture to the Company as of the Date of Grant if an Award Agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. All shares of Common Stock covered by Awards under this Article VII shall be subject to the restrictions, terms and conditions contained in the Plan and the applicable Award Agreements entered into by the appropriate Participants. Until the lapse or release of all restrictions applicable to an Award of Restricted Shares the share certificates representing such Restricted Shares may be held in custody by the Company, its designee, or, if the certificates bear a restrictive legend, by the Participant. Upon the lapse or release of all restrictions with respect to an Award as described in Section 7.01(d), one or more share certificates, registered in the name of the Participant, for an appropriate number of shares as provided in Section 7.01(d), free of any restrictions set forth in the Plan and the related Award Agreement shall be delivered to the Participant.

(b) STOCKHOLDER RIGHTS. Beginning on the Date of Grant of a Restricted Share Award and subject to execution of the related Award Agreement as provided in Section 7.01(a), and except as otherwise provided in such Award Agreement, the Participant shall become a stockholder of the Company with respect to all shares subject to the Award Agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive dividends; provided, however, that any shares of Common Stock distributed as a dividend or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Shares and held or restricted as provided in Section 7.01(a).

(c) RESTRICTION ON TRANSFERABILITY. None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution or to an inter vivos trust with respect to which the Participant is treated as the owner under Sections 671 through 677 of the Code), pledged or sold prior to the lapse of the restrictions applicable thereto.

(d) DELIVERY OF SHARES UPON VESTING. Upon expiration or earlier termination of the forfeiture period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 7.03, the restrictions applicable to the Restricted Shares shall lapse. As promptly as administratively feasible thereafter, subject to the requirements of Section 9.05, the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's Beneficiary, one or more share certificates for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law.

#### 7.02 TERMS OF RESTRICTED SHARES.

(a) FORFEITURE OF RESTRICTED SHARES. Subject to Sections 7.02(b) and 7.03, Restricted Shares shall be forfeited and returned to the Company and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary until the expiration of the forfeiture period for such Restricted Shares and satisfies any and all other conditions set forth in the Award Agreement. The Committee shall determine the forfeiture period (which may, but need not, lapse in installments) and any other terms and conditions applicable with respect to any Restricted Share Award.

(b) WAIVER OF FORFEITURE PERIOD. Notwithstanding anything contained in this Article VII to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, disability or Retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Shares) as the Committee shall deem appropriate.

7.03 CHANGE IN CONTROL. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all restrictions applicable to the Restricted Share Award shall terminate fully and the Participant shall immediately have the right to the delivery of share certificates for such shares in accordance with Section 7.01(d).

### ARTICLE VIII

#### PERFORMANCE AWARDS

##### 8.01 PERFORMANCE AWARDS.

(a) AWARD PERIODS AND DETERMINATIONS OF AWARDS. The Committee may grant Performance Awards to Participants. A Performance Award shall consist of the right to receive a payment (measured by the Fair Market Value of a specified number of shares of

Common Stock, increases in such Fair Market Value during the Award Period and/or a fixed cash amount) contingent upon the extent to which certain predetermined performance targets have been met during an Award Period. Performance Awards may be made in conjunction with, or in addition to, Restricted Share Awards made under Article VII. The Award Period shall be two or more fiscal or calendar years or other annual periods as determined by the Committee. The Committee, in its discretion and under such terms as it deems appropriate, may permit newly eligible Participants, such as those who are promoted or newly hired, to receive Performance Awards after an Award Period has commenced.

(b) PERFORMANCE TARGETS. The performance targets may include such goals related to the performance of the Company and/or the performance of a Participant as may be established by the Committee in its discretion. In the case of Performance Awards intended to qualify for deductibility under the "performance-based" compensation exception contained in Section 162(m) of the Code, the targets will include specified levels of one or more of the following (in absolute terms or relative to one or more other companies or indices): operating income, return on investment, return on stockholders' equity, stock price appreciation, earnings before interest, taxes, depreciation and amortization, earnings per share and/or growth in earnings per share. The performance targets established by the Committee may vary for different Award Periods and need not be the same for each Participant receiving a Performance Award in an Award Period. Except to the extent inconsistent with the performance-based compensation exception under Section 162(m) of the Code, in the case of Performance Awards granted to Participants to whom such section is applicable, the Committee, in its discretion, but only under extraordinary circumstances as determined by the Committee, may change any prior determination of performance targets for any Award Period at any time prior to the final determination of the value of a related Performance Award when events or transactions occur to cause such performance targets to be an inappropriate measure of achievement.

(c) EARNING PERFORMANCE AWARDS. The Committee, on or as soon as practicable after the Date of Grant, shall prescribe a formula to determine the percentage of the applicable Performance Award to be earned based upon the degree of attainment of performance targets.

(d) PAYMENT OF EARNED PERFORMANCE AWARDS. Payments of earned Performance Awards shall be made in cash or shares of Common Stock or a combination of cash and shares of Common Stock, in the discretion of the Committee. The Committee, in its sole discretion, may provide such terms and conditions with respect to the payment of earned Performance Awards as it may deem desirable.

#### 8.02 TERMS OF PERFORMANCE AWARDS.

(a) TERMINATION OF EMPLOYMENT. Unless otherwise provided below or in Section 8.03, in the case of a Participant's Termination of Employment prior to the end of an Award Period, the Participant will not have earned any Performance Awards for that Award Period.

(b) RETIREMENT. If a Participant's Termination of Employment is because of Retirement prior to the end of an Award Period, the Participant will not be paid any Performance Award, unless the Committee, in its sole and exclusive discretion, determines



that an Award should be paid. In such a case, the Participant shall be entitled to receive a pro-rata portion of his or her Award as determined under subsection (d).

(c) DEATH OR DISABILITY. If a Participant's Termination of Employment is due to death or to disability (as determined in the sole and exclusive discretion of the Committee) prior to the end of an Award Period, the Participant or the Participant's personal representative shall be entitled to receive a pro-rata share of his or her Award as determined under subsection (d).

(d) PRO-RATA PAYMENT. The amount of any payment to be made to a Participant whose employment is terminated by Retirement, death or disability (under the circumstances described in subsections (b) and (c)) will be the amount determined by multiplying (i) the amount of the Performance Award that would have been earned through the end of the Award Period had such employment not been terminated by (ii) a fraction, the numerator of which is the number of whole months such Participant was employed during the Award Period, and the denominator of which is the total number of months of the Award Period. Any such payment made to a Participant whose employment is terminated prior to the end of an Award Period shall be made at the end of such Award Period, unless otherwise determined by the Committee in its sole discretion. Any partial payment previously made or credited to a deferred account for the benefit of a Participant in accordance with Section 8.01(d) of the Plan shall be subtracted from the amount otherwise determined as payable as provided in this Section 8.02(d).

(e) OTHER EVENTS. Notwithstanding anything to the contrary in this Article VIII, the Committee may, in its sole and exclusive discretion, determine to pay all or any portion of a Performance Award to a Participant who has terminated employment prior to the end of an Award Period under certain circumstances (including the death, disability or Retirement of the Participant or a material change in circumstances arising after the Date of Grant), subject to such terms and conditions as the Committee shall deem appropriate.

8.03 CHANGE IN CONTROL. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Performance Awards for all Award Periods shall immediately become fully payable to all Participants and shall be paid to Participants within thirty (30) days after such Change in Control.

## ARTICLE IX

### TERMS APPLICABLE TO ALL AWARDS GRANTED UNDER THE PLAN

9.01 PLAN PROVISIONS CONTROL AWARD TERMS. The terms of the Plan shall govern all Awards granted under the Plan, and in no event shall the Committee have the power to grant any Award under the Plan the terms of which are contrary to any of the provisions of the Plan. In the event any provision of any Award granted under the Plan shall conflict with any term in the Plan as constituted on the Date of Grant of such Award, the term in the Plan as constituted on the Date of Grant of such Award shall control.

9.02 AWARD AGREEMENT. No person shall have any rights under any Award granted under the Plan unless and until the Company and the Participant to whom such Award shall have been granted shall have executed and delivered an Award Agreement or the Participant shall have

received and acknowledged notice of the Award authorized by the Committee expressly granting the Award to such person and containing provisions setting forth the terms of the Award.

9.03 MODIFICATION OF AWARD AFTER GRANT. No Award granted under the Plan to a Participant may be modified (unless such modification does not materially decrease the value of that Award) after its Date of Grant except by express written agreement between the Company and such Participant, provided that any such change (a) may not be inconsistent with the terms of the Plan, and (b) shall be approved by the Committee.

9.04 LIMITATION ON TRANSFER. Except as provided in Section 7.01(c) in the case of Restricted Shares, a Participant's rights and interest under the Plan may not be assigned or transferred other than by will or the laws of descent and distribution and, during the lifetime of a Participant, only the Participant personally (or the Participant's personal representative) may exercise rights under the Plan. The Participant's Beneficiary may exercise the Participant's rights to the extent they are exercisable under the Plan following the death of the Participant. Notwithstanding the foregoing, the Committee may grant Non-Qualified Stock Options that are transferable, without payment of consideration, to immediate family members of the Participant, to trusts or partnerships for such family members, or to such other parties as the Committee may approve (as evidenced by the applicable Award Agreement or an amendment thereto), and the Committee may also amend outstanding Non-Qualified Stock Options to provide for such transferability.

9.05 WITHHOLDING TAXES. The Company shall be entitled, if the Committee deems it necessary or desirable, to withhold (or secure payment from the Participant in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any amount payable and/or shares issuable under such Participant's Award or with respect to any income recognized upon a disqualifying disposition of shares received pursuant to the exercise of an Incentive Stock Option, and the Company may defer payment of cash or issuance of shares upon exercise or vesting of an Award unless indemnified to its satisfaction against any liability for any such tax. The amount of such withholding or tax payment shall be determined by the Committee and shall be payable by the Participant at such time as the Committee determines. With the approval of the Committee, the Participant may elect to meet his or her withholding requirement (i) by having withheld from such Award at the appropriate time that number of shares of Common Stock, rounded up to the next whole share, the Fair Market Value of which is equal to the amount of withholding taxes due, (ii) by direct payment to the Company in cash of the minimum amount of any taxes required to be withheld with respect to such Award or (iii) by a combination of withholding such shares and paying cash.

9.06 SURRENDER OF AWARDS. Any Award granted under the Plan may be surrendered to the Company for cancellation on such terms as the Committee and the Participant approve.

9.07 CANCELLATION AND RESCISSION OF AWARDS.

(a) DETRIMENTAL ACTIVITIES. Unless the Award Agreement specifies otherwise, the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid, or deferred Awards at any time if the Participant is not in compliance with all applicable provisions of the Award Agreement and the Plan, or if the Participant engages in any "Detrimental Activity." For purposes of this Section 9.07, "Detrimental Activity" shall include: (i) the rendering of services for any organization or engaging directly or indirectly in any business which is or becomes competitive with the Company, or which organization or business, or the rendering

of services to such organization or business, is or becomes otherwise prejudicial to or in conflict with the interests of the Company; (ii) the disclosure to anyone outside the Company, or the use in other than the Company's business, without prior written authorization from the Company, of any confidential information or material relating to the business of the Company, acquired by the Participant either during or after employment with the Company; (iii) any attempt directly or indirectly to induce any employee of the Company to be employed or perform services elsewhere or any attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier or partner of the Company; or (iv) any other conduct or act determined to be injurious, detrimental or prejudicial to any interest of the Company.

(b) Upon exercise, payment or delivery pursuant to an Award, the Participant shall certify in a manner acceptable to the Company that he or she is in compliance with the terms and conditions of the Plan. In the event a Participant fails to comply with the provisions of paragraphs (a)(i)-(iv) of this Section 9.07, if applicable, prior to, or during the six months after, any exercise, payment or delivery pursuant to an Award, such exercise, payment or delivery may be rescinded within two years thereafter. In the event of any such rescission, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery, in such manner and on such terms and conditions as may be required, and the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Participant by the Company.

#### 9.08 ADJUSTMENTS TO REFLECT CAPITAL CHANGES.

(a) RECAPITALIZATION. The number and kind of shares subject to outstanding Awards, the Exercise Price for such shares, the number and kind of shares available for Awards subsequently granted under the Plan and the maximum number of shares in respect of which Awards can be made to any Participant in any calendar year shall be appropriately adjusted to reflect any stock dividend, stock split, or share combination or any recapitalization, merger, consolidation, exchange of shares, liquidation or dissolution of the Company or other change in capitalization with a similar substantive effect upon the Plan or the Awards granted under the Plan. The Committee shall have the power and sole discretion to determine the amount of the adjustment to be made in each case.

(b) CERTAIN MERGERS. After any Merger in which the Company is not the surviving corporation or pursuant to which a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, or converted into, or otherwise become shares of another corporation, the surviving, continuing, successor or purchasing corporation, as the case may be (the "Acquiring Corporation"), will either assume the Company's rights and obligations under outstanding Award Agreements or substitute awards in respect of the Acquiring Corporation's stock for outstanding Awards, provided, however, that if the Acquiring Corporation does not assume or substitute for such outstanding Awards, the Board shall provide prior to the Merger that any unexercisable and/or unvested portion of the outstanding Awards shall be immediately exercisable and vested as of a date prior to such Merger, as the Board so determines. The exercise and/or vesting of any Award that was permissible solely by reason of this Section 9.08 shall be conditioned upon the consummation of the Merger. Any Awards which are neither assumed by the Acquiring Corporation nor exercised as of the date of the Merger shall terminate effective as of the effective date of the Merger. Comparable rights shall accrue to each Participant in the event of successive Mergers of the character described above.

(c) OPTIONS TO PURCHASE SHARES OR STOCK OF ACQUIRED COMPANIES.

After any Merger in which the Company or a Subsidiary shall be a surviving corporation, the Committee may grant Options or other Awards under the provisions of the Plan, pursuant to Section 424 of the Code or as is otherwise permitted under the Code, in full or partial replacement of or substitution for old stock options granted under a plan of another party to the merger whose shares of stock subject to the old options may no longer be issued following the Merger. The manner of application of the foregoing provisions to such options and any appropriate adjustments in the terms of such stock options shall be determined by the Committee in its sole discretion. Any such adjustments may provide for the elimination of any fractional shares which might otherwise become subject to any Options. The foregoing shall not be deemed to preclude the Company from assuming or substituting for stock options of acquired companies other than pursuant to this Plan.

9.09 LEGAL COMPLIANCE. Shares of Common Stock shall not be issued hereunder unless the issuance and delivery of such shares shall comply with applicable laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

9.10 NO RIGHT TO EMPLOYMENT. No Participant or other person shall have any claim of right to be granted an Award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the service of the Company or any of its Subsidiaries.

9.11 AWARDS NOT INCLUDABLE FOR BENEFIT PURPOSES. Payments received by a Participant pursuant to the provisions of the Plan shall not be included in the determination of benefits under any pension, group insurance or other benefit plan applicable to the Participant which is maintained by the Company or any of its Subsidiaries, except as may be provided under the terms of such plans or determined by the Board.

9.12 GOVERNING LAW. All determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Delaware, other than the conflict of laws provisions thereof, and construed in accordance therewith.

9.13 NO STRICT CONSTRUCTION. No rule of strict construction shall be implied against the Company, the Committee or any other person in the interpretation of any of the terms of the Plan, any Award granted under the Plan or any rule or procedure established by the Committee.

9.14 CAPTIONS. The captions (i.e., all Section headings) used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions had been used in the Plan.

9.15 SEVERABILITY. Whenever possible, each provision in the Plan and every Award at any time granted under the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan or any Award at any time granted under the Plan shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of the Plan, such Award and every other Award at any time granted under the Plan shall remain in full force and effect.

9.16 AMENDMENT AND TERMINATION.

(a) AMENDMENT. The Board shall have complete power and authority to amend the Plan at any time; provided, that no termination or amendment of the Plan may, without the consent of the Participant to whom any Award shall theretofore have been granted under the Plan, materially adversely affect the right of such individual under such Award; and provided further, that no such alteration or amendment of the Plan shall, without approval by the stockholders of the Company (a) increase the total number of shares of Common Stock which may be issued or delivered under the Plan or (b) increase the total number of shares which may be covered by Awards to any one Participant.

(b) TERMINATION. The Board shall have the right and the power to terminate the Plan at any time. No Award shall be granted under the Plan after the termination of the Plan, but the termination of the Plan shall not have any other effect and any Award outstanding at the time of the termination of the Plan may be exercised after termination of the Plan at any time prior to the expiration date of such Award to the same extent such Award would have been exercisable had the Plan not been terminated.

\* \* \* \* \*

## CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our reports dated February 12, 1999, except for Note 22, as to which the date is May \_\_, 1999, relating to the consolidated financial statements and financial statement schedule of WESCO International, Inc. and subsidiaries which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" and "Selected Historical Consolidated Financial Data in such Registration Statement."

/s/ PricewaterhouseCoopers LLP

600 Grant Street  
Pittsburgh, Pennsylvania  
April 30, 1999

## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this amendment no. 3 to the registration statement on Form S-1

(to register Common Stock) of our report dated February 23, 1998, on our audits of the financial statements of Bruckner Supply Company, Inc. We also consent to the references to our firm under the caption "Experts".

/s/ Anchin, Block & Anchin LLP

New York, New York

April 30, 1999