

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

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 001-14989

WESCO INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

25-1723342  
(I.R.S. Employer  
Identification No.)

COMMERCE COURT  
FOUR STATION SQUARE, SUITE 700  
PITTSBURGH, PENNSYLVANIA  
(Address of principal executive offices)

15219  
(Zip Code)

(412) 454-2200

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
Common Stock, par value \$.01 per share	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for at least the past 90 days.

Yes  No   
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item  
405 of Regulation S-K is not contained herein, and will not be contained, to the  
best of registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to this  
Form 10-K.

As of February 28, 2002, 40,237,162 shares of Common Stock, par value \$.01  
per share ("Common Stock") and 4,653,131 shares of Class B Common Stock, par  
value \$.01 per share ("Class B Common Stock") of the registrant were  
outstanding. The registrant estimates that the aggregate market value of the  
voting shares held by non-affiliates of the registrant was approximately \$99.9  
million based on the February 28, 2002 closing price on the New York Stock  
Exchange for such stock.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this Form 10-K incorporates by reference portions of the  
registrant's Proxy Statement.

WESCO INTERNATIONAL, INC.

DECEMBER 31, 2001

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## PART I

### ITEM 1. BUSINESS

In this Annual Report on Form 10-K, "WESCO" refers to WESCO International, Inc., and its subsidiaries and its predecessors unless the context otherwise requires. References to "we," "us," "our" and the "Company" refer to WESCO and its subsidiaries. Our subsidiaries include WESCO Distribution, Inc. ("WESCO Distribution") and WESCO Distribution Canada, Inc. ("WESCO Canada"), both of which are wholly-owned by WESCO.

#### THE COMPANY

With sales of almost \$3.7 billion in 2001, we are a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as "MRO." We are the second largest distributor in the estimated \$73 billion U.S. electrical distribution industry, and the largest provider of integrated supply services. Our integrated supply solutions and outsourcing services are designed to fulfill a customer's industrial MRO procurement needs through a highly automated, proprietary electronic procurement and inventory replenishment system. This allows our customers to consolidate suppliers and reduce their procurement and operating costs. We have over 350 branches and five distribution centers located in 48 states, nine Canadian provinces, Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria, Singapore and Venezuela. We serve over 100,000 customers worldwide, offering over 1,000,000 products from over 24,000 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. Our leading market positions, extensive geographic reach, broad product and service offerings and acquisition program have enabled us to significantly increase our net sales and improve our financial performance.

We have acquired 25 companies since August 1995, representing annual sales of approximately \$1.4 billion. Our internal growth, combined with acquisitions, have increased our net sales and earnings before interest, taxes, depreciation, amortization and restructuring charges at compounded annual growth rates of 12% and 23%, respectively, between 1994 and 2001.

#### INDUSTRY OVERVIEW

The electrical distribution industry serves customers in a number of markets including the industrial, commercial, construction and utility markets. Electrical distributors, such as us, provide logistical and technical services for customers by bundling together a wide range of products typically required for the construction and maintenance of electrical supply networks, including wire, lighting, distribution and control equipment and a wide variety of electrical supplies. This distribution channel enables customers to efficiently access a broad range of products and has the capacity to deliver value-added services. Customers are increasingly demanding that distributors provide a broader and more complex package of services as they seek to outsource non-core functions and achieve documented cost savings in purchasing, inventory and supply chain management.

**ELECTRICAL DISTRIBUTION.** The U.S. electrical distribution industry had sales of approximately \$73 billion in 2001. While overall weakness in the current economic environment has contributed to recent sales declines, industry growth has averaged 6% per year from 1985 to 2001. This expansion has been driven by general economic growth, increased use of electrical products in businesses and industries, new products and technologies, and customers who are seeking to more efficiently purchase a broad range of products and services from a single point of contact, thereby eliminating the costs and expenses of purchasing directly from manufacturers or multiple sources. The U.S. electrical distribution industry is also highly fragmented. The four national distributors, including WESCO, account for less than 20% of estimated total industry sales.

**INTEGRATED SUPPLY.** The market for integrated supply services has more than doubled from \$5 billion in 1997 to over \$10 billion in 2000, an increase of 27% per year. Recent projections estimate that the integrated supply market will reach \$18.4 billion by 2004. Growth is being driven by the desire of large industrial companies to reduce operating expenses by implementing comprehensive third-party programs, which outsource the cost-intensive procurement, stocking and administrative functions associated with the purchase and consumption of MRO supplies. For our customers, these costs can account for over 50% of the total costs for MRO products and services. The total potential in the United States for integrated supply services, measured as all purchases of industrial MRO supplies and services, is currently estimated to be approximately \$260 billion.

## COMPETITIVE STRENGTHS

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

**VALUE-ADDED SERVICES.** We are a leader in providing a wide range of services and procurement solutions that draw on our product knowledge, supply and logistics expertise and systems capabilities, enabling our customers to reduce supply chain costs and improve efficiency. These programs include:

- National Accounts -- we coordinate product supply and materials management activities for MRO supplies for customers with multiple locations who seek purchasing leverage through a single electrical products provider;
- Integrated Supply -- we design and implement programs that enable our customers to significantly reduce the number of MRO suppliers they use through services that include highly automated, proprietary electronic procurement and inventory replenishment systems and on-site materials management and logistics services; and
- Major Projects -- we have a dedicated team of experienced construction management personnel to service the needs of the top engineering and construction firms which specialize in major projects such as airport expansions, stadiums and healthcare facilities.

**BROAD PRODUCT OFFERING.** We provide our customers with a broad product selection consisting of over 1,000,000 electrical, industrial and data communications products sourced from over 24,000 suppliers. Our broad product offering enables us to meet virtually all of a customer's electrical product and other MRO requirements.

**EXTENSIVE DISTRIBUTION NETWORK.** Our distribution network consists of over 350 branches and five distribution centers located in 48 states, nine Canadian provinces, Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria, Singapore and Venezuela. This extensive network, which would be extremely difficult and expensive to duplicate, allows us to:

- maintain local customer service, technical support, and sales coverage;
- tailor branch products and services to local customer needs;
- offer multi-site distribution capabilities to large customers and national accounts; and
- provide same-day deliveries.

**LOW COST OPERATOR.** Our competitive position has been enhanced by our low cost position, which is based on:

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

Our low cost position enables us to generate a significant amount of cash flow as the capital investment required to maintain our business is low. This cash flow is available for debt reduction, strategic acquisitions and continued

investment in the growth of the business.

## BUSINESS STRATEGY

Our objective is to be the leading provider of electrical products and other MRO supplies and 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 margin enhancement and 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 focusing our sales and marketing on existing industries where we are expanding our product and service offerings as well as targeting new clients, both within industries we currently serve and in new markets which provide significant growth opportunities. Markets where we believe such opportunities exist include retail, education, financial services and health care. We are the second largest electrical distributor in the United States 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, many 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 ACCOUNTS PROGRAMS.** From 1994 through 2001, revenue from our national accounts program increased in excess of 11% annually. We will continue to invest in the expansion of this program. Through our national accounts program, we coordinate electrical MRO procurement and purchasing activities primarily for large industrial and commercial 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. Our objective is to continue to increase revenue generated through our national accounts program by:

- offering existing national account customers new products, more services and additional locations;
- extending certain established national account relationships to include integrated supply; and
- expanding our customer base by leveraging our existing industry expertise in markets we currently serve as well as entering into new markets.

**FOCUS ON MAJOR PROJECTS.** We are increasing our focus on large construction, renovation and institutional projects. We seek to secure new major projects contracts through:

- active national marketing of our demonstrated project management capabilities;
- further development of relationships with leading regional and national contractors and engineering firms;
- close coordination with national account customers on their major project requirements; and

- offering an integrated supply service approach to contractors for major 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 assuming full responsibility for the entire procurement function. Our customers include some of the largest industrial companies in the United States. We intend to expand our leadership position as the largest integrated supply service provider by:

- continuing to tailor our proven and profitable business model to the scale and scope of our customers' operations;
- maximizing the use of our highly automated proprietary information systems;
- leveraging established relationships with our large industrial customer base, especially among existing national account customers who could benefit from our integrated supply model; and
- being a low cost provider of integrated supply services.

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 that expand our product and customer base and new branch openings. 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 that encourages our branch managers to increase sales and optimize business activities in their local markets, including managing the sales force, configuring inventories, targeting potential customers for marketing efforts and tailoring local service options.

PURSUE STRATEGIC ACQUISITIONS. Since 1995, we have considered over 300 potential acquisitions and have completed and successfully integrated 25 acquisitions, which represent annual sales of approximately \$1.4 billion. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will continue to provide us with acquisition opportunities. In our disciplined approach toward acquisitions, potential acquisitions are evaluated based on a variety of financial, strategic and operational criteria, including their ability to:

- better serve our existing customers;
- offer expansion into key growth markets;
- add new product or service capabilities;
- support new and existing national accounts;
- strengthen relationships with important manufacturers; and
- meet well-defined financial criteria including return on investment and earnings accretion.

EXPAND PRODUCT AND SERVICE OFFERINGS. We continue to build on our demonstrated ability to introduce new products and services to meet existing customer demands and capitalize on new market opportunities. As the market for data and electrical products converge, we have integrated our data communications efforts into our core electrical business. Our existing electrical sales force has been trained to sell data communications products resulting in significant new data and electrical projects with large commercial banks, schools and

telecommunications service providers. In addition, we have the platform to sell integrated lighting control and power distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores. These are strong growth markets where our national accounts strategies and logistics infrastructure provide significant benefits for our customers.

**LEVERAGE OUR E-COMMERCE AND INFORMATION SYSTEM CAPABILITIES.** We conduct a significant amount of business electronically. Our electronic transaction management capabilities lower costs and shorten cycle time in the supply chain process for us and for our customers. We intend to continue to invest in information technology to create more effective linkages with both customers and suppliers.

**EXPAND OUR INTERNATIONAL OPERATIONS.** Our international sales, the majority of which are in Canada, accounted for approximately 11% of sales in 2001. We believe that there is significant additional demand for our products and services outside the United States and Canada. Many of our multinational domestic customers are seeking distribution, integrated supply and project management solutions globally. Our approach to international operations is consistent with our domestic philosophy. We follow our established customers and pursue business that we believe utilizes and extends our existing capabilities. This strategy of working through well-developed customer and supplier relationships significantly reduces risks and provides the opportunity to establish a profitable business. We have five locations in Mexico headquartered in Tlalneantla that serve all of metropolitan Mexico City and the Federal District and the states of Mexico, Morelos and Hidalgo. We continue to pursue growth opportunities in existing locations such as Aberdeen, Scotland; London, England, which support our sales efforts in Europe and the former Soviet Union. We have an operation in Nigeria to serve West Africa, an office in Caracas, Venezuela to serve the Northern portion of South America and an office in Singapore to support our sales to customers in Asia. We are working toward forming strategic alliances in critical markets, where appropriate.

#### ACQUISITION AND INTEGRATION PROGRAM

Our strategic acquisition program has been an important element in our objective to be the leader in the markets we serve. We have completed 25 acquisitions since August 1995, representing total annual sales of approximately \$1.4 billion. Our philosophy toward 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 have a business development department that consists of a small team of professionals who locate, evaluate and negotiate all aspects of any acquisition, with particular emphasis on compatibility of management philosophy and strategic fit. We believe that the highly fragmented nature of the electrical distribution industry will continue to provide us with acquisition opportunities. We will continue to utilize our strong internal capabilities to selectively evaluate the strategic and financial benefits from potential acquisitions that complement our customers' overall supply needs, including those in the electrical distribution, integrated supply and other non-electrical distribution industries. The Company expects that future acquisitions will be financed out of available internally generated funds, additional debt and the issuance of equity securities. However, our ability to make acquisitions will be subject to our compliance with certain conditions under the terms of our new revolving credit facility. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" for a further description of the new revolving credit facility.

WESCO ACQUISITION HISTORY

YEAR	ACQUISITIONS	BRANCH LOCATIONS	ANNUAL SALES(1)
----	-----	-----	-----
(DOLLARS IN MILLIONS)			
1995....	2	2	\$ 47
1996....	7	67	418
1997....	2	9	52
1998....	6	21	608
1999....	4	5	70
2000....	3	17	92
2001....	1	10	112
	-	---	---
TOTAL.	25	131	\$ 1,399
	==	===	=====

(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.

PRODUCTS AND SERVICES

Products

Our network of branches and distribution centers stock over 215,000 product stock keeping units ("SKUs"). Each branch tailors its inventory to meet the needs of the customers in its local market, typically stocking approximately 4,000 to 8,000 SKUs. Our integrated supply business allows our customers to access over 1,000,000 products for direct shipment.

Representative products that we sell include:

- Electrical Supplies. Fuses, terminals, connectors, boxes, fittings, tools, lugs, tape and other MRO supplies.
- Industrial Supplies. Cutting and other tools, abrasives, filters and safety equipment.
- Distribution. Circuit breakers, transformers, switchboards, panelboards and busway.
- Lighting. Lamps, 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 and connectors.

We purchase products from a diverse group of over 24,000 suppliers. In 2001, our ten largest suppliers accounted for approximately 34% of our purchases. The largest of these was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 14% of total purchases. No other supplier accounted for more than 5% of total purchases.

Our supplier relationships are important to us, providing access to a wide range of products, technical training and sales and marketing support. We have preferred supplier agreements with approximately 150 of our suppliers and purchase approximately 65% of our stock inventory pursuant to these agreements. Consistent with industry practice, most of our agreements with suppliers, including both distribution agreements and preferred supplier agreements, are terminable by either party on 60 days' notice or less.



## Services

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

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

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

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

Major projects. We have a major projects group, comprised of our most experienced construction management personnel, which focuses on serving the complex needs of North America's largest engineering and construction firms and 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 100,000 customers diversified across our principal markets. While two customers each accounted for almost 3% of 2001 sales, no other customer accounted for more than 2% of 2001 sales.

Industrial customers. Sales to industrial customers, which include numerous manufacturing and process industries, and original equipment manufacturers ("OEMs") accounted for approximately 42% of our sales in 2001.

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 food processing, pulp and paper and

petrochemical. Typically, electrical MRO is the first or second ranked product category by purchase value for total MRO requirements for an industrial site. Other MRO product categories include, among others, lubricants, pipe, valves and fittings, fasteners, cutting tools and power transmission products.

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

Electrical contractors. Sales to electrical contractors accounted for approximately 35% of our sales in 2001. 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 electrical sub-contractors typically account for approximately 40% to 50% of their installed project cost, and, therefore, accurate cost estimates and competitive material costs are critical to a contractor's success in obtaining profitable projects.

Utilities. Sales to utilities accounted for approximately 17% of our sales in 2001. This market includes large investor-owned utilities, rural electric cooperatives and municipal power authorities. We provide our utility customers with power line products and an extensive range of supplies to meet their MRO and capital projects needs. Full materials management and procurement outsourcing arrangements are also important in this market as cost pressures and deregulation cause utility customers to streamline purchasing and inventory control practices.

Commercial, institutional and governmental customers ("CIG"). Sales to CIG customers accounted for approximately 6% of our sales in 2001. This fragmented market includes schools, hospitals, property management firms, retailers and government agencies of all types. Through our WR Controls Division, we have a platform to sell integrated lighting control and distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores.

#### DISTRIBUTION NETWORK

Branch network. We have over 350 branches, of which approximately 290 are located in the United States, approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria, Singapore and Venezuela. Over the last three years, we have opened approximately seven branches per year, principally to service national account 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 in the United States and Canada, including facilities located near Pittsburgh, Pennsylvania, serving the Northeast and Midwest United States; near Reno, Nevada, serving the Western United States; near Memphis, Tennessee, serving the Southeast and Central United States; 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 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. Our national accounts sales force is comprised of 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 premise cable, connectors, hardware, network electronics and outside plant products are generated by our general sales force and a dedicated group of outside and inside data communications sales representatives. They are supported by a centralized customer service center and additional resources in product management, purchasing, inventory control and sales management.

Major projects. Since 1995 our group of experienced sales managers have targeted, on a national basis, the market for large construction projects with electrical material valued in excess of \$1 million. 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 established our initial electronic catalog on the Internet in 1996. Since that time, we have worked with a variety of large customers to establish customized electronic catalogs for their use in internal systems. Additionally, in 1999 we began a process of providing electronic catalogs to multiple e-commerce service providers, trade exchanges and industry specific electronic commerce portals. Our e-business strategy is to serve existing customers by tailoring our catalog and Internet-based procurement applications to their internal systems or through their preferred technology and trading exchange partnerships. We lead our industry in rapid e-implementation to customers' procurement systems and provide integrated procurement functionality using "punch-out" technology, a direct system to system link with our customers.

We continue to enhance "WESCOExpress," a new direct ship fulfillment operation, responsible for supporting smaller customers and select national account locations. Customers can order over 65,000 electrical and data communications products stocked in our warehouses through a centralized customer service center or over the Internet on WESCOdirect.com. We use a proactive telesales approach utilizing catalogs, direct mail, e-mail and personal phone selling to provide a high level of customer service. In support of this initiative, we recently introduced the WESCO Electrical Buyers Guide (TM), a comprehensive electrical catalog containing over 24,000 products from the top 150 manufacturers in the electrical industry.

#### 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\$311 million, Canada represented 8.5% of our total sales in 2001. The Canadian market for electrical distribution is considerably smaller than the U.S. market, with roughly US\$3.0 billion in total sales in 2001, according to industry sources.

We also have five locations in Mexico headquartered in Tlalnepantla, that serve all of metropolitan Mexico City and the Federal District and the states of Mexico, Morelos and Hidalgo.

We sell internationally through domestic export sales offices located within North America and sales offices in international locations. WESCO operations are in Aberdeen, Scotland and London, England to support sales efforts in Europe and the former Soviet Union. We have an operation in Nigeria to serve West Africa, an office in Caracas, Venezuela to serve the Northern portion of South America and an office in Singapore to support our sales to Asia. All of the international locations have been established to primarily serve WESCO's growing list of customers with global operations referenced under National Accounts above.

## MANAGEMENT INFORMATION SYSTEMS

Our corporate information system, WESNET, provides processing for a full range of our business operations, such as customer service, inventory and logistics management, accounting and administrative support. The system utilizes decision support, executive information system analysis and retrieval capabilities to provide extensive operational analysis and 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 WESNET system operates as a distributed network of fully functional operating units, and every branch (other than our Bruckner Integrated Supply Division and certain newly acquired branches) utilizes its own computer system to support local business activities. All branch operations are linked through a wide area network to centralized information on inventory status in our distribution centers as well as other branches and an increasing number of on-line suppliers. Recent advances in WESNET capabilities make it possible to consolidate administrative and procurement functions, and bring systematic improvement through new pricing systems and controls.

We routinely process customer orders, shipping notices, suppliers' purchase orders, and funds transfer via EDI transactions with our trading partners. Our e-Commerce strategy calls for more effective linkages to both customers and suppliers through greater use of technological advances, including Internet and electronic catalogs, 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 operate in a highly competitive industry. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused on the local service area, and is generally based on product line breadth, product availability, service capabilities and price. Another source of competition is buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. While increased buying power may improve the competitive position of buying groups locally, we believe these groups have not been able to compete effectively with us for national account customers due to the difficulty in coordinating a diverse ownership group. During 1999 and 2000 numerous special purpose Internet-based procurement service companies, auction businesses, and trade exchanges were organized. Many of them targeted industrial MRO and contractor customers of the type served by WESCO. We responded with our own e-Commerce capabilities and as of year-end 2000, business losses, if any, to competitors of this type were minimal. We expect that numerous new competitors will develop over time as Internet-based enterprises become more established and refine their service capabilities.

## EMPLOYEES

As of December 31, 2001, we had approximately 5,700 employees worldwide, of which approximately 5,000 were located in the United States and approximately 700 in Canada and our other international locations. Less than 5% of our employees are represented by unions. We believe our labor relations are generally good.

## INTELLECTUAL PROPERTY

Our trade and service marks, including "WESCO," "the extra effort people(R)," and the running man design, are filed in the U.S. Patent and Trademark Office, the Canadian Trademark Office and the Mexican Instituto de la Propiedad Industrial.

## 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 former, current or future owners or operators of properties, and persons who arranged for the disposal of hazardous substances. Our owned and leased real property may give rise to such investigation, remediation and monitoring liabilities under environmental laws. In addition, anyone disposing of certain products we distribute, such as ballasts, fluorescent lighting and batteries, must comply with environmental laws that regulate certain materials in these products.

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

## FORWARD LOOKING INFORMATION

This Annual Report on Form 10-K contains various "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve certain unknown risks and uncertainties, including, among others, those contained in Item 1, "Business" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." When used in this Annual Report on Form 10-K, 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, competition, new product and service introductions and liquidity and capital resources are based on management's beliefs, as well as on assumptions made by, and information currently available to, management, and involve various risks and uncertainties, some of which are beyond our control. Our actual results could differ materially from those expressed in any forward looking statement made by or on our behalf. In light of these risks and uncertainties, there can be no assurance that the forward looking information will in fact prove to be accurate. We have undertaken no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Important factors that could cause actual results to differ materially from the forward looking statements we make are described below. All forward looking statements attributable to us or persons working on our behalf are expressly qualified by the following cautionary statements:

**OUR SUBSTANTIAL AMOUNT OF DEBT REQUIRES SUBSTANTIAL DEBT SERVICE OBLIGATIONS THAT COULD ADVERSELY AFFECT OUR ABILITY TO FULFILL OUR OBLIGATIONS AND COULD LIMIT OUR GROWTH AND IMPOSE RESTRICTIONS ON OUR BUSINESS.**

We are and will continue to be significantly leveraged. As of December 31, 2001, we had \$452.0 million of consolidated indebtedness and stockholders' equity of \$144.7 million. We and our subsidiaries may incur additional indebtedness in the future, subject to certain limitations contained in the instruments governing our indebtedness. Accordingly, we will have significant debt service obligations. These amounts exclude WESCO's accounts receivable securitization program, through which WESCO sells accounts receivable to a third party conduit and removes these receivables from its consolidated balance sheet. See Part II, Item 7.-"Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies."

Our debt service obligations have important consequences, including the following:

- a substantial portion of cash flow from our operations will be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available for operations, future business opportunities and acquisitions and other purposes and increasing our vulnerability to adverse general economic and industry conditions;
- our ability to obtain additional financing in the future may be limited;
- approximately \$169 million of our indebtedness is at variable rates of interest, which will make us vulnerable to increases in interest rates;

- we will be substantially more leveraged than certain of our competitors, which might place us at a competitive disadvantage; and
- we may be hindered in our ability to adjust rapidly to changing market conditions.

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance our indebtedness and to make scheduled payments under our operating leases or to fund planned capital expenditures or finance acquisitions will depend on our future performance, which to a certain extent is subject to economic, financial, competitive and other factors beyond our control. There can be no assurance that our business will continue to generate sufficient cash flow from operations in the future to service our debt, make necessary capital expenditures or meet other cash needs. If unable to do so, we may be required to refinance all or a portion of our existing debt, to sell assets or to obtain additional financing. There can be no assurance that any such refinancing or that any such sale of assets or additional financing would be possible on terms reasonably favorable to us. See Part II - Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

**RESTRICTIVE DEBT COVENANTS CONTAINED IN OUR REVOLVING CREDIT FACILITY AND THE INDENTURE TO OUR SENIOR SUBORDINATED NOTES TO TAKE CERTAIN ACTIONS.**

The revolving credit facility and the indenture contain numerous financial and operating covenants that will limit the discretion of our management with respect to certain business matters. These covenants place significant restrictions on the ability of us and our subsidiaries. to:

- incur additional indebtedness;
- pay dividends and other distributions;
- enter into sale and leaseback transactions;
- create liens or other encumbrances;
- make certain payments and investments;
- engage in certain transactions with affiliates;
- make certain acquisitions;
- sell or otherwise dispose of assets; and
- merge or consolidate with other entities,

and will otherwise restrict corporate activities.

The revolving credit facility also requires us to meet certain financial ratios and tests. Our ability to comply with these and other provisions of the revolving credit facility and the indenture may be affected by changes in economic or business conditions or other events beyond our control. A failure to comply with the obligations contained in the revolving credit facility or the indenture could result in an event of default under either the revolving credit facility or the indenture which could result in acceleration of the related debt and the acceleration of debt under other instruments evidencing indebtedness that may contain cross-acceleration or cross-default provisions. If the indebtedness under the revolving credit facility were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full such indebtedness and our other indebtedness. See Part II - Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

DOWNTURNS IN THE ELECTRICAL DISTRIBUTION INDUSTRY HAVE HAD IN THE PAST, AND MAY IN THE FUTURE HAVE, AN ADVERSE EFFECT ON OUR SALES AND PROFITABILITY.

The electrical distribution industry is affected by changes in economic conditions, including national, regional and local slowdowns in construction and industrial activity, which are outside our control. Our operating results may also be adversely affected by increases in interest rates that may lead to a decline in economic activity, particularly in the construction market, while simultaneously resulting in higher interest payments under the revolving credit facility. In addition, during periods of economic slowdown such as the one we are currently experiencing, our credit losses increase. There can be no assurance that economic slowdowns, adverse economic conditions or cyclical trends in certain customer markets will not have a material adverse effect on our operating results and financial condition.

AN INCREASE IN COMPETITION COULD DECREASE SALES OR EARNINGS.

We operate in a highly competitive industry. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused in the local service area and is generally based on product line breadth, product availability, service capabilities and price. Other sources of competition are buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. During 1999 and 2000 numerous special purpose Internet-based procurement service companies, auction businesses and trade exchanges were organized. Many of them targeted industrial MRO and contractor customers of the type served by us. We expect that numerous new competitors will develop over time as Internet-based enterprises become more established and refine their service capabilities.

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. Existing or future competitors also may seek to compete with us for acquisitions, which could have the effect of increasing the price and reducing the number of suitable acquisitions. In addition, it is possible that competitive pressures resulting from the industry trend toward consolidation could affect growth and profit margins.

SUCCESS OF OUR GROWTH STRATEGY MAY BE LIMITED BY THE AVAILABILITY OF APPROPRIATE ACQUISITIONS AND OUR ABILITY TO INTEGRATE ACQUIRED COMPANIES INTO OUR BUSINESS.

A component of our growth 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, and we will be constrained by restrictions in our revolving credit facility. Future acquisitions may not prove advantageous and could have a material adverse effect on our operating results. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

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

Most of our agreements with suppliers are terminable by either party on 60 days' notice or less. Our ten largest suppliers in 2001 accounted for approximately 34% of our purchases for the period. Our largest supplier was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 14% 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 be certain that particular products or product lines will be available to us, or available in quantities sufficient to meet customer demand. Such limited product access could 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.

WESCO INTERNATIONAL'S CONTROLLING SHAREHOLDERS OWN APPROXIMATELY 44% OF ITS COMMON STOCK AND CAN EXERCISE SIGNIFICANT INFLUENCE OVER OUR AFFAIRS.

Approximately 44% of the issued and outstanding shares of common stock of WESCO International is 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.

ITEM 2. PROPERTIES.

We have over 350 branches, of which approximately 290 are located in the United States, approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria, Singapore and Venezuela. Approximately 25% 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.....	196,800	Leased
Byhalia, MS.....	148,000	Owned
Dorval, QE.....	90,000	Leased
Burnaby, BC.....	64,865	Owned

We also lease our 76,200 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.

ITEM 3. 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the Company's security holders during the fourth quarter of 2001.



EXECUTIVE OFFICERS

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

NAME	AGE	POSITION
Roy W. Haley.....	55	Chairman and Chief Executive Officer
William M. Goodwin.....	56	Vice President, Operations
James H. Mehta.....	46	Vice President, Business Development
Robert B. Rosenbaum.....	44	Vice President, Operations
Patrick M. Swed.....	58	Vice President, Operations
Donald H. Thimjon.....	58	Vice President, Operations
Ronald P. Van, Jr.....	41	Vice President, Operations
Stephen A. Van Oss.....	47	Vice President and Chief Financial Officer
Daniel A. Brailer.....	44	Secretary and Treasurer

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

ROY W. HALEY became Chairman of the Board in August 1998. Mr. Haley has been 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.

WILLIAM M. GOODWIN has been Vice President, Operations of WESCO since March 1994. Since 1987, 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.

ROBERT B. ROSENBAUM has been Vice President, Operations of WESCO since September 1998. From 1982 until 1998, Mr. Rosenbaum was the President of the Bruckner Supply Company, Inc., an integrated supply company WESCO 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 1991. Mr. Thimjon served as Regional Manager from 1980 to 1991.

RONALD P. VAN, JR. has been Vice President, Operations of WESCO since October 1998. Mr. Van was a Vice President and Controller of EESCO, an electrical distributor WESCO acquired in 1996.

STEPHEN A. VAN OSS has been Vice President and Chief Financial Officer of WESCO since October 2000. Mr. Van Oss served as Director, Information Systems for WESCO from 1997 to 2000 and as Director, Acquisition Management in 1997. From 1995 to 1996, Mr. Van Oss served as Chief Operating Officer and Chief Financial Officer of Paper Back Recycling of America, Inc. From 1979 to 1995, Mr. Van Oss held various management positions with Reliance Electric Corporation.

DANIEL A. BRAILER has been Treasurer and Director of Investor Relations of WESCO since March 1999. During 1999, Mr. Brailer was also appointed to the position of Corporate Secretary. From 1982 to 1999, Mr. Brailer held various positions at Mellon Financial Corporation, most recently as Senior Vice President.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

On May 17, 1999, WESCO completed its initial public offering of common stock ("the Offering"), which is listed on the New York Stock Exchange under the symbol "WCC." As of February 28, 2002, there were 40,237,162 shares of common stock and 4,653,131 shares of Class B common stock outstanding held by approximately 100 holders of record. We have not paid dividends on the common stock, and do not presently plan to pay dividends in the foreseeable future. It is currently expected that earnings will be retained and reinvested to support either business growth or debt reduction. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." The following table sets forth the high and low sales price of the shares for the periods indicated.

QUARTER	SALES PRICES	
	HIGH	LOW
2001		
First	\$11.00	\$7.06
Second	9.25	7.30
Third	9.20	4.65
Fourth	6.50	3.95
2000		
First	\$ 9.00	\$7.06
Second	10.88	7.75
Third	10.13	7.50
Fourth	9.88	7.31

In connection with the Initial Public Offering, 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 stock into common stock, increased the authorized common stock to 210,000,000 shares and the authorized Class B common stock to 20,000,000 shares and authorized 20,000,000 shares of \$.01 par value preferred stock, all effective May 11, 1999.

In May 2000, WESCO's board of directors authorized an additional \$25 million to be added to its existing \$25 million share repurchase program which was authorized in November 1999. WESCO's common stock may be purchased at management's discretion, subject to certain financial ratios, in open market transactions and the program may be discontinued at any time. As of February 28, 2002, WESCO had purchased approximately 3.9 million shares of its common stock for approximately \$32.8 million pursuant to this program. In August 2001, WESCO Distribution entered into an amendment to its revolving credit facility, which, among other things, prohibited WESCO from repurchasing additional shares of its common stock.

In March 2002, WESCO entered into a new revolving credit agreement, the proceeds of which, were used to retire its then existing credit facility. The new credit agreement permits WESCO to repurchase shares of its common stock, assuming the Company meets or exceeds certain financial ratios.

## ITEM 6. SELECTED FINANCIAL DATA.

	YEAR ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997
(DOLLARS IN MILLIONS, EXCEPT SHARE DATA)					
<b>INCOME STATEMENT DATA:</b>					
Net sales.....	\$3,658.0	\$3,881.1	\$3,423.9	\$3,025.4	\$2,594.8
Gross profit.....	643.5	684.1	616.6	537.6	463.9
Selling, general and administrative expenses	517.2	524.3	471.2	415.0	372.5
Depreciation and amortization.....	31.0	25.0	20.4	14.8	11.3
Restructuring charge(1) .....	--	9.4	--	--	--
Recapitalization costs(2).....	--	--	--	51.8	--
Income from operations.....	95.3	125.4	125.0	56.0	80.1
Interest expense, net.....	45.1	43.8	47.0	45.1	20.1
Other expenses(3).....	16.9	24.9	19.5	10.1	--
Income before income taxes.....	33.3	56.7	58.5	0.8	60.0
Provision for income taxes.....	13.1	23.3	23.4	8.5(4)	23.8
Income (loss) before extraordinary item.....	20.2	33.4	35.1	(7.7)	36.2
Extraordinary item, net of applicable TAXES(5).....	--	--	(10.5)	--	--
Net income (loss).....	\$20.2	\$33.4	\$24.6	\$(7.7)	\$36.2
Earnings (loss) per common share(6)					
Basic before extraordinary item .....	0.45	0.74	0.82	(0.17)	0.61
Basic.....	0.45	0.74	0.57	(0.17)	0.61
Diluted before extraordinary item.....	0.43	0.70	0.75	(0.17)	0.55
Diluted.....	0.43	0.70	0.53	(0.17)	0.55
Weighted average common shares OUTSTANDING(6)					
Basic.....	44,862,087	45,326,475	43,057,894	45,051,632	59,030,100
Diluted.....	46,901,673	47,746,607	47,524,539	45,051,632	66,679,063
<b>OTHER FINANCIAL DATA:</b>					
EBITDA before recapitalization and restructuring charges(7).....	\$126.4	\$159.8	\$145.3	\$122.6	\$91.4
Capital expenditures.....	13.8	21.6	21.2	10.7	11.6
Net cash provided by (used for) operating activities.....	161.1	46.9	66.4	276.9	(12.0)
Net cash provided by (used for) investing activities.....	(69.2)	(60.7)	(71.9)	(184.1)	(21.5)
Net cash provided by (used for) financing activities.....	(38.0)	26.0	6.3	(92.3)	41.1
<b>BALANCE SHEET DATA:</b>					
Total assets.....	\$1,158.0	\$ 1,161.5	\$ 1,028.8	\$ 950.5	\$ 870.9
Total long-term debt (including current portion).....	452.0	483.3	426.4	595.8	295.2
Redeemable common stock(8).....	--	--	--	21.5	9.0
Stockholders' equity (deficit).....	144.7	125.0	117.3	(142.6)	184.5

(1) Represents a restructuring charge taken in the fourth quarter of 2000 as described in Note 4 to the Consolidated Financial Statements.

(2) Represents a one-time charge primarily related to noncapitalized financing expenses, professional and legal fees and management compensation costs as a result of the recapitalization described in Note 1 to the Consolidated Financial Statements.

(3) Represents costs relating to the sale of accounts receivable pursuant to the accounts receivable securitization program as described in Note 5 to the Consolidated Financial Statements.

(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 tax, relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt and the 1999 termination of the existing accounts receivable securitization program.

(6) Reflects a 57.8 to one stock split effected in the form of a stock dividend of WESCO common stock effective May 11, 1999.

(7) EBITDA before recapitalization and restructuring charges represents income from operations plus depreciation, amortization, recapitalization and restructuring costs. EBITDA before recapitalization and restructuring charges is presented since management believes that such information is considered by certain investors to be an additional basis for evaluating the Company's ability to pay interest and repay debt. EBITDA 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 the Company's operating results and cash flows or as a measure of the Company's liquidity. Since EBITDA is not calculated identically by all companies, the presentation herein may not be comparable to other similarly titled measures of other companies.

(8) Represents redeemable common stock as described in Note 10 to the Consolidated Financial Statements.

## ITEM 7. 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 Annual Report on Form 10-K.

### GENERAL

WESCO's sales can be categorized as stock, direct ship and special order. Stock orders are filled directly from existing inventory and generally represent 40% to 45% of total sales. Approximately 42% to 48% 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 comparable, since the product handling and fulfillment costs associated with direct shipments are much lower.

WESCO has historically financed its working capital needs, capital expenditures, acquisitions and new branch openings through internally generated cash flow and borrowings under its credit facilities and its accounts receivable securitization program. 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 a leading consolidator in its industry, having acquired 25 companies since August 1995, representing annual sales of approximately \$1.4 billion. Management distinguishes sales attributable to core operations separately from sales of acquired businesses. The distinction between sales from core operations and from acquired businesses is based on the Company's internal records and on management estimates where the integration of acquired businesses results in the closing or consolidation of branches. However, "core operations" typically refer to all internally started branches and all acquired branches that have been in operation for the entire current and prior year-to-date periods. "Acquired businesses" generally refer to branch operations purchased by WESCO where the branches have not been under WESCO ownership for the entire current and prior year-to-date periods.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

WESCO's discussion and analysis of its financial condition and results of operations are based upon WESCO's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires WESCO to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, WESCO evaluates its estimates, including those related to supplier programs, bad debts, inventories, goodwill, income taxes, restructuring cost, contingencies and litigation. WESCO bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

WESCO believes the following critical accounting policies affect its judgments and estimates used in the preparation of its consolidated financial statements. WESCO maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of WESCO's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. WESCO writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. WESCO records its deferred tax assets at amounts that are expected to be realized. WESCO has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the potential need for a valuation allowance. Should

WESCO determine that it would not be able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

WESCO maintains an accounts receivable securitization program (the "Receivables Facility"), whereby we sell, on a continuous basis, to WESCO Receivables Corporation, a wholly-owned, special purpose company ("SPC"), an undivided interest in all domestic accounts receivable. The SPC sells without recourse to a third-party conduit, all the eligible receivables while maintaining a subordinated interest, in the form of overcollateralization, in a portion of the receivables.

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

We believe that the terms of the agreements governing this facility qualify our trade receivable sales transactions for "sale treatment" under generally accepted accounting principles, which requires WESCO to remove the accounts receivable from our consolidated balance sheets. Absent this "sale treatment," our consolidated balance sheet would reflect additional accounts receivable and debt. Our consolidated statements of operations would not be impacted, except that "Other Expenses" would be classified as "Interest Expense."

#### 2001 DEVELOPMENTS

Developments affecting the 2001 results of operations and financial position of WESCO include the following:

##### Economic Trends

The electrical distribution industry experienced a significant overall sales decline in the markets where WESCO participates. The 2001 decrease varies dramatically depending upon the product category as well as the market channel used to distribute such product. Based upon our internal estimates, certain of our more significant competitors and suppliers, as a group, experienced an average sales decline of approximately 12% in 2001. WESCO's net sales from core operations decreased approximately 8.6% in 2001 due to:

- Sales to the telecom and semiconductor industries, which were strong in 2000, were considerably weaker in 2001.
- Sales declines were experienced in our large industrial customer base, with many customers closing manufacturing and processing plants and significantly reducing their 2001 MRO and capital spend.
- A significant decline occurred in sales of control and automation products used in plant expansions and plant upgrades.

The trend of declining sales has continued into 2002. Core sales for the two months ended February 28, 2002 decreased approximately 12% from the comparable period in 2001, and are in line with Company projections and, adjusted for seasonality, are in line with fourth quarter 2001 run rates.

##### Refinancing

The Company has taken the following steps to improve its liquidity:

In March 2002, WESCO entered into a \$290 million revolving credit agreement with a group of seven financial institutions that is secured by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Distribution Canada, Inc. Availability under the agreement is based on the amount of eligible inventory and Canadian receivables applied against certain advance rates. Proceeds from this agreement were used to retire the Company's existing revolving credit facility.

In August 2001, WESCO completed an offering of \$100 million in aggregate principal amount of senior subordinated notes due 2008 with interest payable semi-annually on June 1 and December 1 of each year. The notes were issued with an issue price of 90.142%. The net proceeds received by the Company from the offering were approximately \$87.6 million after deducting the initial purchasers' discount and before offering expenses. The net

proceeds were used to repay a portion of the outstanding indebtedness of the Company under its then existing revolving credit facility.

In September and October of 2001, WESCO entered into several fixed-to-floating interest rate swap agreements with an aggregate notional amount of \$100 million. These swaps effectively convert \$100 million of the senior subordinated notes from fixed to floating rate debt. In 2001 these agreements had the effect of reducing the interest rate on \$100 million of the senior notes from 9.13% to 6.29%.

#### Acquisition

In March 2001, WESCO completed its acquisition of all of the outstanding common stock of Hering Underground Supply, Inc. and Alliance Utility Products, Inc. (collectively "Hering") headquartered in Hayward, California. Hering, a distributor serving contractors who install gas, lighting and communication utility infrastructure, reported net sales of approximately \$112 million in 2000. This acquisition was accounted for under the purchase method of accounting.

## RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
Net sales.....	100.0%	100.0%	100.0%
Gross profit.....	17.6	17.6	18.0
Selling, general and administrative expenses.....	14.1	13.5	13.7
Depreciation and amortization.....	0.9	0.7	0.6
Restructuring charge.....	--	0.2	--
Income from operations.....	2.6	3.2	3.7
Interest expense.....	1.2	1.1	1.4
Other expenses.....	0.5	0.6	0.6
Income before income taxes and extraordinary item.....	0.9	1.5	1.7
Provision for income taxes.....	0.3	0.6	0.7
Extraordinary item, net of tax benefits.....	--	--	(0.3)
Net income .....	0.6%	0.9%	0.7%

### 2001 Compared to 2000

**Net Sales.** Net sales for the year ended December 31, 2001, decreased by \$223.1 million, or 5.7%, to \$3.7 billion compared with \$3.9 billion in the prior year. The decrease was due principally to sales declines attributable to core business operations of 8.6%, partially offset by sales from acquired companies.

**Gross Profit.** Gross profit for the year ended December 31, 2001, decreased by \$40.6 million to \$643.5 million from \$684.1 million in the prior year due principally to the decline in net sales. Gross profit margin was 17.6% in both 2001 and 2000. Gross profit included other charges of \$4.4 million in 2000 related to inventory write-downs. Excluding these charges, gross profit was 17.7% of sales in 2000. The decline in the gross profit percentage is due principally to a decline in supplier rebates, partially offset by increased billing margins.

**Selling, General and Administrative Expenses ("SG&A").** SG&A expenses decreased by \$7.2 million, or 1.4%, to \$517.2 million. The year 2000 includes \$7.0 million of other charges, related primarily to a deteriorating credit environment and customer bankruptcies that have continued at similar levels in 2001. Core business SG&A expenses decreased \$15.7 million or 3.1% from 2000, due principally to decreased payroll costs as the Company reduced its headcount throughout the year as it rebalanced its branch and headquarters staff to be in line with developing economic activity. Additionally, incentive compensation expense decreased in 2001 as sales and profitability declines reduced both commission and bonus requirements. As a percentage of sales, excluding the other charges, SG&A expenses increased to 14.1% in 2001 from 13.3% in 2000, reflecting the negative leverage of lower sales volume.

**Depreciation and Amortization.** Depreciation and amortization increased \$6.0 million to \$31.0 million in 2001, reflecting depreciation related to increases in property, buildings and equipment over the prior year, higher amortization of goodwill from acquisitions and higher amortization of software costs. In fiscal 2002, WESCO will adopt Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" which is expected to result in a reduction in amortization expense in fiscal 2002 and future years. See Note 2 of the Notes to Consolidated Financial Statements.

**Income from Operations.** Income from operations decreased \$30.1 million to \$95.3 million in 2001, compared with \$125.4 million in 2000. Income from operations in 2000 includes a restructuring charge of \$9.4 million. Excluding the restructuring charge and the aforementioned other charges of \$11.4 million, operating income decreased by \$50.8 million, due principally to the decline in gross profit and the increase in depreciation and amortization.



Interest and Other Expenses. Interest expense totaled \$45.1 million for 2001, an increase of \$1.4 million from 2000. The increase in interest expense results primarily from an increase in average debt level compared to the previous year somewhat offset by lower average interest rates. Other expense totaled \$16.9 million and \$24.9 million in 2001 and 2000, respectively, reflecting costs associated with the accounts receivable securitization program. The \$8.0 million decrease was principally due to a decrease in the program's advance rates.

Income Taxes. Income tax expense totaled \$13.1 million in 2001, a decrease of \$10.1 million from 2000. The effective tax rates for 2001 and 2000 were 39.4% and 41.0%, respectively. The decrease in the rate in 2001 is principally related to the effect of foreign tax credits on decreased pretax income as compared to the prior year.

Net Income. Net income and diluted earnings per share totaled \$20.2 million and \$0.43 per share, respectively, in 2001, compared with \$33.4 million and \$0.70 per share, respectively, in 2000.

#### 2000 Compared to 1999

Net Sales. Net sales for the year ended December 31, 2000, increased by \$457.2 million, or 13.4%, to \$3.9 billion compared with \$3.4 billion in the prior year. The increase was due principally to sales gains attributable to core business operations of almost 10%, while the remainder of the increase was primarily due to sales of acquired businesses. The mix of direct shipment sales increased to approximately 47% in 2000 from 46% in 1999 principally due to sales gains achieved at Bruckner. The majority of Bruckner's sales are direct shipment.

Gross Profit. Gross profit for the year ended December 31, 2000, increased by \$67.5 million to \$684.1 million from \$616.6 million in the prior year. Gross profit margin was 17.6% and 18.0% in 2000 and 1999, respectively. Excluding the effect of the other charges related to inventory rationalization of \$4.4 million, gross profit margin decreased to 17.7% from 18.0% in the prior year due, in part, to a shift to lower margin direct ship project sales and also due to increased transportation costs.

Selling, General and Administrative Expenses ("SG&A"). SG&A expenses increased \$53.0 million, or 11.3%, to \$524.3 million. Excluding the impact of the other charges of \$7.0 million, related primarily to credit deterioration and bankruptcies, SG&A expenses increased \$46.0 million or 9.8%. This increase was primarily due to increased expenses in core business operations and, to a lesser extent, increased SG&A of companies acquired during 1999 and 2000. Core business SG&A expense increased 6% over 1999, due principally to increased payroll costs. As a percentage of sales, excluding the other charges, SG&A expenses declined to 13.3% in 2000 from 13.8% in 1999, reflecting enhanced operating leverage at this higher relative sales volume.

Depreciation and Amortization. Depreciation and amortization increased \$4.6 million to \$25.0 million in 2000, reflecting higher amortization of goodwill from acquisitions and depreciation related to increases in property, buildings and equipment over the prior year.

Income from Operations. Income from operations increased \$0.4 million to \$125.4 million in 2000, compared with \$125.0 million in 1999. Excluding the restructuring and other charges in 2000, operating income increased \$21.2 million. This increase was primarily due to higher gross profit, partially offset by increased operating costs as explained above.

Interest and Other Expenses. Interest expense totaled \$43.8 million for 2000, a decrease of \$3.2 million from 1999. The decrease was primarily due to the lower level of borrowings since WESCO completed its initial public offering in the second quarter of 1999, as well as the increased amount of securitized accounts receivable. Other expense totaled \$24.9 million and \$19.5 million in 2000 and 1999, respectively, reflecting costs associated with the accounts receivable securitization program. The \$5.4 million increase was principally due to the increased level of securitized accounts receivable noted above.

Income Taxes. Income tax expense totaled \$23.3 million in 2000, relatively unchanged from 1999. The effective tax rates for 2000 and 1999 were 41.0% and 39.9%, respectively. The increase in the rate in 2000 is principally related to the effect of increased nondeductible expenses on decreased pretax income as compared to the prior year.

Income Before Extraordinary Item. Income before extraordinary item totaled \$33.4 million, or \$0.70 per diluted share, compared with \$35.1 million or \$0.75 per diluted share, in 1999. Excluding the restructuring charge of \$9.4 million, income before extraordinary item was \$39.4 million or \$0.83 per diluted share.

Net Income. Net income and diluted earnings per share totaled \$33.4 million and \$0.70 per share, respectively, in 2000, compared with \$24.6 million and \$0.53 per diluted share, respectively, in 1999. Net income in 1999 included an extraordinary item which decreased net income by \$10.5 million.

LIQUIDITY AND CAPITAL RESOURCES

Total assets were approximately \$1.2 billion at December 31, 2001, a \$3.5 million decrease from December 31, 2000. Stockholders' equity totaled \$144.7 million at December 31, 2001, compared with \$125.0 million at December 31, 2000.

The following table sets forth WESCO's outstanding indebtedness:

	DECEMBER 31	
	2001	2000
	(IN MILLIONS)	
Revolving credit facility.....	\$ 68.6	\$189.6
Senior subordinated notes.....	377.7	291.5
Other.....	5.6	2.2
	451.9	483.3
Less current portion.....	(5.5)	(0.6)
	\$446.4	\$482.7

The following table sets forth details of WESCO's accounts receivable securitization program:

	DECEMBER 31	
	2001	2000
	(IN MILLIONS)	
Securitized accounts receivable.....	\$398.6	\$479.0
Subordinated retained interest .....	(65.6)	(100.7)
Net accounts receivable removed from balance sheet.....	\$333.0	\$378.3

WESCO's liquidity needs arise from seasonal working capital requirements, capital expenditures, acquisitions and debt service obligations. In addition, certain of our acquisition agreements contain earn-out provisions based principally on future earnings targets. The most significant of which relates to the acquisition of Bruckner Supply Company, which provides for an earn-out potential of \$90 million during any one of the next three years if certain earnings targets are achieved. The maximum amount payable in any single year under this agreement is \$30 million. Certain other acquisitions also contain contingent consideration provisions, only one of which could require a significant payment. Management estimates this payment could range from \$0 to \$20 million and would be made in 2008. To meet its funding requirements, WESCO uses a mix of internally generated cash flow, its revolving credit facility, its Receivables Facility and equity transactions.

The following table summarizes the impact of these items from 1999 to 2001:

	DECEMBER 31		
	2001	2000	1999
	(IN MILLIONS)		
<b>LIQUIDITY NEEDS</b>			
Working capital and other assets and liabilities.....	\$140.4	\$(64.1)	\$(68.5)
Capital expenditures, net of asset sales.....	(12.9)	(20.0)	(20.6)
Acquisitions of businesses.....	(56.3)	(40.9)	(60.0)
Scheduled debt service obligations.....	(0.6)	(3.8)	(16.6)
Net liquidity surplus (requirements) .....	70.6	(128.8)	(165.7)
<b>LIQUIDITY SOURCES</b>			
Internally generated cash flow.....	65.7	71.0	74.9
Credit facility activity.....	(36.6)	57.1	(157.7)
Receivables facility.....	(45.0)	40.0	60.0
Stock transactions.....	0.5	(26.8)	182.7
Other.....	(1.2)	(0.2)	6.5
Net liquidity (uses) sources.....	(16.6)	141.1	166.4
Net change in cash.....	\$ 54.0	\$ 12.3	\$ 0.7

In 2002, WESCO anticipates capital expenditures to be similar to 2001, but expects acquisitions of businesses to be significantly lower. As of February 28, 2002, the Company has no specific near term plans to make an acquisition. Acquisition related earn-out payments, if required, will be based on the performance of recently acquired companies. Management anticipates that working capital requirements could increase by \$50 million or more in 2002 after the significant reduction achieved in 2001.

The required annual principal repayments for the next five years, as of December 31, 2001 and after giving effect to the new revolving credit facility described below, are as follows:

	AS OF DECEMBER 31, 2001	AFTER GIVING EFFECT TO NEW REVOLVING CREDIT FACILITY
	(IN THOUSANDS)	
2002.....	\$ 5,530	\$5,530
2003.....	30	30
2004.....	68,614	30
2005.....	30	30
2006.....	6	6

#### New Revolving Credit Facility

In March 2002, WESCO Distribution entered into a \$290 million revolving credit agreement that is secured by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Canada. Availability under the agreement, which matures in 2007, is based on the amount of eligible inventory and Canadian receivables applied against certain advance rates. Proceeds from this agreement were used to retire WESCO's existing revolving credit facility. Future proceeds from this facility can be used for general corporate purposes including acquisitions, share repurchases, and bond redemptions. Interest on this facility will be determined by LIBOR plus a margin that will range between 200 basis points to 275 basis points depending upon the amount of excess availability under the facility. As long as the average daily excess availability for both the preceding and projected succeeding 90 day period is greater than \$50 million, then WESCO would be permitted to make acquisitions and repurchase outstanding public stock and bonds.

The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million and WESCO's fixed charge coverage ratio, as defined by the agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if WESCO's excess availability under the agreement is less than \$50 million, then WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0. At the date of inception, WESCO was in compliance with all covenants of the new credit facility.

## Former Revolving Credit Facility

In June 1999, WESCO Distribution entered into a revolving credit facility with a syndicate of financial institutions. At December 31, 2001, the revolving credit facility, which matures in June 2004, consisted of up to \$228 million of revolving loans denominated in U.S. dollars and a Canadian sublimit totaling US\$35 million. Borrowings under the revolving credit facility are collateralized by substantially all of the assets of WESCO Distribution other than real property and the accounts receivable sold under the receivables facility, and are guaranteed by WESCO International and certain subsidiaries.

The LIBOR borrowing margins applicable to advances under the revolving credit facility range from 150 to 250 basis points, depending upon our leverage ratio. This facility also had various restrictive covenants including financial ratios. WESCO was in compliance with all such covenants as of December 31, 2001.

## Debt Offering

In August 2001, WESCO completed an offering of \$100 million in aggregate principal amount of senior subordinated notes due 2008. The notes were issued with an issue price of 90.142%. The net proceeds received by the Company from the offering were approximately \$87.6 million after deducting the initial purchasers' discount and before offering expenses. The net proceeds were used to repay a portion of the outstanding indebtedness of the Company under its then existing revolving credit facility.

## Interest Rate Swap Agreements

During September and October of 2001, WESCO entered into four separate fixed-to-floating interest rate swap agreements, each with a notional amount of \$25 million. These agreements have six-year terms expiring concurrently with the 9.13% senior subordinated notes with the intent of converting \$100 million of the senior subordinated notes from a fixed to floating rate facility. Pursuant to these agreements, WESCO will receive fixed interest payments at the rate of 9.13% and will pay interest at three month LIBOR plus a premium. The LIBOR rates in the agreements are reset quarterly. In 2001, the agreements had the effect of reducing the interest rate on \$100 million of the senior notes from 9.13% to 6.29%.

WESCO entered into interest rate swap agreements as a means to hedge its interest rate exposure and maintain certain amounts of variable rate and fixed rate debt. Since the swaps have been designated as hedging instruments, their fair values are reflected in the Company's Consolidated Balance Sheets. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense.

## Accounts Receivable Securitization Program

WESCO maintains a Receivables Facility with a group of financial institutions with a purchase commitment up to \$396 million. Under the Receivables Facility, WESCO sells, on a continuous basis, to WESCO Receivables Corporation, a wholly-owned SPC, an undivided interest in all domestic accounts receivable. The SPC sells without recourse to a third-party conduit, all the eligible receivables while maintaining a subordinated interest, in the form of overcollateralization, in a portion of the receivables. WESCO has agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded. See Note 5 of the Notes to Consolidated Financial Statements.

## Initial Public Offering

On May 17, 1999, WESCO completed its initial public offering (the "Offering") of 11,183,750 shares of common stock at \$18.00 per share. In connection with the Offering, certain employee rights to require WESCO to repurchase outstanding redeemable common stock were terminated and approximately \$31.5 million of convertible notes were converted into 1,747,228 shares of common stock. Proceeds from the Offering (after deducting Offering costs) totaling \$186.8 million and borrowings of approximately \$65 million were used to redeem all of the 11 1/8% senior discount notes (\$62.8 million) and to repay the revolving credit and term loan facilities (\$188.8 million).

## Share Repurchase Program

In May 2000, WESCO International's board of directors authorized an additional \$25 million to be added to its existing \$25 million share repurchase program which was authorized in November 1999. As of December 31, 2001, WESCO International had purchased approximately 3.9 million shares for approximately \$32.8 million pursuant to this program. On August 3, 2001, WESCO Distribution entered into an amendment to its former revolving credit

facility, which, among other things, prohibited WESCO International from purchasing its shares of common stock. Subsequently, as mentioned above, WESCO entered into a new revolving credit facility that allows WESCO International to purchase shares of its common stock assuming certain financial ratios are met.

An analysis of cash flows for 2001 and 2000 follows:

**Operating Activities.** Cash provided by operating activities totaled \$161.1 million for the year ended December 31, 2001, compared to \$46.9 million a year ago. Cash provided by operations in 2001 includes \$45.0 million used by our accounts receivable securitization program. Cash provided by operations in 2000 includes \$40.0 million from the sale of accounts receivable in connection with the accounts receivable securitization program. Excluding these transactions, operating activities provided \$206.1 million in 2001 and \$6.9 million in 2000. On this basis, the year-to-year increase in operating cash flow of \$199.2 million was primarily due to an improvement in working capital.

**Investing Activities.** Net cash used in investing activities was \$69.2 million in 2001, compared to \$60.7 million in 2000. Cash used for investing activities was higher in 2001 primarily due to amounts invested in business acquisitions, partially offset by reduced capital expenditures in 2001. Capital expenditures in 2001 were \$13.8 million compared to \$21.6 million in 2000 and were for computer equipment and software, and branch and distribution center facility improvements.

**Financing Activities.** Cash used by financing activities was \$38.0 million in 2001 which was primarily due to net debt repayments of \$37.2 million. Cash provided by financing activities was \$26.0 million in 2000 which was primarily due to net borrowings of \$53.3 million, partially offset by the Company's share purchase program.

The following summarizes WESCO's contractual obligations at December 31, 2001, and the effect such obligations are expected to have on its liquidity and cash flow in future periods.

**Contractual Cash Obligations and Other Commercial Commitments**

(IN MILLIONS)				
TOTAL	2002	2003 to 2004	2005 to 2006	AFTER 2006
<b>Contractual Cash Obligations:</b>				
Revolving credit facility.....	\$ 68.6	\$ --	\$ 68.6	\$ --
Senior subordinated notes.....	400.0	--	--	400.0
Non-cancelable operating leases.....	92.6	25.5	34.5	17.0
Other long-term obligations.....	15.6	15.5	0.1	--
<b>Total Contractual Cash Obligations.....</b>	<b>\$ 576.8</b>	<b>\$41.0</b>	<b>\$103.2</b>	<b>\$17.0</b>
				<b>\$415.6</b>

(IN MILLIONS)				
TOTAL	2002	2003 to 2004	2005 to 2006	AFTER 2006
<b>Other Commercial Commitments:</b>				
Letters of Credit .....	\$1.0	\$ 1.0	\$ --	\$ --

Management believes that cash generated from operations, together with amounts available under the credit agreement and the receivables facility, will be sufficient to meet WESCO's working capital, capital expenditures and other cash requirements for the foreseeable future. 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 the acquisitions, require the issuance of additional debt and equity securities.

**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 the Company during the periods presented. However, inflation in the future could affect the Company's operating costs. Price changes from suppliers have historically been consistent with inflation and have not had a material impact on the Company's results of operations.

## SEASONALITY

The Company'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 a reduced level of activity during the holiday season. As a result, the Company reports sales and earnings in the first quarter that are generally lower than that of the remaining quarters.

## IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, as amended by SFAS No. 138, was adopted by WESCO on January 1, 2001. 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. The adoption of this statement did not have a material impact on the results of operations or financial position of WESCO.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 141, all business combinations are accounted for under the purchase method. Under SFAS No. 142, goodwill will no longer be amortized, but will be reduced only if it is found to be impaired. Goodwill would be tested for impairment annually or more frequently when events or circumstances occur indicating that goodwill might be impaired. A fair-value based impairment test would be used to measure goodwill for impairment. As goodwill is measured as a residual amount in an acquisition, it is not possible to directly measure the fair value of goodwill. Under this statement, the net assets of a reporting unit are subtracted from the fair value of that reporting unit to determine the implied fair value of goodwill. An impairment loss would be recognized to the extent the carrying amount of goodwill exceeds the implied fair value. The provisions of this statement are effective for all business combinations completed after July 1, 2001 and fiscal years beginning after December 15, 2001 for existing goodwill. As required by this statement, management is currently evaluating its goodwill for impairment and has not yet completed its analysis. Management believes the adoption of this standard will have a material non-cash impact on WESCO's results of operations due to goodwill no longer being amortized. Goodwill amortization was \$11.9 million in 2001.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets". This statement, is required to be adopted by WESCO January 1, 2003, although earlier adoption is permitted. The objectives of SFAS No. 143 are to establish accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset retirement cost. It applies to legal obligations that result from the acquisition, construction, development, or the normal operation of a long-lived asset, excluding certain obligations of leases. Management believes the adoption of this standard will not have a material impact on the results of operations or financial position of WESCO.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Long-Lived Assets". This statement addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and supersedes SFAS No. 121. This statement retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and measurement of long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. This statement was adopted by WESCO as of January 1, 2002. The adoption of this statement did not have a material impact on the results of operations or financial position of WESCO.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

### FOREIGN CURRENCY RISKS

Over 90% of WESCO's sales are denominated in United States dollars and are primarily from customers in the United States. As a result, currency fluctuations are currently not material to WESCO's operating results. WESCO does have foreign subsidiaries located in North America, Europe and Asia and may establish additional foreign

subsidiaries in the future. Accordingly, WESCO may derive a more significant portion of its sales from international operations and a portion of these sales may be denominated in foreign currencies. As a result, WESCO's future operating results could become subject to fluctuations in the exchange rates of those currencies in relation to the United States dollar. Furthermore, to the extent that WESCO engages in international sales denominated in United States dollars, an increase in the value of the United States dollar relative to foreign currencies could make WESCO's products less competitive in international markets. WESCO has and will continue to monitor its exposure to currency fluctuations.

INTEREST RATE RISKS

WESCO's indebtedness as of December 31, 2001 is comprised of \$68.6 million of variable-rate borrowings outstanding under its revolving credit facility and \$383.4 million of fixed-rate borrowings. Interest cost under the revolving credit facility is based on various indices plus a borrowing margin.

In September and October of 2001, WESCO entered into several fixed-to-floating interest rate swap agreements with an aggregate notional amount of \$100 million. Under the terms of these agreements, WESCO pays interest on the notional amount of the swap at LIBOR plus a premium and receives fixed payments at the rate of 9 1/8%. The LIBOR rates in the agreements are reset quarterly. At December 31, 2001 the net fair value of interest-rate-related derivatives designated as fair value hedges of debt was \$3.2 million. These interest rate swap agreements reduced interest expense by approximately \$0.6 million in 2001.

At December 31, 2001, we had approximately \$169 million of variable rate debt. A hypothetical 10% change in interest rates based on these variable-rate borrowing levels would result in a \$0.6 million increase or decrease in interest expense.

ITEM 8. FINANCIAL STATEMENTS

The information required by this item is set forth in the Company's Consolidated Financial Statements contained in this Annual Report on Form 10-K. Specific financial statements can be found at the pages listed below:

WESCO International, Inc.	PAGE -----
Report of Independent Accountants.....	36
Consolidated Balance Sheets as of December 31, 2001 and 2000.....	37
Consolidated Statements of Operations for the years ended December 31, 2001, 2000 and 1999.....	38
Consolidated Statements of Stockholders' Equity and Redeemable Common Stock for the years ended December 31, 2001, 2000 and 1999.....	39
Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999.....	40
Notes to Consolidated Financial Statements.....	41

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES.

None.

PART III

ITEMS 10 THROUGH 13.

In accordance with the provisions of General Instruction G to Form 10-K, the information required by Item 10 (Directors and Executive Officers of the Registrant), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management) and Item 13 (Certain Relationships and Related Transactions) is incorporated herein by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 22, 2002. The definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2001. Information relating to the executive officers of the Company is set forth in Part I of this Annual Report on Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

The financial statements, financial statement schedules and exhibits listed below are filed as part of this annual report:

- (a)(1) FINANCIAL STATEMENTS  
-----  
The list of financial statements required by this item is set forth in Item 8 "Financial Statements and Supplementary Data" and is incorporated herein by reference.
- (2) FINANCIAL STATEMENT SCHEDULES  
-----  
Report of Independent Accountants  
Schedule II - Valuation and Qualifying Accounts
- (b) REPORTS ON FORM 8-K  
-----  
None
- (c) EXHIBITS  
-----

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
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) and certain securityholders of WESCO International, Inc.	Incorporated by reference to Exhibit 2.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
2.2	Purchase Agreement, dated as of May 29, 1998, among WESCO International, Inc., WESCO Distribution, Inc., Chase Securities Inc. and Lehman Brothers, Inc.	Incorporated by reference to Exhibit 2.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
2.3	Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 2.01 to WESCO's Current Report on Form 8-K, dated September 11, 1998
2.4	Purchase Agreement, dated August 16, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and the Initial Purchasers listed therein.	Incorporated by reference to Exhibit 2.4 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
3.1	Restated Certificate of Incorporation of WESCO International, Inc.	Incorporated by reference to Exhibit 3.1 to WESCO's Registration Statement on Form S-4 (No. 333-70404)



EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
3.2	By-Laws of WESCO International, Inc.	Incorporated by reference to Exhibit 3.2 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.1	Indenture, dated as of June 5, 1998, among WESCO International, Inc., WESCO Distribution, Inc. and Bank One, N.A.	Incorporated by reference herein to Exhibit 4.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.2	Form of 9 1/8% Senior Subordinated Note Due 2008, Series A (included in Exhibit 4.1).	Incorporated by reference herein to Exhibit 4.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.3	Form of 9 1/8% Senior Subordinated Note Due 2008, Series B (included in Exhibit 4.1).	Incorporated by reference herein to Exhibit 4.3 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.4	Exchange and Registration Rights Agreement, dated as of June 5, 1998, among the Company, WESCO International, Inc. and the Initial Purchasers (as defined therein).	Incorporated by reference herein to Exhibit 4.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.5	Exchange and Registration Rights Agreement, dated as of June 5, 1998, among WESCO International, Inc. and the initial purchasers (as defined therein).	Incorporated by reference herein to Exhibit 4.8 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.6	Indenture, dated as of August 23, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and Bank One N.A.	Incorporated by reference to Exhibit 4.6 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.7	Exchange and Registration Rights Agreement, dated August 23, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and the initial purchasers listed therein.	Incorporated by reference to Exhibit 4.7 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.8	Form of 9 1/8% Original Senior Subordinated Note Due 2008 (included in Exhibit 4.6).	Incorporated by reference to Exhibit 4.8 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.9	Form of 9 1/8% Exchange Senior Subordinated Note Due 2008 (included in Exhibit 4.6).	Incorporated by reference to Exhibit 4.9 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
10.1	CDW Holding Corporation Stock Purchase Plan.	Incorporated by reference herein to Exhibit 10.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.2	Form of Stock Subscription Agreement.	Incorporated by reference herein to Exhibit 10.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.3	CDW Holding Corporation Stock Option Plan.	Incorporated by reference herein to Exhibit 10.3 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.4	Form of Stock Option Agreement.	Incorporated by reference herein to Exhibit 10.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
10.5	CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference herein to Exhibit 10.5 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.6	Form of Branch Stock Option Agreement.	Incorporated by reference herein to Exhibit 10.6 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.7	Non-Competition Agreement, dated as of February 28, 1996, between Westinghouse, WESCO International, Inc. and WESCO Distribution, Inc.	Incorporated by reference herein to Exhibit 10.8 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.8	Lease, dated as of May 24, 1995, as amended by Amendment One, dated as of June 1995, and by Amendment Two, dated as of December 24, 1995, by and between WESCO Distribution, Inc. as Tenant and Opal Investors, L.P. and Mural GEM Investors as Landlord.	Incorporated by reference herein to Exhibit 10.10 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.9	Lease, dated as of April 1, 1992, as renewed by Letter of Notice of Intent to Renew, dated as of December 13, 1996, by and between the Company as successor in interest to Westinghouse Electric Corporation as tenant and Utah State Retirement Fund as Landlord.	Incorporated by reference herein to Exhibit 10.11 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.10	Lease, dated as of September 4, 1997, between WESCO Distribution, Inc. as Tenant and The Buncher Company as Landlord.	Incorporated by reference herein to Exhibit 10.12 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.11	Lease, dated as of March 1995, by and between WESCO Distribution-Canada, Inc. as Tenant and Atlantic Construction, Inc. as Landlord.	Incorporated by reference herein to Exhibit 10.13 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.12	Amended and Restated Registration and Participation Agreement, dated as of June 5, 1998, among WESCO International, Inc. and certain securityholders of WESCO International, Inc. named therein.	Incorporated by reference herein to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.13	Employment Agreement between WESCO Distribution, Inc. and Roy W. Haley.	Incorporated by reference herein to Exhibit 10.20 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.14	WESCO International, Inc. 1998 Stock Option Plan.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.15	Form of Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.16	1999 Deferred Compensation Plan for Non-Employee Directors.	Incorporated by reference to Exhibit 10.22 to WESCO's Annual Report on Form 10-K for the year ended December 31, 1998
10.17	Credit Agreement, dated as of June 29, 1999, among WESCO Distribution Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
10.18	Amendment, dated as of December 20, 2000, to the Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.24 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2000
10.19	Amendment, dated as of August 3, 2001, to the Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
10.20	Credit Agreement, dated as of March 19, 2002, among WESCO Distribution Inc., the other Credit Parties signatory thereto, General Electric Capital Corporation, The CIT Group/Business Credit, Inc., Fleet Capital Corporation and the other Lenders signatory thereto.	Filed herewith
10.21	Intercreditor Agreement, dated as of March 19, 2002, among PNC Bank, National Association, General Electric Capital Corporation, WESCO Receivables Corp., WESCO Distribution, Inc., Fifth Third Bank, N.A., Mellon Bank, N.A., The Bank of Nova Scotia, Hering Enterprises, Inc. and WESCO Equity Corporation.	Filed herewith
10.22	Receivables Purchase Agreement, dated as of June 30, 1999, among WESCO Receivables Corp., WESCO Distribution, Inc., Market Street Capital Corp. and PNC Bank, National Association.	Incorporated by reference to Exhibit 10.2 to WESCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999
10.23	Amended and Restated Receivables Purchase Agreement, dated as of September 28, 1999, among WESCO Receivables Corp., WESCO Distribution, Inc. and PNC Bank, National Association.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999
10.24	1999 Long-Term Incentive Plan.	Incorporated by reference to Exhibit 10.22 to WESCO's Registration Statement on Form S-1 (No. 333-73299)
21.1	Subsidiaries of WESCO.	Incorporated by reference to Exhibit 21.1 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.	Filed herewith

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.

Copies of exhibits may be retrieved electronically at the Securities and Exchange Commission's home page at [www.sec.gov](http://www.sec.gov). Exhibits will also be furnished without charge by writing to Stephen A. Van Oss, Vice President, Chief Financial Officer, Commerce Court, Four Station Square, Suite 700, Pittsburgh, Pennsylvania 15219. Requests may also be directed to (412) 454-2200.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESCO INTERNATIONAL, INC.

By: /s/ ROY W. HALEY

-----  
 Name: Roy W. Haley  
 Title: Chairman of the Board and  
 Chief Executive Officer  
 Date: March 29, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ ROY W. HALEY ----- Roy W. Haley	Chairman and Chief Executive Officer (Principal Executive Officer)	March 29, 2002
/s/ STEPHEN A. VAN OSS ----- Stephen A. Van Oss	Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2002
/s/ JAMES L. SINGLETON ----- James L. Singleton	Director	March 29, 2002
/s/ JAMES A. STERN ----- James A. Stern	Director	March 29, 2002
/s/ MICHAEL J. CHESHIRE ----- Michael J. Cheshire	Director	March 29, 2002
/s/ ROBERT J. TARR, JR. ----- Robert J. Tarr, Jr.	Director	March 29, 2002
/s/ KENNETH L. WAY ----- Kenneth L. Way	Director	March 29, 2002
/s/ GEORGE L. MILES, JR. ----- George L. Miles, Jr.	Director	March 29, 2002
/s/ ROBERT Q. BRUHL ----- Robert Q. Bruhl	Director	March 29, 2002

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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 its subsidiaries (collectively, "WESCO") at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America, 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 our opinion.

Pittsburgh, Pennsylvania  
February 12, 2002, except for Note 20  
as to which the date is March 19, 2002

/s/ PricewaterhouseCoopers LLP

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31

	2001	2000
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 75,057	\$ 21,079
Trade accounts receivable, net of allowance for doubtful accounts of \$11,816 and \$9,794 in 2001 and 2000, respectively (NOTE 5).....	217,920	259,988
Other accounts receivable.....	26,413	31,365
Inventories, net.....	380,022	421,083
Income taxes receivable.....	3,643	2,374
Prepaid expenses and other current assets.....	6,639	5,602
Deferred income taxes (NOTE 11).....	8,341	14,157
Total current assets.....	718,035	755,648
Property, buildings and equipment, net (NOTE 8).....	120,599	123,477
Goodwill, net of accumulated amortization of \$39,851 and \$27,959 in 2001 and 2000, respectively (NOTE 6).....	311,073	274,862
Other assets.....	8,251	7,469
Total assets.....	\$1,157,958	\$1,161,456
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$ 469,107	\$ 460,535
Accrued payroll and benefit costs.....	16,480	27,027
Current portion of long-term debt.....	5,530	585
Other current liabilities.....	38,362	37,672
Total current liabilities.....	529,479	525,819
Long-term debt (NOTE 9).....	446,436	482,740
Other noncurrent liabilities.....	10,086	6,823
Deferred income taxes (NOTE 11).....	27,306	21,087
Total liabilities.....	1,013,307	1,036,469
Commitments and contingencies (NOTE 15)		
STOCKHOLDERS' EQUITY (NOTES 3 AND 10):		
Preferred stock, \$.01 par value; 20,000,000 shares authorized, no shares issued or outstanding.....	--	--
Common stock, \$.01 par value; 210,000,000 shares authorized, 44,269,810 and 44,093,664 shares issued in 2001 and 2000, respectively.....	443	441
Class B nonvoting convertible common stock, \$.01 par value; 20,000,000 shares authorized, 4,653,131 issued in 2001 and 2000.....	46	46
Additional capital.....	569,997	569,288
Retained earnings (deficit).....	(389,919)	(410,144)
Treasury stock, at cost; 4,032,648 and 3,976,897 shares in 2001 and 2000, respectively.....	(33,852)	(33,406)
Accumulated other comprehensive income (loss).....	(2,064)	(1,238)
Total stockholders' equity.....	144,651	124,987
Total liabilities and stockholders' equity.....	\$1,157,958	\$1,161,456

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		
	2001	2000	1999
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Net sales.....	\$3,658,033	\$3,881,096	\$3,423,858
Cost of goods sold.....	3,014,520	3,196,952	2,807,240
Gross profit.....	643,513	684,144	616,618
Selling, general and administrative expenses.....	517,156	524,309	471,275
Depreciation and amortization.....	30,972	24,993	20,350
Restructuring charge (NOTE 4) .....	--	9,404	--
Income from operations.....	95,385	125,438	124,993
Interest expense, net.....	45,140	43,780	46,968
Other expenses (NOTE 5).....	16,877	24,945	19,547
Income before income taxes and extraordinary item.....	33,368	56,713	58,478
Provision for income taxes (NOTE 11).....	13,143	23,275	23,333
Income before extraordinary item.....	20,225	33,438	35,145
Extraordinary item, net of tax benefit of \$6,711 .....	--	--	(10,507)
Net income .....	\$ 20,225	\$ 33,438	\$ 24,638
Earnings per share (NOTE 12) Basic:			
Income before extraordinary item.....	\$0.45	\$0.74	\$0.82
Extraordinary item.....	--	--	(0.25)
Net income .....	\$0.45	\$0.74	\$0.57
Diluted:			
Income before extraordinary item.....	\$0.43	\$0.70	\$0.75
Extraordinary item.....	--	--	(0.22)
Net income .....	\$0.43	\$0.70	\$0.53

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	CLASS B COMMON STOCK	ADDITIONAL CAPITAL	RETAINED EARNINGS (DEFICIT)	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	REDEEMABLE COMMON STOCK
(IN THOUSANDS)								
BALANCE, DECEMBER 31, 1998...		\$252	\$46	\$326,783	\$(468,220)	\$ --	\$(1,422)	\$21,506
Issuance of common stock....		112		186,662				
Termination of redemption rights.....		49		21,457				(21,506)
Conversion of convertible notes.....		17		29,574				
Repurchase of common stock...						(4,756)		
Exercise of stock options, including tax benefit...		3		1,421		(34)		
Net income .....	\$24,638				24,638			
Translation adjustment.....	723						723	
Comprehensive income.....	\$25,361							
BALANCE, DECEMBER 31, 1999...		433	46	565,897	(443,582)	(4,790)	(699)	--
Repurchase of common stock ..						(28,064)		
Exercise of stock options, including tax benefit...		8		3,391		(552)		
Net income .....	\$33,438				33,438			
Translation adjustment.....	(539)						(539)	
Comprehensive income.....	\$32,899							
BALANCE, DECEMBER 31, 2000...		441	46	569,288	(410,144)	(33,406)	(1,238)	--
Exercise of stock options, including tax benefit, net.....		2		709		(446)		
Net income .....	\$20,225				20,225			
Translation adjustment.....	(826)						(826)	
Comprehensive income.....	\$19,399							
BALANCE, DECEMBER 31, 2001...		\$443	\$46	\$569,997	\$(389,919)	\$ (33,852)	\$(2,064)	\$ --

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		
	2001	2000	1999
	(IN THOUSANDS)		
<b>OPERATING ACTIVITIES:</b>			
Net income .....	\$20,225	\$33,438	\$24,638
Adjustments to reconcile net income to net cash provided by operating activities:			
Restructuring charge.....	--	9,404	--
Extraordinary item, net of tax benefits.....	--	--	10,507
Depreciation and amortization.....	30,972	24,993	20,350
Accretion of original issue and amortization of purchase discounts.....	1,799	1,147	4,441
Amortization of debt issuance and interest rate cap costs ...	1,168	608	1,153
(Gain) loss on sale of property, buildings and equipment.....	(520)	(841)	314
Deferred income taxes.....	12,035	2,260	13,367
Changes in assets and liabilities, excluding the effects of acquisitions:			
Change in receivables facility.....	(45,000)	40,000	60,000
Trade and other receivables.....	106,072	(97,570)	(66,725)
Inventories.....	48,511	(16,047)	(44,964)
Prepaid expenses and other current assets.....	(1,642)	(1,609)	3,660
Other assets.....	(836)	(99)	417
Accounts payable.....	3,402	39,345	41,788
Accrued payroll and benefit costs.....	(10,547)	8,488	(1,443)
Other current and noncurrent liabilities.....	(4,547)	3,394	(1,147)
Net cash provided by operating activities.....	161,092	46,911	66,356
<b>INVESTING ACTIVITIES:</b>			
Capital expenditures.....	(13,820)	(21,552)	(21,230)
Proceeds from the sale of property, buildings and equipment.....	933	1,543	650
Receipts from affiliate.....	--	224	8,667
Acquisitions, net of cash acquired .....	(56,269)	(40,904)	(59,983)
Net cash used by investing activities.....	(69,156)	(60,689)	(71,896)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of long-term debt.....	766,363	724,038	683,772
Repayments of long-term debt.....	(803,548)	(670,734)	(858,072)
Debt issuance costs.....	(1,262)	(475)	(2,160)
Proceeds from issuance of common stock, net of offering costs, and exercise of options .....	489	1,273	187,482
Repurchase of common stock.....	--	(28,064)	(4,756)
Net cash (used) provided by financing activities.....	(37,958)	26,038	6,266
Net change in cash and cash equivalents.....	53,978	12,260	726
Cash and cash equivalents at the beginning of period.....	21,079	8,819	8,093
Cash and cash equivalents at the end of period.....	\$75,057	\$21,079	\$8,819

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 over 350 branch locations and five distribution centers in the United States, Canada, Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, Singapore and Venezuela.

On June 5, 1998, WESCO repurchased and retired all of the common stock of WESCO principally held by non-management shareholders for \$10.75 per share for net consideration of approximately \$653.5 million. 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 the Cypress Group LLC ("Cypress") representing approximately 88.7% of WESCO at that time for an aggregate cash consideration of \$318.1 million. Existing management retained approximately an 11.3% interest in WESCO immediately following the transaction. 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 \$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.

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.

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 amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results may ultimately differ from the estimates.

Revenue Recognition

Revenues are recognized when title, ownership and risk of loss pass to the customer, or services are rendered.

Shipping and Handling Costs and Fees

WESCO records all costs and fees associated with transporting its products to customers as a component of selling, general and administrative expenses.

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. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time the receivables are sold the balances are removed from the balance sheet.

SFAS No. 140 also requires retained interests in the transferred assets to be measured by allocating the previous carrying amount between the assets sold and retained interests based on their relative fair values at the date of transfer. The Company estimates fair value based on the present value of expected future cash flows discounted at a rate commensurate with the risks involved.

#### 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. The Company makes provisions for obsolete or slow-moving inventories as necessary to properly reflect inventory value. Reserves for excess and obsolete inventories were \$16.8 million and \$18.7 million at December 31, 2001 and 2000, respectively.

#### Property, Buildings and Equipment

Property, buildings and equipment are recorded at cost. Depreciation expense is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over either their respective lease terms or their estimated lives, whichever is shorter. Estimated useful lives range from five to forty years for buildings and leasehold improvements, three to seven years for furniture, fixtures and equipment and two to five years for software costs.

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 arising from acquisitions and other intangible assets are amortized on a straight-line basis over periods ranging from 25 to 35 years. The carrying values 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. As discussed in Recent Accounting Pronouncements in this note, WESCO will adopt SFAS No. 141 and SFAS No. 142 effective January 1, 2002.

#### 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.

#### Foreign Currency Translation

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

#### Treasury Stock

Common stock purchased for treasury is recorded at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the weighted average cost basis.

#### Fair Value of Financial Instruments

For certain of WESCO's financial instruments, including cash and cash equivalents, short-term investments, accounts receivable, notes payable and short-term borrowings, accounts payable and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities. The estimated fair value of WESCO's senior subordinated notes was \$374.0 million at December 31, 2001, compared to a carrying value of \$377.8 million. The estimated

fair value of the debt is based primarily on quoted market prices, as well as borrowing rates currently available to WESCO for bank loans with similar terms and maturities.

#### Interest Rate Swaps

WESCO enters into interest rate swap agreements to reduce the exposure of its debt to interest rate risk and formally documents this strategy as part of its risk management program. Interest rate swaps are used to modify the market risk exposures for a portion of WESCO's debt to achieve LIBOR-based floating interest expense. The swap transactions generally involve the exchange of fixed for floating interest payment obligations and are accounted for as fair value hedges. The gain or loss on the derivative instrument, as well as the offsetting gain or loss on the hedged item, is recognized in earnings in the current period.

WESCO estimates the fair value of derivatives based on quoted market prices or pricing models using current market rates, and records all derivatives on the balance sheet at fair value. At December 31, 2001, the net fair value of interest-rate-related derivatives designated as fair value hedges of debt was \$3.2 million and is recorded in non-current liabilities. Cash flows from derivative instruments are presented in a manner consistent with the underlying transaction.

#### 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 period amounts have been reclassified to conform with the current year presentation.

#### Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, as amended by SFAS No. 138, was adopted by WESCO on January 1, 2001. 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. The adoption of this statement did not have a material impact on the results of operations or financial position of WESCO.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 141, all business combinations are accounted for under the purchase method. Under SFAS No. 142, goodwill will no longer be amortized, but will be reduced only if it is found to be impaired. Goodwill would be tested for impairment annually or more frequently when events or circumstances occur indicating that goodwill might be impaired. A fair-value based impairment test would be used to measure goodwill for impairment. As goodwill is measured as a residual amount in an acquisition, it is not possible to directly measure the fair value of goodwill. Under this statement, the net assets of a reporting unit are subtracted from the fair value of that reporting unit to determine the implied fair value of goodwill. An impairment loss would be recognized to the extent the carrying amount of goodwill exceeds the implied fair value. The provisions of this statement are effective for all business combinations completed after July 1, 2001 and fiscal years beginning after December 15, 2001 for existing goodwill. As required by this statement, management is currently evaluating its goodwill for impairment and has not yet completed its analysis. Management believes the adoption of this standard will have a material non-cash impact on WESCO's results of operations due to goodwill no longer being amortized. Goodwill amortization was \$11.9 million in 2001.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets". This statement, is required to be adopted by WESCO January 1, 2003, although earlier adoption is permitted. The objectives of SFAS No. 143 are to establish accounting standards for the recognition and

measurement of an asset retirement obligation and its associated asset retirement cost. It applies to legal obligations that result from the acquisition, construction, development, or the normal operation of a long-lived asset, excluding certain obligations of leases. Management believes the adoption of this standard will not have a material impact on the results of operations or financial position of WESCO.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Long-lived Assets". This statement addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and supersedes SFAS No. 121. This statement retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and measurement of long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. This statement was adopted by WESCO as of January 1, 2002. The adoption of this statement did not have a material impact on the results of operations or financial position of WESCO.

### 3. INITIAL PUBLIC OFFERING

On May 17, 1999, WESCO completed its initial public offering of 11,183,750 shares of common stock ("Offering") at \$18.00 per share. In connection with the Offering, certain employee rights to require WESCO to repurchase outstanding redeemable common stock were terminated and approximately \$31.5 million of convertible notes were converted into 1,747,228 shares of common stock. Proceeds from the Offering (after deducting Offering costs of \$14.5 million) totaling \$186.8 million and borrowings of approximately \$65 million were used to redeem all of the 11 1/8% senior discount notes (\$62.8 million) and to repay the existing revolving credit and term loan facilities (\$188.8 million).

In connection with the Offering, 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 stock into common stock, increased the authorized common stock to 210,000,000 shares and the authorized Class B common stock to 20,000,000 shares and authorized 20,000,000 shares of \$.01 par value preferred stock, all effective May 11, 1999. In this report, all share and per share data have been restated to reflect the stock split.

### 4. RESTRUCTURING CHARGE

In the fourth quarter of 2000, WESCO commenced certain programs to reduce costs, improve productivity and exit certain operations. Total costs under these programs were \$9.4 million, and were comprised of \$5.4 million related to the closure of fourteen branch operations in the United States, Canada and the Balkans, and \$4.0 million related to the write-down of an investment in an affiliate. The \$5.4 million charge related to the closure of fourteen branch operations is principally comprised of an inventory write-down of approximately \$4.0 million and lease termination costs of approximately \$1.0 million, the majority of which was paid in 2001. The \$4.0 million investment write-down was a result of management's decision to no longer pursue its business strategy with an affiliate.

### 5. ACCOUNTS RECEIVABLE SECURITIZATION

In June 1999, WESCO and certain of its subsidiaries terminated its previous accounts receivable securitization program and entered into a new accounts receivable securitization program ("Receivables Facility"). Under the Receivables Facility, WESCO sells, on a continuous basis, to WESCO Receivables Corporation, a wholly-owned, special purpose company ("SPC"), an undivided interest in all domestic accounts receivable. The SPC sells without recourse to a third-party conduit all the eligible receivables while maintaining a subordinated interest, in the form of overcollateralization, in a portion of the receivables. WESCO has agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded.

As of December 31, 2001 and 2000, securitized accounts receivable totaled approximately \$398 million and \$479 million, respectively, of which the subordinated retained interest was approximately \$65 million and \$101 million, respectively. Accordingly, approximately \$333 million and \$378 million of accounts receivable balances were removed from the consolidated balance sheets at December 31, 2001 and 2000, respectively. WESCO reduced its

accounts receivable securitization program by \$45.0 million in 2001. Net proceeds from the transactions totaled \$40.0 million in 2000. Costs associated with the Receivables Facility totaled \$16.9 million, \$24.9 million and \$19.5 million in 2001, 2000 and 1999, respectively. These amounts are recorded as other expenses in the consolidated statement of operations and are primarily related to the discount and loss on the sale of accounts receivables, partially offset by related servicing revenue.

The key economic assumptions used to measure the retained interest at the date of the securitization for securitizations completed in 2001 were a discount rate of 3% and an estimated life of 1.5 months. At December 31, 2001, an immediate adverse change in the discount rate or estimated life of 10% and 20% would result in a reduction in the fair value of the retained interest of \$0.1 million and \$0.3 million, respectively. These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this example, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another.

## 6. ACQUISITIONS

In March 2001, WESCO acquired a distributor serving contractors who install gas, lighting and communication utility infrastructure. In 2000 and 1999, WESCO acquired three and four electrical distributors, respectively. Certain of the acquisitions also contain contingent consideration provisions that are not material to the consolidated financial statements of WESCO. A summary of certain information with respect to all acquisitions follows:

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
	(IN THOUSANDS)		
Aggregate purchase price, including contingent consideration.....	\$62,956	\$47,801	\$40,076
Recorded goodwill.....	47,339	38,223	25,455

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, assuming they had been made at the beginning of each year presented, would not be materially different from the consolidated results reported herein.

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.

Additional contingent consideration, if any, is to be paid based on a multiple of increases in earnings before interest, taxes, depreciation and amortization of Bruckner through 2004. Up to 50% of the additional future contingent consideration, if any, may be converted at the election of the holder into common stock at the then market value. The purchase agreement provides for an additional earn-out potential of \$90 million during any one of the next three years if certain earning targets are achieved. The maximum amount payable in any single year under this agreement is \$30 million. Certain other acquisitions also contain contingent consideration provisions, one of which could require a significant payment in 2008.

## 7. 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 14%, 13% and 13% of WESCO's purchases for each of the three years, 2001, 2000 and 1999, respectively.

8. PROPERTY, BUILDINGS AND EQUIPMENT

The following table sets forth the components of property, buildings and equipment:

	DECEMBER 31	
	2001	2000
	(IN THOUSANDS)	
Land.....	\$18,588	\$18,699
Buildings and leasehold improvements.....	66,921	62,905
Furniture, fixtures and equipment.....	76,899	67,210
Software costs.....	28,292	18,406
	190,700	167,220
Accumulated depreciation and amortization.....	(72,705)	(55,984)
	117,995	111,236
Construction in progress.....	2,604	12,241
	\$120,599	\$123,477

9. LONG TERM DEBT

The following table sets forth WESCO's outstanding indebtedness:

	DECEMBER 31	
	2001	2000
	(IN THOUSANDS)	
Revolving credit facility.....	\$ 68,584	\$189,624
Senior subordinated notes (1).....	377,756	291,489
Other.....	5,626	2,212
	451,966	483,325
Less current portion.....	(5,530)	(585)
	\$446,436	\$482,740

(1) Net of original issue discount of \$9,963 and \$723 and purchase discount of \$9,105 and \$7,788 in 2001 and 2000, respectively.

Revolving Credit Facility

In June 1999, WESCO Distribution, Inc., a wholly-owned subsidiary of WESCO, entered into a \$400 million revolving credit facility with certain financial institutions. The revolving credit facility, which matures in June 2004, consists of up to \$365 million of revolving loans denominated in U.S. dollars and a Canadian sublimit totaling US\$35 million. Borrowings under the revolving credit facility are collateralized by substantially all the assets of WESCO Distribution, Inc. other than real property and accounts receivable sold under the Receivables Facility, and are guaranteed by WESCO International, Inc. and certain subsidiaries.

In August 2001, WESCO Distribution, Inc. entered into an amendment to its revolving credit facility, which, among other things, affected the pricing of and amounts available under the revolving credit facility. The LIBOR borrowing margins applicable to advances under the revolving credit facility, which previously ranged from 100 to 200 basis points, were amended to range from 150 to 250 basis points depending upon WESCO's leverage ratio. The amendment also provided for reduction in the maximum amount available under the revolving credit facility from approximately \$379 million to approximately \$263 million. The amendment further provided for subsequent quarterly decreases in the maximum amount available as follows:

- beginning January 1, 2002 through July 1, 2002, the maximum amount available will be reduced by \$5 million per quarter;
- from October 1, 2002 through January 1, 2004, the maximum amount available will be reduced by \$12.5 million per quarter; and



- on April 1, 2004, the maximum amount available will be reduced by \$10 million.

Borrowings 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, 2001 and December 31, 2000, the interest rates on revolving credit facility borrowings were 6.0% and 8.4%, respectively. A commitment fee of 30 to 50 basis points per year is due on unused portions of the revolving credit facility.

As discussed in Note 20, in March 2002 WESCO Distribution, Inc. terminated the revolving credit facility discussed above and entered into a \$290 million revolving credit agreement that is collateralized by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Distribution Canada, Inc.

#### Senior Subordinated Notes

In August 2001, WESCO completed an offering of \$100 million in aggregate principal amount of 9 1/8% senior subordinated notes due on June 1, 2008. The notes were issued with an issue price of 90.142%. The net proceeds received by WESCO from the offering were approximately \$87.6 million after deducting the initial purchasers' discount and before offering expenses. The net proceeds were used to repay a portion of the outstanding indebtedness of the Company under its revolving credit facility.

The senior subordinated notes in an aggregate principal amount of \$400 million were issued by WESCO Distribution, Inc. The notes are unsecured obligations and are fully and unconditionally guaranteed by WESCO International, Inc.

The senior subordinated notes bear interest at a stated rate of 9 1/8% payable semiannually on June 1 and December 1 through June 1, 2008. The effective interest rate for the senior subordinated notes is 9.6%.

The senior subordinated notes are redeemable at the option of WESCO Distribution, Inc. 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 the Company 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.

In September and October 2001, WESCO entered into certain interest rate swap agreements with respect to \$100 million notional amount of indebtedness. Pursuant to the agreements, WESCO will receive semi-annual fixed interest payments at the rate of 9 1/8% commencing December 1, 2001 and will make quarterly variable interest rate payments at rates based on LIBOR plus a margin commencing December 1, 2001 (currently rates range from 6.051% to 6.241%). The swap agreements terminate on June 1, 2008.

#### Other

At December 31, 2001 and 2000, other borrowings primarily consisted of notes issued to sellers in connection with acquisitions.

The following table sets forth the aggregate principal repayment requirements for all indebtedness for the next five years without giving effect to the new revolving credit agreement:

(IN THOUSANDS)	
-----	
2002.....	\$ 5,530
2003.....	30
2004 .....	68,614
2005.....	30
2006.....	6

WESCO's credit agreements contain various restrictive covenants that, among other things, impose limitations on (i) dividend payments or certain other restricted payments or investments; (ii) the incurrence of additional indebtedness and guarantees or issuance of additional stock; (iii) creation of liens; (iv) mergers, consolidation or sales of substantially all of WESCO's assets; (v) certain transactions among affiliates; (vi) payments by certain subsidiaries to WESCO; and (vii) capital expenditures. In addition, the agreements require WESCO to meet certain leverage, working capital and interest coverage ratios. WESCO was in compliance with all such covenants at December 31, 2001.

WESCO is permitted to pay dividends under certain limited circumstances. At December 31, 2001 and 2000, no retained earnings were available for dividend payments.

WESCO had \$1.0 million and \$0.5 million of outstanding letters of credit at December 31, 2001 and 2000, respectively. These letters of credit are used as collateral for potential obligation under WESCO's insurance programs as well as certain foreign commercial transactions. The fair value of the letters of credit approximates the contract value.

#### 10. CAPITAL STOCK

##### Preferred Stock

There are 20,000,000 shares of preferred stock authorized at a par value of \$.01 per share. The Board of Directors has the authority, without further action by the stockholders, to issue all authorized preferred shares in one or more series and to fix the number of shares, designations, voting powers, preferences, optional and other special rights and the restrictions or qualifications thereof. The rights, preferences, privileges and powers of each series of preferred stock may differ with respect to dividend rates, liquidation values, voting rights, conversion rights, redemption provisions and other matters.

##### Common Stock

There are 210,000,000 shares of common stock 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 common stock, except for voting and conversion rights. The holders of Class B common stock have no voting rights. With certain exceptions, Class B common stock may be converted, at the option of the holder, into the same number of shares of common stock.

##### Redeemable Common Stock

Prior to the Offering, certain employees and key management of WESCO held common stock and options that required 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. In connection with these redemption features, WESCO had classified outside of permanent equity, an amount representing the initial fair value of the redeemable shares. These shares and exercisable options were not marked to market since the events of redemption were considered remote. This repurchase right terminated upon the consummation of the Offering and as a result, the redeemable shares were reclassified to stockholders' equity.

The following table sets forth capital stock share activity:

	COMMON STOCK	TREASURY STOCK	CLASS B COMMON STOCK	REDEEMABLE COMMON STOCK
December 31, 1998.....	25,209,817	--	4,653,131	4,901,902
Shares issued.....	11,183,750	--	--	--
Termination of redemption rights...	4,901,902	--	--	(4,901,902)
Conversion of convertible notes....	1,747,228	--	--	--
Treasury shares purchased.....	--	(632,700)	--	--
Options exercised.....	248,622	(4,559)	--	--
December 31, 1999.....	43,291,319	(637,259)	4,653,131	--
Treasury shares purchased.....	--	(3,265,300)	--	--
Options exercised.....	802,345	(74,338)	--	--
December 31, 2000.....	44,093,664	(3,976,897)	4,653,131	--
Options exercised, net.....	176,146	(55,751)	--	--
December 31, 2001.....	44,269,810	(4,032,648)	4,653,131	--

In May 2000, WESCO's Board of Directors authorized an additional \$25 million to be added to its existing \$25 million share repurchase program which was authorized in November 1999. WESCO's common stock may be purchased at management's discretion, subject to certain financial ratios, in open market transactions and the program may be discontinued at any time. As of December 31, 2001, the Company had purchased 3,898,000 shares of its common stock for \$32.8 million pursuant to this program.

#### 11. INCOME TAXES

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

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
	(IN THOUSANDS)		
Current taxes:			
Federal.....	\$ 1,051	\$19,597	\$9,201
State.....	(1,502)	1,030	(311)
Foreign.....	1,559	388	1,076
Total current.....	1,108	21,015	9,966
Deferred taxes:			
Federal.....	9,990	832	10,416
State.....	2,297	183	2,779
Foreign.....	(252)	1,245	172
Total deferred.....	12,035	2,260	13,367
	\$13,143	\$23,275	\$23,333

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

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
	(IN THOUSANDS)		
United States.....	\$29,921	\$52,963	\$54,070
Foreign.....	3,447	3,750	4,408
	\$33,368	\$56,713	\$58,478

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

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
Federal statutory rate.....	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit.....	1.5	1.4	2.7
Nondeductible expenses.....	4.2	3.4	2.9
Foreign taxes.....	--	0.3	(0.3)
Other(1).....	(1.3)	0.9	(0.4)
	39.4%	41.0%	39.9%

(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.

The following table sets forth deferred tax assets and liabilities:

	DECEMBER 31	
	2001	2000
	(IN THOUSANDS)	
Accounts receivable.....	\$6,014	\$ 6,512
Inventory.....	1,134	6,077
Other.....	1,193	1,568
Deferred tax assets.....	8,341	14,157
Intangibles.....	(17,244)	(14,539)
Property, buildings and equipment.....	(11,795)	(8,497)
Other.....	1,733	1,949
Deferred tax liabilities.....	(27,306)	(21,087)
	<u>\$ (18,965)</u>	<u>\$ (6,930)</u>

## 12. EARNINGS PER SHARE

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

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

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
Income before extraordinary item.....	\$20,225	\$33,438	\$35,145
Interest on convertible debt.....	--	--	595
Earnings used in diluted earnings per share.....	\$20,225	\$33,438	\$35,740
Weighted average common shares outstanding used in computing basic earnings per share.....	44,862,087	45,326,475	43,057,894
Common shares issuable upon exercise of dilutive stock options .....	2,039,586	2,420,132	3,516,733
Assumed conversion of convertible debt.....	--	--	949,912
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share.....	46,901,673	47,746,607	47,524,539
Earnings per share before extraordinary item			
Basic.....	\$0.45	\$0.74	\$0.82
Diluted.....	\$0.43	0.70	0.75



Options to purchase 4.4 million and 3.8 million shares of common stock at a weighted average exercise price of \$10.24 per share and \$10.62 per share were outstanding as of December 31, 2001 and 2000, respectively, but were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of WESCO common stock.

13. EMPLOYEE BENEFIT PLANS

A majority of WESCO's employees are covered by defined contribution retirement savings plans for their service rendered subsequent to WESCO's formation. 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. For the years ended December 31, 2001, 2000 and 1999, WESCO contributed \$5.5 million, \$5.5 million and \$6.0 million, respectively, which was charged to expense. Contributions may be taken in the form of WESCO's stock at the employee's election.

In addition, employer profit sharing contributions may be made at the discretion of the Board of Directors and can be based on WESCO's financial performance. No such contributions were made during 2001, 2000 or 1999.

14. STOCK INCENTIVE PLANS

Stock Purchase Plans

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 common stock. The maximum number of shares available for purchase may not exceed 427,720. There were no shares issued in 2001, 2000 or 1999.

In 1994, WESCO established a stock purchase plan ("1994 Stock Purchase Plan") under which certain employees were granted an opportunity to purchase WESCO's 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.

Stock Option Plans

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

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

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

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

The following sets forth shares of common stock reserved for future issuance at December 31, 2001:

Stock Purchase Plan.....	135,830
LTIP.....	6,879,000

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

	2001		2000		1999	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Beginning of year.....	9,588,306	\$6.13	9,254,770	\$5.44	9,527,290	\$5.34
Granted .....	907,350	4.70	1,606,000	9.21	14,675	18.00
Exercised.....	(176,146)	2.78	(802,345)	2.27	(248,622)	2.31
Canceled.....	(320,433)	9.50	(470,119)	9.54	(38,573)	3.38
End of year.....	9,999,077	5.96	9,588,306	6.13	9,254,770	5.44
Exercisable at end of year.....	7,897,336	\$4.92	6,043,337	\$4.33	6,193,150	\$3.33

The following table sets forth exercise prices for options outstanding as of December 31, 2001:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
\$ 1.73	2,930,278	2,930,278	2.5
\$ 1.98	647,707	647,707	4.0
\$ 3.38	1,049,735	1,049,735	5.0
\$ 4.34	60,112	60,112	5.9
\$ 4.50 -- \$ 7.75	1,335,350	1,022,994	9.4
\$ 8.13 -- \$ 9.31	25,500	--	8.4
\$ 9.75 -- \$ 9.88	1,051,500	--	8.4
\$ 10.75	2,884,220	2,171,835	6.5
\$ 18.00	14,675	14,675	7.4
	9,999,077	7,897,336	

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		
	2001	2000	1999
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Net income (loss)			
As reported.....	\$20,225	\$33,438	\$24,638
Pro forma.....	17,351	30,979	22,912
Basic earnings (loss) per share			
As reported.....	\$0.45	\$0.74	\$0.57
Pro forma.....	0.39	0.68	0.53
Diluted earnings (loss) per share			
As reported.....	\$0.43	\$0.70	\$0.53
Pro forma.....	0.37	0.65	0.49

The weighted average fair value per option granted was \$2.99, \$4.82 and \$8.00 for the years ended December 31, 2001, 2000 and 1999, 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		
	2001	2000	1999
Risk-free interest rate.....	4.9%	6.0%	6.0%
Expected life (years).....	6.0	6.0	7.0
Stock price volatility.....	65.0%	45.0%	30.0%

#### 15. 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, 2001, are as follows:

	(IN THOUSANDS)
2002.....	\$25,493
2003.....	19,626
2004.....	14,900
2005.....	10,134
2006.....	6,798
Thereafter.....	15,643

Rental expense for the years ended December 31, 2001, 2000 and 1999, was \$32.5 million, \$30.3 million and \$33.3 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.

#### 16. SEGMENTS AND RELATED INFORMATION

WESCO is engaged principally in one line of business -- the sale of electrical products and maintenance repair and operating supplies -- which represents more than 90% of the consolidated net sales, income from operations and assets, for 2001, 2000 and 1999. There were no material amounts of sales or transfers among geographic areas and no material amounts of export sales.

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

	NET SALES YEAR ENDED DECEMBER 31			LONG-LIVED ASSETS YEAR ENDED DECEMBER 31		
	2001	2000	1999	2001	2000	1999
	(IN THOUSANDS)			(IN THOUSANDS)		
United States.....	\$3,266,352	\$3,494,527	\$3,059,901	\$427,062	\$392,820	\$357,696
Canada.....	311,471	319,823	288,203	11,257	11,286	11,157
Other foreign.....	80,210	66,746	75,754	1,604	1,702	1,881
	<u>\$3,658,033</u>	<u>\$3,881,096</u>	<u>\$3,423,858</u>	<u>\$439,923</u>	<u>\$405,808</u>	<u>\$370,734</u>



17. SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow information:

	YEAR ENDED DECEMBER 31		
	2001	2000	1999
	(IN THOUSANDS)		
Details of acquisitions:			
Fair value of assets acquired.....	\$72,270	\$63,764	\$47,425
Deferred acquisition payment.....	8,585	3,353	30,000
Liabilities assumed.....	(9,586)	(15,963)	(7,349)
Notes issued to seller.....	(5,000)	(2,500)	(1,500)
Deferred acquisition payable.....	(10,000)	(7,750)	(8,593)
Cash paid for acquisitions.....	\$56,269	\$40,904	\$59,983
Cash paid for interest.....	\$41,914	\$ 41,676	\$42,817
Cash paid for income taxes.....	3,259	19,589	5,249

Noncash investing activities not reflected in the consolidated statement of cash flows for 2000, consisted of the write-off of a \$4.0 million investment in an affiliate. Noncash financing activities not reflected in the consolidated statement of cash flows for 1999 consisted of the conversion of \$31.5 million of notes payable to common stock.

18. OTHER FINANCIAL INFORMATION

In June 1998, WESCO Distribution, Inc. issued \$300 million of 9 1/8% senior subordinated notes. The senior subordinated notes are fully and unconditionally guaranteed by WESCO International, Inc. on a subordinated basis to all existing and future senior indebtedness of WESCO International, Inc. Condensed consolidating financial information for WESCO International, Inc., WESCO Distribution, Inc. and the non-guarantor subsidiaries are as follows:

CONDENSED CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2001

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Cash and cash equivalents.....	\$ 2	\$ 17,877	\$ 57,178	\$ --	\$ 75,057
Trade accounts receivable.....	--	45,873	172,047	--	217,920
Inventories.....	--	341,597	38,425	--	380,022
Other current assets.....	--	50,514	24,481	(29,959)	45,036
<b>Total current assets.....</b>	<b>2</b>	<b>455,861</b>	<b>292,131</b>	<b>(29,959)</b>	<b>718,035</b>
Intercompany receivables, net.....	--	279,269	--	(279,269)	--
Property, buildings and equipment, net.....	--	49,330	71,269	--	120,599
Goodwill and other intangibles, net..	--	272,281	38,792	--	311,073
Investments in affiliates and other noncurrent assets.....	372,598	276,886	2,869	(644,102)	8,251
<b>Total assets.....</b>	<b>\$372,600</b>	<b>\$1,333,627</b>	<b>\$405,061</b>	<b>\$ (953,330)</b>	<b>\$1,157,958</b>
Accounts payable.....	\$ --	\$450,107	\$ 19,000	\$ --	\$ 469,107
Other current liabilities.....	10,752	43,106	36,473	(29,959)	60,372
<b>Total current liabilities.....</b>	<b>10,752</b>	<b>493,213</b>	<b>55,473</b>	<b>(29,959)</b>	<b>529,479</b>
Intercompany payables, net.....	215,134	--	64,135	(279,269)	--
Long-term debt.....	--	433,808	12,628	--	446,436
Other noncurrent liabilities.....	--	34,008	3,384	--	37,392
Stockholders' equity.....	146,714	372,598	269,441	(644,102)	144,651
<b>Total liabilities and stockholders' equity.....</b>	<b>\$372,600</b>	<b>\$1,333,627</b>	<b>\$405,061</b>	<b>\$ (953,330)</b>	<b>\$1,157,958</b>

DECEMBER 31, 2000

	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Cash and cash equivalents.....	\$ 10	\$ 14,911	\$ --	\$ 6,158	\$ 21,079
Trade accounts receivable.....	--	43,790	216,198	--	259,988
Inventories.....	--	383,025	38,058	--	421,083
Other current assets.....	--	54,635	18,768	(19,905)	53,498
<b>Total current assets.....</b>	<b>10</b>	<b>496,361</b>	<b>273,024</b>	<b>(13,747)</b>	<b>755,648</b>
Intercompany receivables, net.....	--	317,818	32,364	(350,182)	--
Property, buildings and equipment, net.....	--	53,280	70,197	--	123,477
Goodwill and other intangibles, net..	--	271,690	3,172	--	274,862
Investments in affiliates and other noncurrent assets.....	482,026	295,094	3,018	(772,669)	7,469
<b>Total assets.....</b>	<b>\$482,036</b>	<b>\$1,434,243</b>	<b>\$381,775</b>	<b>\$(1,136,598)</b>	<b>\$1,161,456</b>
Accounts payable.....	\$ --	\$ 410,171	\$ 44,206	\$ 6,158	\$ 460,535
Other current liabilities.....	5,629	56,805	22,755	(19,905)	65,284
<b>Total current liabilities.....</b>	<b>5,629</b>	<b>466,976</b>	<b>66,961</b>	<b>(13,747)</b>	<b>525,819</b>
Intercompany payables, net.....	350,182	--	--	(350,182)	--
Long-term debt.....	--	460,416	22,324	--	482,740
Other noncurrent liabilities.....	--	24,825	3,085	--	27,910
Stockholders' equity.....	126,225	482,026	289,405	(772,669)	124,987
<b>Total liabilities and stockholders' equity.....</b>	<b>\$482,036</b>	<b>\$1,434,243</b>	<b>\$381,775</b>	<b>\$(1,136,598)</b>	<b>\$1,161,456</b>

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2001

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales.....	\$ --	\$3,203,752	\$454,281	\$ --	\$3,658,033
Cost of goods sold.....	--	2,643,448	371,072	--	3,014,520
Selling, general and administrative expenses.....	--	487,204	29,952	--	517,156
Depreciation and amortization.....	--	26,469	4,503	--	30,972
Results of affiliates' operations....	15,572	94,356	--	(109,928)	--
Interest expense (income), net.....	(7,162)	59,045	(6,743)	--	45,140
Other (income) expense.....	--	91,897	(75,020)	--	16,877
Provision for income taxes.....	2,509	(25,527)	36,161	--	13,143
Net income (loss).....	\$ 20,225	\$ 15,572	\$ 94,356	\$ (109,928)	\$ 20,225

YEAR ENDED DECEMBER 31, 2000

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales.....	\$ --	\$3,497,076	\$ 384,020	\$ --	\$3,881,096
Cost of goods sold.....	--	2,882,626	314,326	--	3,196,952
Selling, general and administrative expenses.....	--	476,680	47,629	--	524,309
Depreciation and amortization.....	--	21,951	3,042	--	24,993
Restructuring charge.....	--	9,094	310	--	9,404
Results of affiliates' operations....	22,984	56,250	--	(79,234)	--
Interest expense (income), net.....	(16,083)	68,164	(8,301)	--	43,780
Other (income) expense.....	--	85,005	(60,060)	--	24,945
Provision for income taxes.....	5,629	(13,178)	30,824	--	23,275
Net income (loss).....	\$ 33,438	\$ 22,984	\$ 56,250	\$ (79,234)	\$ 33,438

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1999

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales .....	\$ --	\$ 3,083,173	\$ 340,685	\$ --	\$ 3,423,858
Cost of goods sold .....	--	2,528,631	278,609	--	2,807,240
Selling, general and administrative expenses .....	--	426,181	45,094	--	471,275
Depreciation and amortization .....	--	17,733	2,617	--	20,350
Results of affiliates' operations ....	26,446	52,047	--	(78,493)	--
Interest expense (income), net .....	(5,075)	60,729	(8,686)	--	46,968
Other (income) expense .....	--	79,595	(60,048)	--	19,547
Provision for income taxes .....	1,776	(7,195)	28,752	--	23,333
Income (loss) before extraordinary item .....	29,745	29,546	54,347	(78,493)	35,145
Extraordinary item, net of tax benefit	(5,107)	(3,100)	(2,300)	--	(10,507)
Net income (loss) .....	\$ 24,638	\$ 26,446	\$ 52,047	\$ (78,493)	\$ 24,638

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities .....	\$ 9,551	\$ 42,793	\$ 114,906	\$ (6,158)	\$ 161,092
Investing activities:					
Capital expenditures .....	--	(11,654)	(2,166)	--	(13,820)
Acquisitions .....	--	933	--	--	933
Other .....	--	(10,496)	(45,773)	--	(56,269)
Net cash used in investing activities .....	--	(21,217)	(47,939)	--	(69,156)
Financing activities:					
Net borrowings (repayments) ....	(10,048)	(17,397)	(9,740)	--	(37,185)
Equity transactions .....	489	--	--	--	489
Other .....	--	(1,213)	(49)	--	(1,262)
Net cash (used in) provided by financing activities .....	(9,559)	(18,610)	(9,789)	--	(37,958)
Net change in cash and cash equivalents .....	(8)	2,966	57,178	(6,158)	53,978
Cash and cash equivalents at beginning of year .....	10	14,911	--	6,158	21,079
Cash and cash equivalents at end of period .....	\$ 2	\$ 17,877	\$ 57,178	\$ --	\$ 75,057

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2000  
(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities.....	\$ 13,585	\$ 32,332	\$(23,167)	\$ 24,161	\$ 46,911
Investing activities:					
Capital expenditures.....	--	(18,167)	(3,385)	--	(21,552)
Acquisitions.....	--	(40,904)	--	--	(40,904)
Other.....	--	267	1,500	--	1,767
Net cash used in investing activities.....	--	(58,804)	(1,885)	--	(60,689)
Financing activities:					
Net borrowings (repayments) ....	13,206	41,858	(1,760)	--	53,304
Equity transactions.....	(26,791)	--	--	--	(26,791)
Other.....	--	(475)	--	--	(475)
Net cash (used in) provided by financing activities.....	(13,585)	41,383	(1,760)	--	26,038
Net change in cash and cash equivalents.....	--	14,911	(26,812)	24,161	12,260
Cash and cash equivalents at beginning of year.....	10	--	26,812	(18,003)	8,819
Cash and cash equivalents at end of period.....	\$ 10	\$ 14,911	\$ --	\$ 6,158	\$ 21,079

YEAR ENDED DECEMBER 31, 1999

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities .....	\$ (36)	\$ 84,962	\$ (567)	\$ (18,003)	\$ 66,356
Investing activities:					
Capital expenditures .....	--	(17,452)	(3,778)	--	(21,230)
Acquisitions .....	--	(59,983)	--	--	(59,983)
Other .....	--	8,717	600	--	9,317
Net cash used in investing activities .....	--	(68,718)	(3,178)	--	(71,896)
Financing activities:					
Net borrowings (repayments) ....	(182,680)	(14,084)	22,464	--	(174,300)
Equity transactions .....	182,726	--	--	--	182,726
Other .....	--	(2,160)	--	--	(2,160)
Net cash (used in) provided by financing activities .....	46	(16,244)	22,464	--	6,266
Net change in cash and cash equivalents .....	10	--	18,719	(18,003)	726
Cash and cash equivalents at beginning of year .....	--	--	8,093	--	8,093
Cash and cash equivalents at end of period .....	\$ 10	\$ --	\$ 26,812	\$ (18,003)	\$ 8,819

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth selected quarterly financial data for the years ended December 31, 2001 and 2000:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER(1)
----- ( IN THOUSANDS, EXCEPT SHARE DATA )				
2001				
Net sales.....	\$928,057	\$944,136	\$905,554	\$880,286
Gross profit.....	167,119	164,831	159,219	152,344
Income from operations.....	22,931	28,008	24,275	20,171
Income before income taxes .....	5,869	12,472	8,492	6,535
Net income .....	3,492	7,513	5,095	4,125
Basic earnings (loss) per share.....	0.08	0.17	0.11	0.09
Diluted earnings (loss) per share.....	0.07	0.16	0.11	0.09
2000				
Net sales.....	\$925,022	\$990,931	\$976,332	\$988,811
Gross profit.....	165,018	173,872	178,951	166,303
Income from operations.....	31,374	38,077	42,354	13,633
Income (loss) before income taxes .....	15,233	21,350	24,314	(4,184)
Net income (loss) .....	9,155	12,831	14,603	(3,151)
Basic earnings (loss) per share.....	0.20	0.28	0.32	(0.07)
Diluted earnings (loss) per share.....	0.19	0.27	0.31	(0.07)

(1) The fourth quarter of 2000 includes a restructuring charge of \$9.4 million (see Note 4).

20. SUBSEQUENT EVENT

In March 2002, WESCO Distribution, Inc. entered into a \$290 million revolving credit agreement that is collateralized by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Distribution Canada, Inc. Availability under the agreement, which matures in 2007, is limited to the amount of eligible inventory and Canadian receivables applied against certain advance rates. Proceeds from this agreement were used to retire WESCO Distribution, Inc.'s existing revolving credit facility. Interest on this facility will be at LIBOR plus a margin that will range between 2.0% to 2.75% depending upon the amount of excess availability under the facility. As long as the average daily excess availability for both the preceding and projected succeeding 90 day period is greater than \$50 million, then WESCO would be permitted to make acquisitions and repurchase outstanding public stock and bonds.

The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million but WESCO's fixed charge coverage ratio, as defined by the agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if WESCO's excess availability under the agreement is less than \$50 million, then WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0.

At the date of inception, WESCO was in compliance with all covenants of the new facility.

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, 2002, except for Note 20 as to which the date is March 19, 2002 also included an audit of the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 30 of this Form 10-K. 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.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania  
February 12, 2002 except for Note 20  
to which the date is March 19, 2002



SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

COL. A	COL. B	COL. C		COL. D	COL. E
-----					
ADDITIONS					
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO EXPENSE	CHARGED TO OTHER ACCOUNTS(a)	DEDUCTIONS(b)	BALANCE AT END OF PERIOD
-----					
Year ended December 31, 2001....	\$9,794	\$10,291	\$504	\$(8,773)	\$11,816
Year ended December 31, 2000....	7,023	9,970	574	(7,773)	9,794
Year ended December 31, 1999....	8,082	2,465	604	(4,128)	7,023

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

b Includes a reduction in the allowance for doubtful accounts related to the sale of receivables at fair market value in connection with the Receivables Facility.

COL. A	COL. B	COL. C		COL. D	COL. E
-----					
ADDITIONS					
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO EXPENSE	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS(c)	BALANCE AT END OF PERIOD
-----					
Inventory reserve:					
Year ended December 31, 2001....	\$18,727	\$2,607	\$ 663(a)	\$(5,202)	\$16,795
Year ended December 31, 2000....	16,043	4,342	3,573(a)(b)	(5,231)	18,727
Year ended December 31, 1999....	15,851	3,985	49(a)	(3,842)	16,043

a Includes inventory reserves in connection with certain acquisitions.

b Includes inventory reserves in connection with a restructuring charge taken in 2000.

c Includes a reduction in the inventory reserve due to disposal of inventory

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.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
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) and certain securityholders of WESCO International, Inc.	Incorporated by reference to Exhibit 2.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
2.2	Purchase Agreement, dated as of May 29, 1998, among WESCO International, Inc., WESCO Distribution, Inc., Chase Securities Inc. and Lehman Brothers, Inc.	Incorporated by reference to Exhibit 2.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
2.3	Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 2.01 to WESCO's Current Report on Form 8-K, dated September 11, 1998
2.4	Purchase Agreement, dated August 16, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and the Initial Purchasers listed therein.	Incorporated by reference to Exhibit 2.4 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
3.1	Restated Certificate of Incorporation of WESCO International, Inc.	Incorporated by reference to Exhibit 3.1 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
3.2	By-Laws of WESCO International, Inc.	Incorporated by reference to Exhibit 3.2 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.1	Indenture, dated as of June 5, 1998, among WESCO International, Inc., WESCO Distribution, Inc. and Bank One, N.A.	Incorporated by reference herein to Exhibit 4.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.2	Form of 9 1/8% Senior Subordinated Note Due 2008, Series A (included in Exhibit 4.1).	Incorporated by reference herein to Exhibit 4.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.3	Form of 9 1/8% Senior Subordinated Note Due 2008, Series B (included in Exhibit 4.1).	Incorporated by reference herein to Exhibit 4.3 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.4	Exchange and Registration Rights Agreement, dated as of June 5, 1998, among the Company, WESCO International, Inc. and the Initial Purchasers (as defined therein).	Incorporated by reference herein to Exhibit 4.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.5	Exchange and Registration Rights Agreement, dated as of June 5, 1998, among WESCO International, Inc. and the initial purchasers (as defined therein).	Incorporated by reference herein to Exhibit 4.8 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.6	Indenture, dated as of August 23, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and Bank One N.A.	Incorporated by reference to Exhibit 4.6 to WESCO's Registration Statement on Form S-4 (No. 333-70404)

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
4.7	Exchange and Registration Rights Agreement, dated August 23, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and the initial purchasers listed therein.	Incorporated by reference to Exhibit 4.7 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.8	Form of 9 1/8% Original Senior Subordinated Note Due 2008 (included in Exhibit 4.6).	Incorporated by reference to Exhibit 4.8 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.9	Form of 9 1/8% Exchange Senior Subordinated Note Due 2008 (included in Exhibit 4.6).	Incorporated by reference to Exhibit 4.9 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
10.1	CDW Holding Corporation Stock Purchase Plan.	Incorporated by reference herein to Exhibit 10.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.2	Form of Stock Subscription Agreement.	Incorporated by reference herein to Exhibit 10.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.3	CDW Holding Corporation Stock Option Plan.	Incorporated by reference herein to Exhibit 10.3 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.4	Form of Stock Option Agreement.	Incorporated by reference herein to Exhibit 10.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.5	CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference herein to Exhibit 10.5 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.6	Form of Branch Stock Option Agreement.	Incorporated by reference herein to Exhibit 10.6 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.7	Non-Competition Agreement, dated as of February 28, 1996, between Westinghouse, WESCO International, Inc. and WESCO Distribution, Inc.	Incorporated by reference herein to Exhibit 10.8 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.8	Lease, dated as of May 24, 1995, as amended by Amendment One, dated as of June 1995, and by Amendment Two, dated as of December 24, 1995, by and between WESCO Distribution, Inc. as Tenant and Opal Investors, L.P. and Mural GEM Investors as Landlord.	Incorporated by reference herein to Exhibit 10.10 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.9	Lease, dated as of April 1, 1992, as renewed by Letter of Notice of Intent to Renew, dated as of December 13, 1996, by and between the Company as successor in interest to Westinghouse Electric Corporation as tenant and Utah State Retirement Fund as Landlord.	Incorporated by reference herein to Exhibit 10.11 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.10	Lease, dated as of September 4, 1997, between WESCO Distribution, Inc. as Tenant and The Buncher Company as Landlord.	Incorporated by reference herein to Exhibit 10.12 to WESCO's Registration Statement on Form S-4 (No. 333-43225)

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
10.11	Lease, dated as of March 1995, by and between WESCO Distribution-Canada, Inc. as Tenant and Atlantic Construction, Inc. as Landlord.	Incorporated by reference herein to Exhibit 10.13 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.12	Amended and Restated Registration and Participation Agreement, dated as of June 5, 1998, among WESCO International, Inc. and certain securityholders of WESCO International, Inc. named therein.	Incorporated by reference herein to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.13	Employment Agreement between WESCO Distribution, Inc. and Roy W. Haley.	Incorporated by reference herein to Exhibit 10.20 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.14	WESCO International, Inc. 1998 Stock Option Plan.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.15	Form of Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.16	1999 Deferred Compensation Plan for Non-Employee Directors.	Incorporated by reference to Exhibit 10.22 to WESCO's Annual Report on Form 10-K for the year ended December 31, 1998
10.17	Credit Agreement, dated as of June 29, 1999, among WESCO Distribution Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999
10.18	Amendment, dated as of December 20, 2000, to the Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.24 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2000
10.19	Amendment, dated as of August 3, 2001, to the Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-70404)

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
10.20	Credit Agreement, dated as of March 19, 2002, among WESCO Distribution Inc., the other Credit Parties signatory thereto, General Electric Capital Corporation, The CIT Group/Business Credit, Inc., Fleet Capital Corporation and the other Lenders signatory thereto.	Filed herewith
10.21	Intercreditor Agreement, dated as of March 19, 2002, among PNC Bank, National Association, General Electric Capital Corporation, WESCO Receivables Corp., WESCO Distribution, Inc., Fifth Third Bank, N.A., Mellon Bank, N.A., The Bank of Nova Scotia, Hering Enterprises, Inc. and WESCO Equity Corporation.	Filed herewith
10.22	Receivables Purchase Agreement, dated as of June 30, 1999, among WESCO Receivables Corp., WESCO Distribution, Inc., Market Street Capital Corp. and PNC Bank, National Association.	Incorporated by reference to Exhibit 10.2 to WESCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999
10.23	Amended and Restated Receivables Purchase Agreement, dated as of September 28, 1999, among WESCO Receivables Corp., WESCO Distribution, Inc. and PNC Bank, National Association.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999
10.24	1999 Long-Term Incentive Plan.	Incorporated by reference to Exhibit 10.22 to WESCO's Registration Statement on Form S-1 (No. 333-73299)
21.1	Subsidiaries of WESCO.	Incorporated by reference to Exhibit 21.1 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.	Filed herewith

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CREDIT AGREEMENT

Dated as of March 19, 2002

among

WESCO DISTRIBUTION, INC.,

as Borrower,

THE OTHER CREDIT PARTIES SIGNATORY HERETO,

as Credit Parties,

THE LENDERS SIGNATORY HERETO

FROM TIME TO TIME,

as Lenders,

GENERAL ELECTRIC CAPITAL CORPORATION,

as Agent and Lender,

THE CIT GROUP/BUSINESS CREDIT, INC.,

as Syndication Agent and Lender,

and

FLEET CAPITAL CORPORATION,

as Documentation Agent and Lender  
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This CREDIT AGREEMENT (this "Agreement"), dated as of March 19, 2002 among WESCO Distribution, Inc., a Delaware corporation ("BORROWER"); the other Credit Parties signatory hereto; GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (in its individual capacity, "GE CAPITAL"), for itself, as Lender, and as Agent for Lenders, THE CIT GROUP/BUSINESS CREDIT, INC., as Syndication Agent and Lender, FLEET CAPITAL CORPORATION, as Documentation Agent and Lender, and the other Lenders signatory hereto from time to time.

RECITALS  
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WHEREAS, Borrower has requested that Lenders extend a revolving credit facility to Borrower of up to Two Hundred and Ninety Million Dollars (\$290,000,000) in the aggregate for the purpose of refinancing certain indebtedness of Borrower and to provide (a) working capital financing for Borrower and, to the extent set forth herein, certain of its Subsidiaries, (b) funds for other general corporate purposes of Borrower and (c) funds for other purposes permitted hereunder; and for these purposes, Lenders are willing to make certain loans and other extensions of credit to Borrower of up to such amount upon the terms and conditions set forth herein; and

WHEREAS, Borrower has agreed to secure all of its obligations under the Loan Documents by granting to Agent, for the benefit of Agent and Lenders, a security interest in and lien upon all of its existing personal and after-acquired assets and property; and

WHEREAS, WESCO International, Inc., a Delaware corporation ("HOLDINGS") is willing to guarantee all of the obligations of Borrower to Agent and Lenders under the Loan Documents, to pledge to Agent, for the benefit of Agent and Lenders, all of the Stock of Borrower and WESCO Finance Corporation, a Delaware corporation ("WESCO FINANCE") to secure such guaranty and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all of its other assets and properties to secure such guaranty; and

WHEREAS, WESCO Equity Corporation, a Delaware corporation ("WESCO EQUITY") is willing to guarantee all of the obligations of Borrower to Agent and Lenders under the Loan Documents, to pledge to Agent, for the benefit of Agent and Lenders, as sole general partner of WESCO Canada Finance Limited Partnership ("WESCO FINANCE CANADA") all of its general partnership interest in WESCO Finance Canada, and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all of its other assets and properties to secure such guaranty; and

WHEREAS, WESCO Finance is willing to guarantee all of the obligations of Borrower to Agent and Lenders under the Loan Documents, to pledge to Agent, for the benefit of Agent and Lenders, all of its limited partnership interest in WESCO Finance Canada, comprising 100% of the limited partnership interests in WESCO Finance Canada, and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all of its other assets and properties to secure such guaranty; and

WHEREAS, WESCO Finance Canada is willing to guarantee all of the obligations of the Borrower to Agent and Lenders under the Loan Documents; and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all of its other assets and properties to secure such guaranty; and

WHEREAS, WESCO Distribution-Canada, Inc. ("WESCO-CANADA") is willing to guarantee all of the obligations of the Borrower to Agent and Lenders under the Loan Documents, to pledge to Agent, for the benefit of Agent and Lenders, all of the Stock of its Canadian and United States Subsidiaries, and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all of its other assets and properties to secure such guaranty; and

WHEREAS, the Borrower is willing to pledge to Agent, for the benefit of Agent and Lenders, all of the Stock of each of its domestic Subsidiaries, all of the Stock of WESCO-Canada and all of the Stock of each of its other Canadian Subsidiaries to secure its obligations under the Loan Documents; and

WHEREAS, each of the domestic and Canadian Subsidiaries of Borrower and each of their respective domestic and Canadian Subsidiaries (excluding WESCO Receivables) is willing to guarantee all of the obligations of Borrower to Agent and Lender under the Loan Documents, to pledge to Agent, for the benefit of Agent and Lenders, all of the Stock of their respective domestic and Canadian Subsidiaries, and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all of their respective assets and properties to secure such guaranty; and

WHEREAS, capitalized terms used in this Agreement shall have the meanings ascribed to them in ANNEX A and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in ANNEX A shall govern. All Annexes, Disclosure Schedules, Exhibits and other attachments (collectively, "APPENDICES") hereto, or expressly identified to this Agreement, are incorporated herein by reference, and taken together with this Agreement, shall constitute but a single agreement. These Recitals shall be construed as part of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the parties hereto agree as follows:

1. AMOUNT AND TERMS OF CREDIT

1.1 CREDIT FACILITIES.

(a) REVOLVING CREDIT FACILITY.

(i) Subject to the terms and conditions hereof, each Lender agrees to make available to Borrower from time to time until the Commitment Termination Date its Pro Rata Share of advances (each, a "REVOLVING CREDIT ADVANCE"). The Pro Rata Share of the Revolving Loan of any Lender shall not at any time exceed its separate Revolving Loan Commitment. The obligations of each Lender hereunder shall be several and not joint. Until the Commitment Termination Date, Borrower may from time to time borrow, repay and reborrow

under this Section 1.1(a); provided, that the amount of any Revolving Credit Advance to be made at any time shall not exceed Borrowing Availability at such time. Borrowing Availability may be further reduced by Reserves imposed by Agent in its reasonable credit judgment. Until the Commitment Termination Date, Borrower may from time to time borrow, repay and reborrow under this SECTION 1.1(a). Each Revolving Credit Advance shall be made on notice by Borrower to one of the representatives of Agent identified in SCHEDULE 1.1 at the address specified therein. Any such notice must be given no later than (1) 12:00 noon (New York time) on the Business Day of the proposed Revolving Credit Advance, in the case of an Index Rate Loan, or (2) 12:00 noon (New York time) on the date which is 3 Business Days prior to the proposed Revolving Credit Advance, in the case of a LIBOR Loan. Each such notice (a "NOTICE OF REVOLVING CREDIT ADVANCE") must be given in writing (by telecopy or overnight courier) substantially in the form of EXHIBIT 1.1(a)(i), and shall include the information required in such Exhibit and such other information as may be required by Agent. If Borrower desires to have the Revolving Credit Advances bear interest by reference to a LIBOR Rate, it must comply with SECTION 1.5(e).

(ii) Except as provided in SECTION 1.12, Borrower shall execute and deliver to each Lender a note to evidence the Revolving Loan Commitment of that Lender. Each note shall be in the principal amount of the Revolving Loan Commitment of the applicable Lender, dated the Closing Date and substantially in the form of EXHIBIT 1.1(a)(ii) (each a "REVOLVING NOTE" and, collectively, the "REVOLVING NOTES"). Each Revolving Note shall represent the obligation of Borrower to pay the amount of Lender's Revolving Loan Commitment or, if less, such Lender's Pro Rata Share of the aggregate unpaid principal amount of all Revolving Credit Advances to Borrower together with interest thereon as prescribed in SECTION 1.5. The entire unpaid balance of the Revolving Loan and all other non-contingent Obligations shall be immediately due and payable in full in immediately available funds on the Commitment Termination Date.

(iii) Any provision of this Agreement to the contrary notwithstanding, at the request of Borrower, in its discretion Agent may (but shall have absolutely no obligation to), make Revolving Credit Advances to Borrower on behalf of Lenders in amounts that cause the outstanding balance of the aggregate Revolving Loan to exceed the Borrowing Base (less the Swing Line Loan) (any such excess Revolving Credit Advances are herein referred to collectively as "OVERADVANCES"); provided that (A) no such event or occurrence shall cause or constitute a waiver of Agent's, the Swing Line Lender's or Lenders' right to refuse to make any further Overadvances, Swing Line Advances or Revolving Credit Advances, or incur any Letter of Credit Obligations, as the case may be, at any time that an Overadvance exists, and (B) no Overadvance shall result in a Default or Event of Default due to Borrower's failure to comply with SECTION 1.3(b)(i) for so long as Agent permits such Overadvance to remain outstanding, but solely with respect to the amount of such Overadvance. In addition, Overadvances may be made even if the conditions to lending set forth in SECTION 2 have not been met. All Overadvances shall constitute Index Rate Loans, shall bear interest at the Default Rate and shall be payable on demand. Except as otherwise provided in SECTION 1.11(b), the authority of Agent to make Overadvances is limited to an aggregate amount not to exceed \$15,000,000 at any time, shall not cause the Revolving Loan to exceed the Maximum Amount, shall not result in Overadvances being outstanding for more than 90 days in any 180-day period, and may be revoked

prospectively by a written notice to Agent signed by Lenders holding more than 50% of the Revolving Loan Commitments.

(b) SWING LINE FACILITY.

(i) Agent shall notify the Swing Line Lender upon Agent's receipt of any Notice of Revolving Credit Advance. Subject to the terms and conditions hereof, the Swing Line Lender may, in its discretion, make available from time to time until the Commitment Termination Date advances (each, a "SWING LINE ADVANCE") in accordance with any such notice. The provisions of this SECTION 1.1(b) shall not relieve Lenders of their obligations to make Revolving Credit Advances under SECTION 1.1(a); provided that if the Swing Line Lender makes a Swing Line Advance pursuant to any such notice, such Swing Line Advance shall be in lieu of any Revolving Credit Advance that otherwise may be made by Lenders pursuant to such notice. The aggregate amount of Swing Line Advances outstanding shall not exceed at any time the lesser of (A) the Swing Line Commitment and (B) the lesser of the Maximum Amount and (except for Overadvances) the Borrowing Base, in each case, less the outstanding balance of the Revolving Loan at such time ("SWING LINE AVAILABILITY"). Until the Commitment Termination Date, Borrower may from time to time borrow, repay and reborrow under this SECTION 1.1(b). Each Swing Line Advance shall be made pursuant to a Notice of Revolving Credit advance delivered by Borrower to Agent in accordance with SECTION 1.1(a). Any such notice must be given no later than 1:00 p.m. (New York time) on the Business Day of the proposed Swing Line Advance. Unless the Swing Line Lender has received at least one Business Day's prior written notice from Requisite Lenders instructing it not to make a Swing Line Advance, the Swing Line Lender shall, notwithstanding the failure of any condition precedent set forth in SECTION 2.2, be entitled to fund that Swing Line Advance, and to have such Lender make Revolving Credit Advances in accordance with SECTION 1.1(b)(iii) or purchase participating interests in accordance with SECTION 1.1(b)(iv). Notwithstanding any other provision of this Agreement or the other Loan Documents, the Swing Line Loan shall constitute a Loan bearing interest at the commercial paper rate plus the Applicable Revolver LIBOR Margin as provided in SECTION 1.5(a) and no Swing Line Loan shall remain outstanding for more than five (5) Business Days. Borrower shall repay the aggregate outstanding principal amount of the Swing Line Loan upon demand therefor by Agent.

(ii) Borrower shall execute and deliver to the Swing Line Lender a promissory note to evidence the Swing Line Commitment. Such note shall be in the principal amount of the Swing Line Commitment of the Swing Line Lender, dated the Closing Date and substantially in the form of EXHIBIT 1.1(b)(ii) (the "SWING LINE NOTE"). The Swing Line Note shall represent the obligation of Borrower to pay the amount of the Swing Line Commitment or, if less, the aggregate unpaid principal amount of all Swing Line Advances made to Borrower together with interest thereon as prescribed in SECTION 1.5. The entire unpaid balance of the Swing Line Loan and all other noncontingent Obligations shall be immediately due and payable in full in immediately available funds on the Commitment Termination Date if not sooner paid in full.

(iii) The Swing Line Lender, at any time and from time to time in its sole and absolute discretion, may on behalf of Borrower (and Borrower hereby irrevocably



authorizes the Swing Line Lender to so act on its behalf) request each Lender (including the Swing Line Lender) to make a Revolving Credit Advance to Borrower (which shall be an Index Rate Loan) in an amount equal to that Lender's Pro Rata Share of the principal amount of the Swing Line Loan (the "REFUNDED SWING LINE LOAN") outstanding on the date such notice is given. Unless any of the events described in SECTIONS 8.1(h) OR 8.1(i) has occurred (in which event the procedures of SECTION 1.1(b)(iv) shall apply) and regardless of whether the conditions precedent set forth in this Agreement to the making of a Revolving Credit Advance are then satisfied, each Lender shall disburse directly to Agent, its Pro Rata Share of a Revolving Credit Advance on behalf of the Swing Line Lender, prior to 3:00 p.m. (New York time), in immediately available funds on the Business Day next succeeding the date that notice is given. The proceeds of those Revolving Credit Advances shall be immediately paid to the Swing Line Lender and applied to repay the Refunded Swing Line Loan.

(iv) If, prior to refunding a Swing Line Loan with a Revolving Credit Advance pursuant to SECTION 1.1(b)(iii), one of the events described in SECTIONS 8.1(h) OR 8.1(I) has occurred, then, subject to the provisions of SECTION 1.1(b)(v) below, each Lender shall, on the date such Revolving Credit Advance was to have been made for the benefit of Borrower, purchase from the Swing Line Lender an undivided participation interest in the Swing Line Loan in an amount equal to its Pro Rata Share of such Swing Line Loan. Upon request, each Lender shall promptly transfer to the Swing Line Lender, in immediately available funds, the amount of its participation interest.

(v) Each Lender's obligation to make Revolving Credit Advances in accordance with SECTION 1.1(b)(iii) and to purchase participation interests in accordance with SECTION 1.1(b)(iv) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of any Default or Event of Default; (C) any inability of Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement at any time or (D) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If any Lender does not make available to Agent or the Swing Line Lender, as applicable, the amount required pursuant to SECTIONS 1.1(b)(iii) OR 1.1(b)(iv), as the case may be, the Swing Line Lender shall be entitled to recover such amount on demand from such Lender, together with interest thereon for each day from the date of non-payment until such amount is paid in full at the Federal Funds Rate for the first two Business Days and at the Index Rate thereafter.

(c) RELIANCE ON NOTICES. Agent shall be entitled to rely upon, and shall be fully protected in relying upon, any Notice of Revolving Credit Advance, Notice of Conversion/Continuation or similar notice believed by Agent to be genuine. Agent may assume that each Person executing and delivering any notice in accordance herewith was duly authorized, unless the responsible individual acting thereon for Agent has actual knowledge to the contrary.

1.2 LETTERS OF CREDIT. Subject to and in accordance with the terms and conditions contained herein and in Annex B, Borrower shall have the right to request, and

Lenders agree to incur, or purchase participations in, Letter of Credit Obligations in respect of Borrower.

### 1.3 PREPAYMENTS.

(a) VOLUNTARY PREPAYMENTS; REDUCTIONS IN REVOLVING LOAN COMMITMENTS. Borrower may at any time on at least 5 days' prior written notice to Agent permanently reduce (but not terminate) the Revolving Loan Commitment; PROVIDED that (A) any such reductions shall be in a minimum amount of \$5,000,000 and integral multiples of \$1,000,000 in excess of such amount, (B) the Revolving Loan Commitment shall not be reduced to an amount less than the amount of the Revolving Loan then outstanding, plus \$25,000,000, and (C) after giving effect to such reduction, Borrower shall comply with SECTION 1.3(b)(i). Borrower may at any time on at least ten 10 days' prior written notice to Agent terminate the Revolving Loan Commitment, PROVIDED that upon such termination all Loans and other Obligations shall be immediately due and payable in full and all Letter of Credit Obligations shall be cash collateralized or otherwise satisfied in accordance with ANNEX B hereto. Any reduction or termination of the Revolving Loan Commitment must be accompanied by the payment of any LIBOR funding breakage costs in accordance with SECTION 1.13(b). Upon any such reduction or termination of the Revolving Loan Commitment, Borrower's right to request Revolving Credit Advances, or request that Letter of Credit Obligations be incurred on its behalf, or request Swing Line Advances, shall simultaneously be permanently reduced or terminated, as the case may be; PROVIDED that a permanent reduction of the Revolving Loan Commitment shall not require a corresponding pro rata reduction in the L/C Sublimit.

### (b) MANDATORY PREPAYMENTS.

(i) If at any time the outstanding balances of the Revolving Loan and the Swing Line Loan exceed the lesser of (A) the Maximum Amount and (B) the Borrowing Base, Borrower shall immediately repay the aggregate outstanding Revolving Credit Advances to the extent required to eliminate such excess. If any such excess remains after repayment in full of the aggregate outstanding Revolving Credit Advances, Borrower shall provide cash collateral for the Letter of Credit Obligations in the manner set forth in ANNEX B to the extent required to eliminate such excess. Notwithstanding the foregoing, any Overadvance made pursuant to SECTION 1.1(a)(iii) shall be repaid only on demand.

(ii) Immediately upon receipt by any Credit Party of proceeds of any asset disposition (excluding proceeds of asset dispositions permitted by SECTION 6.8(a)) or any sale of Stock of any Subsidiary of any Credit Party or of any incurrence of Indebtedness in a mortgage financing transaction permitted under SECTION 6.3(a)(x) or the incurrence of any other Indebtedness from any third party in a transaction permitted under SECTION 6.3 (other than the issuance of additional Subordinated Notes, which shall be governed by CLAUSE (IV) below), Borrower shall prepay the Loans in an amount equal to all such proceeds, net of (A) commissions and other reasonable and customary transaction costs, fees and expenses properly attributable to such transaction and payable by Borrower in connection therewith (in each case, paid to non-Affiliates), (B) transfer taxes, (C) amounts payable to holders of senior Liens (to the extent such Liens constitute Permitted Encumbrances hereunder), if any (D) an appropriate reserve for

income taxes in accordance with GAAP in connection therewith. Any such prepayment shall be applied in accordance with SECTION 1.3(c).

(iii) If Holdings or Borrower issues Stock, other than (i) the issuance of common Stock of Holdings in connection with 401(k) plans established for the benefit of employees, (ii) the issuance of common Stock upon the exercise of the stock options granted to employees pursuant to stock option plans adopted for the benefit of employees, (iii) the issuance of common Stock of Holdings pursuant to the provisions of SECTION 1.5(c)(v) of the Bruckner Acquisition Agreement and (iv) the issuance of common Stock of Holdings in connection with Permitted Acquisitions consummated in compliance with each of the terms and conditions of SECTION 6.1; PROVIDED, THAT, in the case of each of CLAUSES (i), (ii), (iii) and (iv), there shall be no Change of Control upon any such issuance of common Stock of Holdings, no later than the Business Day following the date of receipt of the proceeds thereof, Borrower shall prepay the Loans in an amount equal to all such proceeds, net of underwriting discounts and commissions and other reasonable costs paid to non-Affiliates in connection therewith. Any such prepayment shall be applied in accordance with SECTION 1.3(c).

(iv) If Borrower issues additional Subordinated Notes in a transaction permitted under SECTION 6.3(a)(xvi) and the other provisions of this Agreement, no later than the first Business Day following the date of receipt of the net proceeds thereof, Borrower shall prepay the Loans in an amount equal to all such proceeds (and correspondingly permanently reduce the amount of the Revolving Loan Commitment). Any such prepayment shall be applied in accordance with SECTION 1.3(c).

(c) APPLICATION OF CERTAIN MANDATORY PREPAYMENTS. Any prepayments made by Borrower pursuant to SECTIONS 1.3(b)(ii) OR (b)(iii) above shall be applied as follows: FIRST, to Fees and reimbursable expenses of Agent then due and payable pursuant to any of the Loan Documents; SECOND, to interest then due and payable on the Swing Line Loan; THIRD, to the principal balance of the Swing Line Loan until the same has been repaid in full; FOURTH, to interest then due and payable on the Revolving Credit Advances; FIFTH, to the outstanding principal balance of Revolving Credit Advances until the same has been paid in full; and SIXTH, to any Letter of Credit Obligations, to provide cash collateral therefor in the manner set forth in ANNEX B, until all such Letter of Credit Obligations have been fully cash collateralized in the manner set forth in ANNEX B. Neither the Revolving Loan Commitment nor the Swing Line Commitment shall be permanently reduced by the amount of any such prepayments; PROVIDED, HOWEVER, notwithstanding the foregoing, the Revolving Loan Commitment shall be permanently reduced by the amount of any such prepayments made pursuant to SECTION 1.3(b)(iv).

(d) APPLICATION OF PREPAYMENTS FROM INSURANCE PROCEEDS AND CONDEMNATION PROCEEDS. Prepayments from insurance or condemnation proceeds in accordance with SECTION 5.4(c) and insurance or condemnation proceeds from casualties or losses to Equipment, Fixtures and Real Estate, respectively, shall be applied as follows: insurance proceeds from casualties or losses shall be applied first, to the Swing Line Loans and, second, to the Revolving Credit Advances. Neither the Revolving Loan Commitment nor the Swing Line Loan Commitment shall be permanently reduced by the amount of any such prepayments.

(e) NO IMPLIED CONSENT. Nothing in this SECTION 1.3 shall be construed to constitute Agent's or any Lender's consent to any transaction that is not permitted by other provisions of this Agreement or the other Loan Documents.

#### 1.4 USE OF PROCEEDS.

Borrower shall utilize the proceeds of the Revolving Loan and the Swing Line Loan solely for the Refinancing (and to pay any related transaction expenses), and for the financing of Borrower's ordinary working capital and general corporate needs, including to the extent, and only to the extent, (i) set forth in SECTION 6.3 to be used by Borrower to make intercompany loans and advances to Credit Parties which are Guarantors and other Subsidiaries of Borrower but solely to the extent permitted hereunder, (ii) set forth in SECTION 6.14, to be used by Borrower in connection with the repurchase of either Holdings' publicly traded common Stock or the Subordinated Notes in a transaction consummated in a transaction expressly permitted under SECTION 6.14 and (iii) set forth in SECTION 6.1, to be used by Borrower in connection with the consummation of a Permitted Acquisition consummated in compliance with each of the terms and conditions of SECTION 6.1. DISCLOSURE SCHEDULE (1.4) contains a description of Borrower's sources and uses of funds as of the Closing Date, including Loans and Letter of Credit Obligations to be made or incurred on that date, and a funds flow memorandum detailing how funds from each source are to be transferred to particular uses.

#### 1.5 INTEREST AND APPLICABLE MARGINS.

(a) Borrower shall pay interest to Agent, for the ratable benefit of Lenders in accordance with the various Loans being made by each Lender, in arrears on each applicable Interest Payment Date, at the following rates: (i) with respect to the Revolving Credit Advances, the Index Rate plus the Applicable Revolver Index Margin per annum or, at the election of Borrower, the applicable LIBOR Rate plus the Applicable Revolver LIBOR Margin per annum, based on the aggregate Revolving Credit Advances outstanding from time to time; (ii) with respect to the Swing Line Loan, at the rate equal to the last month end published rate for 30 day dealer commercial paper (high grade unsecured notes sold through dealers by major corporations in multiples of \$1,000) which normally appears in the "Money Rate" column of the Wall Street Journal, plus the Applicable Revolver LIBOR Margin per annum.

As of the Closing Date, the Applicable Margins are as follows:

Applicable Revolver Index Margin	1.00%
Applicable Revolver LIBOR Margin	2.50%
Applicable L/C Margin	2.50%
Applicable Unused Line Fee Margin	.50%

The Applicable Margins shall be adjusted (up or down) prospectively as determined by Borrower's average daily excess Borrowing Availability for the quarter then ended, commencing with the first day of the first calendar month that occurs more than five (5) days after delivery of Borrower's Compliance Certificate to Lenders for the Fiscal Quarter ending June 30, 2002. Adjustments in Applicable Margins will be determined by reference to the following grids:

(x) For Interest and Letter of Credit Fees:

IF EXCESS BORROWING AVAILABILITY IS:	LEVEL OF APPLICABLE MARGINS:
Less than 50,000,000	Level I
Less than 125,000,000, but equal to or greater than 50,000,000	Level II
equal to or less than 150,000,000, but equal to or greater than 125,000,000	Level III
greater than 150,000,000	Level IV

	APPLICABLE MARGINS			
	LEVEL I	LEVEL II	LEVEL III	LEVEL IV
Applicable Revolver	1.25%	1.00%	0.75%	0.50%
Index Margin				
Applicable Revolver LIBOR Margin	2.75%	2.50%	2.25%	2.00%
Applicable L/C Margin	2.75%	2.50%	2.25%	2.00%

(y) For Unused Line Fee:

IF THE PERCENTAGE OF THE AVERAGE FOR THE PERIOD OF THE DAILY CLOSING BALANCES OF THE REVOLVING LOAN OUTSTANDING TO THE MAXIMUM AMOUNT IS:	LEVEL OF APPLICABLE MARGIN:
equal to or less than 33%	Level A
greater than 33%	Level B

	APPLICABLE MARGINS	
	LEVEL A	Level B
Applicable Unused Line Fee Margin	.50%	.375%

All adjustments in the Applicable Margins after August 1, 2002, shall be implemented quarterly on a prospective basis, for each calendar month commencing at least 5 days after the date of delivery to Lenders of the quarterly unaudited or annual audited (as applicable) Financial Statements evidencing the need for an adjustment. Concurrently with the

delivery of the Compliance Certificate, Borrower shall deliver to Agent and Lenders a certificate, signed by its chief financial officer, setting forth in reasonable detail the basis for the continuance of, or any change in, the Applicable Margins. Failure to deliver the Compliance Certificate within 5 days of the required date of delivery shall, in addition to any other remedy provided for in this Agreement, result in an increase in the Applicable Margins to the highest level set forth in the foregoing grid, until the first day of the first calendar month following the delivery of a Compliance Certificate demonstrating that such an increase is not required. If a Default or an Event of Default has occurred and is continuing at the time any reduction in the Applicable Margins is to be implemented, that reduction shall be deferred until the first day of the first calendar month following the date on which such Default or Event of Default is waived or cured.

(b) If any payment on any Loan becomes due and payable on a day other than a Business Day, the maturity thereof will be extended to the next succeeding Business Day (except as set forth in the definition of LIBOR Period) and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(c) All computations of Fees calculated on a per annum basis and interest shall be made by Agent on the basis of a 360-day year, in each case for the actual number of days occurring in the period for which such interest and Fees are payable. The Index Rate is a floating rate determined for each day. Each determination by Agent of an interest rate and Fees hereunder shall be final, binding and conclusive on Borrower, absent manifest error.

(d) So long as an Event of Default has occurred and is continuing under SECTION 8.1 (a), (h) OR (i), or so long as any other Default or Event of Default has occurred and is continuing and at the election of Agent (or upon the written request of Requisite Lenders) confirmed by written notice from Agent to Borrower, the interest rates applicable to the Loans and the Letter of Credit Fees shall be increased by two percentage points (2%) per annum above the rates of interest or the rate of such Fees otherwise applicable hereunder ("DEFAULT RATE"), and all outstanding Obligations shall bear interest at the Default Rate applicable to such Obligations. Interest and Letter of Credit Fees at the Default Rate shall accrue from the initial date of such Default or Event of Default until that Default or Event of Default is cured or waived and shall be payable upon demand.

(e) Subject to the conditions precedent set forth in SECTION 2.2, Borrower shall have the option to (i) request that any Revolving Credit Advance be made as a LIBOR Loan, (ii) convert at any time all or any part of outstanding Loans (other than the Swing Line Loan) from Index Rate Loans to LIBOR Loans, (iii) convert any LIBOR Loan to an Index Rate Loan, subject to payment of LIBOR breakage costs in accordance with SECTION 1.13(b) if such conversion is made prior to the expiration of the LIBOR Period applicable thereto, or (iv) continue all or any portion of any Loan (other than the Swing Line Loan) as a LIBOR Loan upon the expiration of the applicable LIBOR Period and the succeeding LIBOR Period of that continued Loan shall commence on the first day after the last day of the LIBOR Period of the Loan to be continued. Any Loan or group of Loans having the same proposed LIBOR Period to be made or continued as, or converted into, a LIBOR Loan must be in a minimum amount of \$5,000,000 and integral multiples of \$1,000,000 in excess of such amount. Any such election must be made by 12:00 noon (New York time) on the 3rd Business Day prior to (1) the date of any proposed Advance

which is to bear interest at the LIBOR Rate, (2) the end of each LIBOR Period with respect to any LIBOR Loans to be continued as such, or (3) the date on which Borrower wishes to convert any Index Rate Loan to a LIBOR Loan for a LIBOR Period designated by Borrower in such election. If no election is received with respect to a LIBOR Loan by 12:00 noon (New York time) on the 3rd Business Day prior to the end of the LIBOR Period with respect thereto (or if a Default or an Event of Default has occurred and is continuing or the additional conditions precedent set forth in SECTION 2.2 shall not have been satisfied), that LIBOR Loan shall be converted to an Index Rate Loan at the end of its LIBOR Period. Borrower must make such election by notice to Agent in writing, by telecopy or overnight courier. In the case of any conversion or continuation, such election must be made pursuant to a written notice (a "NOTICE OF CONVERSION/CONTINUATION") in the form of EXHIBIT 1.5(e).

(f) Notwithstanding anything to the contrary set forth in this SECTION 1.5, if a court of competent jurisdiction determines in a final order that the rate of interest payable hereunder exceeds the highest rate of interest permissible under law (the "MAXIMUM LAWFUL RATE"), then so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate; PROVIDED, HOWEVER, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, Borrower shall continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by Agent, on behalf of Lenders, is equal to the total interest that would have been received had the interest rate payable hereunder been (but for the operation of this paragraph) the interest rate payable since the Closing Date as otherwise provided in this Agreement. Thereafter, interest hereunder shall be paid at the rate(s) of interest and in the manner provided in SECTIONS 1.5(a) THROUGH (e), unless and until the rate of interest again exceeds the Maximum Lawful Rate, and at that time this paragraph shall again apply. In no event shall the total interest received by any Lender pursuant to the terms hereof exceed the amount that such Lender could lawfully have received had the interest due hereunder been calculated for the full term hereof at the Maximum Lawful Rate. If the Maximum Lawful Rate is calculated pursuant to this paragraph, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate divided by the number of days in the year in which such calculation is made. If, notwithstanding the provisions of this SECTION 1.5(f), a court of competent jurisdiction shall finally determine that a Lender has received interest hereunder in excess of the Maximum Lawful Rate, Agent shall, to the extent permitted by applicable law, promptly apply such excess in the order specified in SECTION 1.11 and thereafter shall refund any excess to Borrower or as a court of competent jurisdiction may otherwise order.

(g) INTEREST ACT (CANADA). For purposes of disclosure pursuant to the Interest Act (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Loan Documents (as stated herein or therein, as applicable, to be computed on the basis of a 360 or 365 day year or any other period of time less than a calendar year) are equivalent are the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by 360, 365 or such other period of time, respectively.

#### 1.6 ELIGIBLE ACCOUNTS.

All of the Accounts owned by WESCO-Canada and reflected in the most recent Borrowing Base Certificate delivered by Borrower to Agent shall be "ELIGIBLE ACCOUNTS" for purposes of this Agreement, except any Account to which any of the exclusionary criteria set forth below applies. Agent shall have the right to establish, modify or eliminate Reserves against Eligible Accounts from time to time in its reasonable credit judgment. In addition, Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the criteria set forth below, to establish new criteria and to adjust advance rates with respect to Eligible Accounts, in its reasonable credit judgment, subject to the approval of Supermajority Lenders in the case of adjustments, new criteria, or changes in advance rates or the elimination of Reserves imposed as of the Closing Date which have the effect of making more credit available (it being understood that Agent may in its reasonable credit judgment eliminate Reserves established by it in its reasonable credit judgment after the Closing Date without the necessity of obtaining the approval of Supermajority Lenders or Requisite Lenders). Borrower and the other Credit Parties hereby acknowledge and agree that only Accounts owned by WESCO-Canada, and no Accounts owned by Borrower or any other Credit Party, may constitute Eligible Accounts. Eligible Accounts shall not include any Account of WESCO-Canada:

(a) that does not arise from the sale of goods or the performance of services by WESCO-Canada in the ordinary course of its business;

(b) (i) upon which WESCO-Canada's right to receive payment is not absolute or is contingent upon the fulfillment of any condition whatsoever or (ii) as to which WESCO-Canada is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process, or (iii) if the Account represents a progress billing consisting of an invoice for goods sold or used or services rendered pursuant to a contract under which the Account Debtor's obligation to pay that invoice is subject to WESCO-Canada's completion of further performance under such contract or is subject to the equitable lien of a surety bond issuer;

(c) to the extent that any defense, counterclaim, setoff or dispute is asserted as to such Account;

(d) that is not a true and correct statement of bona fide indebtedness incurred in the amount of the Account for merchandise sold to or services rendered and accepted by the applicable Account Debtor;

(e) with respect to which an invoice, reasonably acceptable to Agent in form and substance, has not been sent to the applicable Account Debtor;

(f) that (i) is not owned by WESCO-Canada or (ii) is subject to any right, claim, security interest or other interest of any other Person, other than Liens in favor of Agent, on behalf of itself and Lenders, and Prior Claims that are unregistered and that secure amounts that are not yet due and payable;



(g) that arises from a sale to any director, officer, other employee or Affiliate of any Credit Party, or to any entity that has any common officer or director with any Credit Party;

(h) that is the obligation of an Account Debtor that is the United States government or a political subdivision thereof, or any state, county or municipality or department, agency or instrumentality thereof or that is the Canadian government (Her Majesty in Right of Canada) or a political subdivision thereof, or a department, agency or instrumentality thereof unless Agent, in its sole discretion, has agreed to the contrary in writing and WESCO-Canada, if necessary or desirable, has complied with respect to such obligation with the Federal Assignment of Claims Act of 1940 (for Account Debtors that are United States government or a political subdivision thereof) or any applicable state, county or municipal law restricting the assignment thereof (for Account Debtors that are a state, county, or municipality or department, agency or instrumentality thereof) or WESCO-Canada, if necessary or desirable, has complied with the Financial Administration Act (Canada) or any applicable provincial or territorial statute or municipal ordinance of similar purpose with respect to such obligation, as applicable, or any applicable statutes or ordinances of similar purpose, with respect to such obligation, as applicable,

(i) that is the obligation of an Account Debtor located in a country other than the United States (including all fifty states) or Canada unless payment thereof is assured by a letter of credit assigned and delivered to Agent, satisfactory to Agent as to form, amount and issuer; or is backed by credit insurance or a bank guaranty acceptable to Agent in all respects.

(j) to the extent WESCO-Canada, Borrower, any other Credit Party or any Subsidiary thereof is liable for goods sold or services rendered by the applicable Account Debtor to WESCO-Canada, Borrower, any other Credit Party or any Subsidiary thereof but only to the extent of the potential offset;

(k) that arises with respect to goods that are delivered on a bill-and-hold, cash-on-delivery basis or placed on consignment, guaranteed sale or other terms by reason of which the payment by the Account Debtor is or may be conditional;

(l) that is in default; PROVIDED, THAT, without limiting the generality of the foregoing, an Account shall be deemed in default upon the occurrence of any of the following:

(i) the Account is not paid within the earlier of: 60 days following its due date or 90 days following its original invoice date;

(ii) the Account Debtor obligated upon such Account suspends business, makes a general assignment for the benefit of creditors or fails to pay its debts generally as they come due; or

(iii) a petition is filed by or against any Account Debtor obligated upon such Account under any bankruptcy law or any other United States federal or state or, with

respect to Canada, Solvency Law or any other foreign receivership, insolvency relief or other law or laws for the relief of debtors;

(m) that is the obligation of an Account Debtor if 50% or more of the Dollar amount of all Accounts owing by that Account Debtor are ineligible under the other criteria set forth in this SECTION 1.6;

(n) as to which Agent's Lien thereon, on behalf of itself and Lenders, is not a first priority perfected Lien, subject only to Prior Claims that are unregistered and that secure amounts that are not yet due and payable;

(o) as to which any of the representations or warranties in the Loan Documents are untrue;

(p) to the extent such Account is evidenced by a judgment, Instrument or Chattel Paper;

(q) to the extent such Account exceeds any credit limit established by Agent, in its reasonable credit judgment;

(r) to the extent that such Account, together with all other Accounts owing by such Account Debtor and its Affiliates as of any date of determination exceed 10% of all Eligible Accounts;

(s) that is payable in any currency other than Dollars or Canadian Dollars (to the extent properly converted into Dollars in the applicable Borrowing Base Certificate in accordance herewith);

(t) to the extent such Account includes goods and services or harmonized sales or other sales taxes; or

(u) that is otherwise unacceptable to Agent in its reasonable credit judgment.

#### 1.7 ELIGIBLE INVENTORY.

All of the inventory owned by the Borrower, WESCO-Canada, WESCO Equity, or Herning and reflected in the most recent Borrowing Base Certificate delivered by Borrower to Agent shall be "Eligible Inventory" for purposes of this Agreement, except any Inventory to which any of the exclusionary criteria set forth below applies. Agent shall have the right to establish, modify, or eliminate Reserves against Eligible Inventory from time to time in its reasonable credit judgment. In addition, Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the criteria set forth below, to establish new criteria and to adjust advance rates with respect to Eligible Inventory in its reasonable credit judgment, subject to the approval of Supermajority Lenders in the case of adjustments, new criteria, changes in advance rates or the elimination of Reserves imposed as of the Closing Date which have the effect of making more credit available (it being understood that Agent may in its reasonable credit judgment eliminate Reserves established by it in its reasonable credit judgment

after the Closing Date without the necessity of obtaining the approval of Supermajority Lenders or Requisite Lenders). The other Credit Parties hereby acknowledge and agree that only Inventory owned by Borrower, WESCO-Canada, WESCO Equity, or Herring, and no Inventory owned by any other Credit Party, may constitute Eligible Inventory. Eligible Inventory shall not include any Inventory of Borrower, WESCO-Canada, WESCO Equity, or Herring that:

(a) is not owned by Borrower, Herring, WESCO Equity, or WESCO-Canada free and clear of all Liens and rights of any other Person (including the rights of a purchaser that has made progress payments and the rights of a surety that has issued a bond to assure Borrower's or WESCO-Canada's performance with respect to that Inventory), except the Liens in favor of Agent, on behalf of itself and Lenders, and in the case of Inventory of WESCO-Canada, Prior Claims that are unregistered and that secure amounts that are not yet due and payable;

(b) (i) other than as provided in CLAUSE (VI) below, is not located on premises owned, leased or rented by Borrower, Herring, WESCO Equity or WESCO-Canada and set forth in DISCLOSURE SCHEDULE (3.2) or (ii) is stored at a leased location, unless Agent has given its prior consent thereto and unless (x) a satisfactory landlord waiver has been delivered to Agent or (y) Reserves, if determined in Agent's reasonable credit judgment, satisfactory to Agent have been established with respect thereto, (iii) is stored with a bailee or warehouseman unless a satisfactory, acknowledged bailee letter has been received by Agent or, if determined in Agent's reasonable credit judgment, Reserves satisfactory to Agent have been established with respect thereto, or (iv) is located at an owned location subject to a mortgage (or similar lien under applicable law) in favor of a lender other than Agent, unless a satisfactory mortgagee waiver has been delivered to Agent or Reserves satisfactory to Agent have been established with respect thereto, or (v) is located at any site if the aggregate book value of Inventory at any such location is less than U.S. \$100,000 (or the Dollar Equivalent Amount thereof), or (vi) is located on premises owned, leased or rented by a customer of Borrower, Herring or WESCO Equity, unless Agent has given its prior consent thereto, such Inventory of Borrower, Herring or WESCO Equity is clearly segregated from all Inventory of such customer, all UCC filings deemed necessary or desirable by Agent have been made, and a satisfactory collateral access agreement has been delivered to Agent by such customer;

(c) is placed on consignment, except as expressly provided in SECTION 1.7(b)(vi) (and subject to compliance with all of the requirements of SECTION 1.7(b)(vi)), is located at any customer location, or is in transit, to the extent the value of such Inventory consists of costs associated with "freight-in" charges, if any, except for Inventory in transit between domestic or Canadian locations of Credit Parties as to which Agent's Liens have been perfected at origin and destination;

(d) is covered by a negotiable document of title, unless such document has been delivered to Agent with all necessary endorsements, free and clear of all Liens except those in favor of Agent and Lenders and, in the case of WESCO-Canada, Prior Claims that are unregistered and that secure amounts that are not yet due and payable;

(e) is excess, obsolete, unsalable, shopworn, seconds, damaged or unfit for sale;

(f) consists of display items or packing or shipping materials, manufacturing supplies, work-in-process Inventory or replacement parts;

(g) consists of goods which have been returned by the buyer;

(h) is not of a type held for sale in the ordinary course of Borrower's, Herning's, WESCO Equity's, or WESCO-Canada's business;

(i) is not subject to a first priority lien in favor of Agent on behalf of itself and Lenders subject to Permitted Encumbrances;

(j) breaches any of the representations or warranties pertaining to Inventory set forth in the Loan Documents;

(k) consists of any costs associated with "freight-in" charges, warehouseman's salaries or any other item classified as "full absorption";

(l) consists of Hazardous Materials or goods that can be transported or sold only with licenses that are not readily available;

(m) is not covered by casualty insurance reasonably acceptable to Agent;

(n) the value of which has not been converted into Dollars in the applicable Borrowing Base Certificate in accordance herewith; or

(o) is otherwise unacceptable to Agent in its reasonable credit judgment.

1.8 CASH MANAGEMENT SYSTEMS. On or prior to the Closing Date, Borrower and WESCO-Canada will each establish and will each maintain until the Termination Date, the cash management systems described in Annex C (the "Cash Management Systems").

#### 1.9 FEES.

(a) Borrower shall pay to GE Capital, individually, the Fees specified in that certain fee letter of even date herewith between Borrower and GE Capital (the "GE CAPITAL FEE LETTER"), at the times specified for payment therein.

(b) As additional compensation for the Lenders, Borrower shall pay to Agent, for the ratable benefit of such Lenders, in arrears, on the first Business Day of each month prior to the Commitment Termination Date and on the Commitment Termination Date, a Fee for Borrower's non-use of available funds in an amount equal to the Applicable Unused Line Fee Margin per annum (calculated on the basis of a 360 day year for actual days elapsed) multiplied by the difference between (x) the Maximum Amount (as it may be reduced from time to time) and (y) the average for the period of the daily closing balances of the Revolving Loan outstanding during the period for which the such Fee is due.

(c) Borrower shall pay to Agent, for the ratable benefit of Lenders, the Letter of Credit Fee as provided in ANNEX B.

#### 1.10 RECEIPT OF PAYMENTS.

Borrower shall make each payment under this Agreement not later than 2:30 p.m. (New York time) on the day when due in immediately available funds in Dollars to the Collection Account. Payments received after 2:30 p.m. New York time on any Business Day or on a day that is not a Business Day shall be deemed to have been received on the following Business Day. If Agent receives any payment from or on behalf of any Credit Party in a currency other than the currency in which an Obligation payable is denominated, Agent may convert the payment (including the monetary proceeds of realization upon any Collateral and any funds then held in a cash collateral account) into Dollars at the exchange rate that Agent would be prepared to sell the currency received in New York, New York on the Business Day immediately preceding the date of actual payment. The Obligations shall be satisfied only to the extent of the amount actually received by Agent upon such conversion.

#### 1.11 APPLICATION AND ALLOCATION OF PAYMENTS.

(a) So long as no Default or Event of Default has occurred and is continuing, (i) payments consisting of proceeds of Accounts or Inventory received in the ordinary course of business shall be applied, first, to the Swing Line Loan and, second, to the Revolving Loan; (ii) payments matching specific scheduled payments then due shall be applied to those scheduled payments; (iii) voluntary prepayments shall be applied as determined by Borrower, subject to the provisions of SECTION 1.3(a); and (iv) mandatory prepayments shall be applied as set forth in SECTIONS 1.3(c) AND 1.3(d). All payments and prepayments applied to a particular Loan shall be applied ratably to the portion thereof held by each Lender as determined by its Pro Rata Share. As to any other payment, and as to all payments made when a Default or Event of Default has occurred and is continuing or following the Commitment Termination Date, Borrower hereby irrevocably waives the right to direct the application of any and all payments received from or on behalf of Borrower, and Borrower hereby irrevocably agrees that Agent shall have the continuing exclusive right to apply any and all such payments against the Obligations as Agent may deem advisable notwithstanding any previous entry by Agent in the Loan Account or any other books and records. In the absence of a specific determination by Agent with respect thereto, payments in respect of the Obligations shall be applied to amounts then due and payable in the following order: (1) to Fees and Agent's expenses reimbursable hereunder; (2) to interest on the Swing Line Loan; (3) to principal payments on the Swing Line Loan; (4) to interest on the Revolving Loan; interest accrued as to each Revolving Loan; (5) to principal payments on the Revolving Loan; (6) to provide cash collateral for Letter of Credit Obligations in the manner described in ANNEX B and (7) to all other Obligations including expenses of Lenders to the extent reimbursable under SECTION 11.3; PROVIDED, HOWEVER, that any such payments consisting of proceeds of Canadian property shall be applied to amounts that are due and payable in the following order: (1) to Agent's expenses reimbursable hereunder; (2) to principal payments on the Swing Line Loan; (3) to principal payments on the Revolving Loan; (4) to Fees reimbursable hereunder; (5) to interest on the Swing Line Loan; (6) to interest on the Revolving Loan; interest accrued as to each Revolving Loan; (7) to provide cash collateral for Letter of Credit Obligations in the manner

described in ANNEX B and (8) to all other Obligations including expenses of Lenders to the extent reimbursable under SECTION 11.3.

(b) Agent is authorized to, and at its sole election may, charge to the Revolving Loan balance on behalf of Borrower and cause to be paid all Fees, expenses, Charges, costs (including insurance premiums in accordance with SECTION 5.4(a)) and interest and principal, other than principal of the Revolving Loan, owing by Borrower under this Agreement or any of the other Loan Documents if and to the extent Borrower fails to pay promptly any such amounts as and when due, even if the amount of such charges would exceed Borrowing Availability at such time. At Agent's option and to the extent permitted by law, any charges so made shall constitute part of the Revolving Loan hereunder.

#### 1.12 LOAN ACCOUNT AND ACCOUNTING.

Agent shall maintain a loan account (the "LOAN ACCOUNT") on its books to record: all Advances, all payments made by Borrower, and all other debits and credits as provided in this Agreement with respect to the Loans or any other Obligations. All entries in the Loan Account shall be made in accordance with Agent's customary accounting practices as in effect from time to time. The balance in the Loan Account, as recorded on Agent's most recent printout or other written statement, shall, absent demonstrable error, be presumptive evidence of the amounts due and owing to Agent and Lenders by Borrower; PROVIDED that any failure to so record or any error in so recording shall not limit or otherwise affect Borrower's duty to pay the Obligations. Agent shall render to Borrower a monthly accounting of transactions with respect to the Loans setting forth the balance of the Loan Account for the immediately preceding month. Unless Borrower notifies Agent in writing of any objection to any such accounting (specifically describing the basis for such objection), within 30 days after the date thereof, each and every such accounting shall, absent demonstrable error, be deemed final, binding and conclusive on Borrower in all respects as to all matters reflected therein. Only those items expressly objected to in such notice shall be deemed to be disputed by Borrower. Notwithstanding any provision herein contained to the contrary, any Lender may elect (which election may be revoked) to dispense with the issuance of Notes to that Lender and may rely on the Loan Account as evidence of the amount of Obligations from time to time owing to it.

#### 1.13 INDEMNITY.

(a) Each Credit Party that is a signatory hereto shall jointly and severally indemnify and hold harmless each of Agent, Lenders and their respective Affiliates, and each such Person's respective officers, directors, employees, attorneys, agents and representatives (each, an "INDEMNIFIED PERSON"), from and against any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal) that may be instituted or asserted against or incurred by any such Indemnified Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and thereunder and any actions or failures to act in connection therewith, including any and all Environmental Liabilities and legal costs and

expenses arising out of or incurred in connection with disputes between or among ANY PARTIES to any of the Loan Documents (collectively, "INDEMNIFIED LIABILITIES"); PROVIDED, that no such Credit Party shall be liable for any indemnification to an Indemnified Person to the extent that any such suit, action, proceeding, claim, damage, loss, liability or expense results from that Indemnified Person's gross negligence or willful misconduct. NO INDEMNIFIED PERSON SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO ANY LOAN DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER ANY LOAN DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

(b) To induce Lenders to provide the LIBOR Rate option on the terms provided herein, if (i) any LIBOR Loans are repaid in whole or in part prior to the last day of any applicable LIBOR Period (whether that repayment is made pursuant to any provision of this Agreement or any other Loan Document or occurs as a result of acceleration, by operation of law or otherwise); (ii) Borrower shall default in payment when due of the principal amount of or interest on any LIBOR Loan; (iii) Borrower shall refuse to accept any borrowing of, or shall request a termination of any borrowing, conversion into or continuation of LIBOR Loans after Borrower has given notice requesting the same in accordance herewith; or (iv) Borrower shall fail to make any prepayment of a LIBOR Loan after Borrower has given a notice thereof in accordance herewith, then Borrower shall indemnify and hold harmless each Lender from and against all losses, costs and expenses resulting from or arising from any of the foregoing. Such indemnification shall include any loss (including loss of margin) or expense arising from the reemployment of funds obtained by it or from fees payable to terminate deposits from which such funds were obtained. For the purpose of calculating amounts payable to a Lender under this subsection, each Lender shall be deemed to have actually funded its relevant LIBOR Loan through the purchase of a deposit bearing interest at the LIBOR Rate in an amount equal to the amount of that LIBOR Loan and having a maturity comparable to the relevant LIBOR Period; PROVIDED, that each Lender may fund each of its LIBOR Loans in any manner it sees fit, and the foregoing assumption shall be utilized only for the calculation of amounts payable under this subsection. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder. As promptly as practicable under the circumstances, each Lender shall provide Borrower with its written calculation of all amounts payable pursuant to this SECTION 1.13(b), and such calculation shall be binding on the parties hereto unless Borrower shall object in writing within 10 Business Days of receipt thereof, specifying the basis for such objection in detail.

#### 1.14 ACCESS.

Each Credit Party that is a party hereto shall, during normal business hours, from time to time upon three (3) Business Day's prior notice to the Borrower (attention: Treasurer); PROVIDED, HOWEVER, that after the occurrence and during the continuance of a Default or Event of Default, no such prior notice shall be required; as frequently as Agent determines to be

appropriate; (a) provide Agent and any of its officers, employees and agents access to its properties, facilities, advisors and employees (including officers) of each Credit Party and to the Collateral, (b) permit Agent, and any of its officers, employees and agents, to inspect, audit and make extracts from any Credit Party's books and records, and (c) permit Agent, and its officers, employees and agents, to inspect, review, evaluate and make test verifications and counts of the Accounts of WESCO-Canada, Inventory of any Credit Party and other Collateral of any Credit Party. Absent a Default or Event of Default, Borrower shall not be required to pay for (i) more than one (1) inventory appraisal per year or (ii) more than two (2) collateral audits per year. If a Default or Event of Default has occurred and is continuing or if access is necessary to preserve or protect the Collateral as determined by the Agent, in its reasonable credit judgment, each such Credit Party shall provide such access to Agent and to each Lender at all times and without advance notice at Borrower's expense. Furthermore, so long as any Event of Default has occurred and is continuing, Borrower shall provide Agent and each Lender with access to its suppliers and customers. Each Credit Party shall make available to Agent and its counsel, as quickly as is possible under the circumstances, originals or copies of all books and records that Agent may reasonably request. Each Credit Party shall deliver any document or instrument necessary for Agent, as it may from time to time request, to obtain records from any service bureau or other Person that maintains records for such Credit Party, and shall maintain duplicate records or supporting documentation on media, including computer tapes and discs owned by such Credit Party. Agent will give Lenders at least 5 days' prior written notice of regularly scheduled audits. Representatives of other Lenders may accompany Agent's representatives on regularly scheduled audits at no charge to Borrower.

#### 1.15 TAXES.

(a) Any and all payments by Borrower hereunder or under the Notes shall be made, in accordance with this SECTION 1.15, free and clear of and without deduction for any and all present or future Taxes. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under the Notes, (i) the sum payable shall be increased as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this SECTION 1.15) Agent or Lenders, as applicable, receive an amount equal to the sum they would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Within 30 days after the date of any payment of Taxes, Borrower shall furnish to Agent the original or a certified copy of a receipt evidencing payment thereof. Agent and Lenders shall not be obligated to return or refund any amounts received pursuant to this Section.

(b) Each Credit Party that is a signatory hereto shall indemnify and, within 10 days of demand therefor, pay Agent and each Lender for the full amount of Taxes (including any Taxes imposed by any jurisdiction on amounts payable under this SECTION 1.15) paid by Agent or such Lender, as appropriate, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted.

(c) Each Lender organized under the laws of a jurisdiction outside the United States (a "FOREIGN LENDER") as to which payments to be made under this Agreement or under the



Notes are exempt from United States withholding tax under an applicable statute or tax treaty shall provide to Borrower and Agent a properly completed and executed IRS Form W-8ECI or Form W-8BEN or other applicable form, certificate or document prescribed by the IRS or the United States certifying as to such Foreign Lender's entitlement to such exemption (a "CERTIFICATE OF EXEMPTION"). Any foreign Person that seeks to become a Lender under this Agreement shall provide a Certificate of Exemption to Borrower and Agent prior to becoming a Lender hereunder. No foreign Person may become a Lender hereunder if such Person fails to deliver a Certificate of Exemption in advance of becoming a Lender.

1.16 CAPITAL ADEQUACY; INCREASED COSTS; ILLEGALITY.

(a) If any Lender shall have determined that any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by any Lender with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law), in each case, adopted after the Closing Date, from any central bank or other Governmental Authority increases or would have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Lender and thereby reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder, then Borrower shall from time to time upon demand by such Lender (with a copy of such demand to Agent) pay to Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to the amount of that reduction and showing the basis of the computation thereof submitted by such Lender to Borrower and to Agent shall, absent manifest error, be final, conclusive and binding for all purposes.

(b) If, due to either (i) the introduction of or any change in any law or regulation (or any change in the interpretation thereof) or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), in each case adopted after the Closing Date, there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining any Loan, then Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to Agent), pay to Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to Borrower and to Agent by such Lender, shall be conclusive and binding on Borrower for all purposes, absent manifest error. Each Lender agrees that, as promptly as practicable after it becomes aware of any circumstances referred to above which would result in any such increased cost, the affected Lender shall, to the extent not inconsistent with such Lender's internal policies of general application, use reasonable commercial efforts to minimize costs and expenses incurred by it and payable to it by Borrower pursuant to this SECTION 1.16(b).

(c) Notwithstanding anything to the contrary contained herein, if the introduction of or any change in any law or regulation (or any change in the interpretation thereof) shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Lender to agree to make or to make or to continue to fund or maintain any LIBOR Loan, then, unless that Lender is able to make or to continue to fund or to maintain such LIBOR Loan at another branch or office of that Lender without, in that Lender's opinion,

adversely affecting it or its Loans or the income obtained therefrom, on notice thereof and demand therefor by such Lender to Borrower through Agent, (i) the obligation of such Lender to agree to make or to continue to fund or maintain LIBOR Loans shall terminate and (ii) Borrower shall forthwith prepay in full all outstanding LIBOR Loans owing to such Lender, together with interest accrued thereon, UNLESS Borrower, within 5 Business Days after the delivery of such notice and demand, converts all LIBOR Loans into Index Rate Loans.

(d) Within 15 days after receipt by Borrower of written notice and demand from any Lender (an "AFFECTED LENDER") for payment of additional amounts or increased costs as provided in SECTIONS 1.15(a), 1.16(a) OR 1.16(b), Borrower may, at its option, notify Agent and such Affected Lender of its intention to replace the Affected Lender. So long as no Default or Event of Default has occurred and is continuing, Borrower, with the consent of Agent, may obtain, at Borrower's expense, a replacement Lender ("REPLACEMENT LENDER") for the Affected Lender, which Replacement Lender must be reasonably satisfactory to Agent. If Borrower obtains a Replacement Lender within 90 days following notice of its intention to do so, the Affected Lender must sell and assign its Loans and Commitments to such Replacement Lender for an amount equal to the principal balance of all Loans held by the Affected Lender and all accrued interest and Fees with respect thereto through the date of such sale; PROVIDED, that Borrower shall have reimbursed such Affected Lender for the additional amounts or increased costs that it is entitled to receive under this Agreement through the date of such sale and assignment. Notwithstanding the foregoing, Borrower shall not have the right to obtain a Replacement Lender if the Affected Lender rescinds its demand for increased costs or additional amounts within 15 days following its receipt of Borrower's notice of intention to replace such Affected Lender. Furthermore, if Borrower gives a notice of intention to replace and does not so replace such Affected Lender within 90 days thereafter, Borrower's rights under this SECTION 1.16(d) shall terminate and Borrower shall promptly pay all increased costs or additional amounts demanded by such Affected Lender pursuant to SECTIONS 1.15(a), 1.16(a) AND 1.16(b).

#### 1.17 SINGLE LOAN.

All Loans to Borrower and all of the other Obligations of Borrower arising under this Agreement and the other Loan Documents shall constitute one general obligation of Borrower secured, until the Termination Date, by all of the Collateral.

## 2. CONDITIONS PRECEDENT

### 2.1 CONDITIONS TO THE INITIAL LOANS.

No Lender shall be obligated to make any Loan or incur any Letter of Credit Obligations on the Closing Date, or to take, fulfill, or perform any other action hereunder, until the following conditions have been satisfied or provided for in a manner satisfactory to Agent, or waived in writing by Agent and Lenders:

(a) CREDIT AGREEMENT; LOAN DOCUMENTS. This Agreement or counterparts hereof shall have been duly executed by, and delivered to, Borrower, each other Credit Party, Agent and Lenders; and Agent shall have received such documents, instruments, agreements and

legal opinions as Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including all those listed in the Closing Checklist attached hereto as ANNEX D, each in form and substance reasonably satisfactory to Agent.

(b) REPAYMENT OF PRIOR LENDER OBLIGATIONS; SATISFACTION OF OUTSTANDING L/CS. (i) Agent shall have received a fully executed original of a pay-off letter reasonably satisfactory to Agent confirming that all of the Prior Lender Obligations will be repaid in full from the proceeds of the initial Revolving Credit Advance and all Liens upon any of the property of Borrower or any of its Subsidiaries in favor of Prior Lender shall be terminated by Prior Lender immediately upon such payment; and (ii) all letters of credit issued or guaranteed by Prior Lender shall have been cash collateralized, supported by a guaranty of Agent or supported by a Letter of Credit issued pursuant to ANNEX B, as mutually agreed upon by Agent, Borrower and Prior Lender.

(c) APPROVALS. Agent shall have received (i) satisfactory evidence that the Credit Parties have obtained all required consents and approvals of all Persons including all requisite Governmental Authorities, to the execution, delivery and performance of this Agreement and the other Loan Documents and the consummation of the Related Transactions or (ii) an officer's certificate in form and substance reasonably satisfactory to Agent affirming that no such consents or approvals are required.

(d) OPENING AVAILABILITY. The Eligible Accounts of WESCO-Canada and Eligible Inventory of Borrower, WESCO Equity, Hering and WESCO-Canada supporting the initial Revolving Credit Advance and the initial Letter of Credit Obligations incurred and the amount of the Reserves to be established on the Closing Date shall be sufficient in value, as determined by Agent, to provide Borrower with Borrowing Availability, after giving effect to the initial Revolving Credit Advance, the incurrence of any initial Letter of Credit Obligations and the consummation of the Related Transactions (on a pro forma basis, with trade payables being paid currently and consistent with past practices, and expenses and liabilities being paid in the ordinary course of business and without acceleration of sales) of at least \$50,000,000.

(e) PAYMENT OF FEES. Borrower shall have paid the Fees required to be paid on the Closing Date in the respective amounts specified in SECTION 1.9 (including, without limitation, the Fees specified in the GE Capital Fee Letter), and shall have reimbursed Agent for all fees, costs and expenses of closing presented as of the Closing Date.

(f) CAPITAL STRUCTURE: OTHER INDEBTEDNESS. The capital structure of each Credit Party and the terms and conditions of all Indebtedness of each Credit Party shall be acceptable to Agent in its sole discretion.

(g) DUE DILIGENCE. Agent shall have completed its business and legal due diligence, including a Collateral audit and an Inventory appraisal with results reasonably satisfactory to Agent. Without limiting the foregoing, the corporate structure, capital structure, other debt instruments, material contracts (including the Receivables Purchase Agreement), and

governing documents of Borrower, the other Credit Parties and their respective Affiliates must be acceptable to Agent.

(h) PERMITTED RECEIVABLES FINANCING. Agent shall have reviewed and the terms and conditions of the Permitted Receivables Financing, shall be satisfied with such terms and conditions and shall have confirmed that the Credit Parties are in compliance therewith, both before and after giving effect to this Agreement, the transactions contemplated hereby, and the Related Transactions and the transactions contemplated thereby.

(i) INTERCREDITOR AGREEMENT. Agent shall have received a fully executed copy of the Intercreditor Agreement, which shall be in form and substance satisfactory to Agent and its counsel.

(j) SUBORDINATED NOTES. Agent shall have reviewed the terms and conditions of the Subordinated Notes and the indenture and other agreements, instruments and documents relating thereto, shall be satisfied with all such terms and conditions and shall have confirmed that the Credit Parties are in compliance therewith, both before and after giving effect to this Agreement, the transactions contemplated hereby and the Related Transactions and the transactions contemplated thereby.

(k) INTEREST RATE SWAP AGREEMENTS. Agent shall have reviewed the terms and conditions of the Swap Agreements and the other agreements, instruments and documents relating thereto, shall be satisfied with all such terms and conditions and shall have confirmed that the Credit Parties are in compliance therewith, both before and after giving effect to this Agreement, the transactions contemplated hereby and the Related Transactions and the transactions contemplated thereby.

(l) TRI-CITY. Agent shall have received evidence satisfactory to Agent that Tri-City shall have been merged with and into the Borrower, with the Borrower being the surviving corporation, and that the corporate existence of Tri-City shall have ceased, or that Tri-City shall otherwise have ceased to exist.

(m) EBITDA. Holdings and its Subsidiaries shall have, on a consolidated basis, EBITDA of at least \$110,000,000 for the trailing twelve month period ended January 31, 2002.

## 2.2 FURTHER CONDITIONS TO EACH LOAN .

Except as otherwise expressly provided herein, no Lender shall be obligated to fund any Advance, convert or continue any Loan as a LIBOR Loan or incur any Letter of Credit Obligation, if, as of the date thereof:

(a) any representation or warranty by any Credit Party contained herein or in any other Loan Document is untrue or incorrect as of such date, except to the extent that such representation or warranty expressly relates to an earlier date and except for changes therein expressly permitted or expressly contemplated by this Agreement, and Agent or Requisite Lenders have determined not to make such Advance, convert or continue any Loan as LIBOR

Loan or incur such Letter of Credit Obligation as a result of the fact that such warranty or representation is untrue or incorrect;

(b) any event or circumstance having a Material Adverse Effect has occurred since the date hereof as determined by Agent or Requisite Lenders, and Agent or Requisite Lenders have determined not to make such Advance, convert or continue any Loan as a LIBOR Loan or incur such Letter of Credit Obligation as a result of the fact that such event or circumstance has occurred;

(c) (i) any Default or Event of Default has occurred and is continuing or would result after giving effect to any Advance (or the incurrence of any Letter of Credit Obligation), and Agent or Requisite Lenders shall have determined not to make any Advance, convert or continue any Loan as a LIBOR Loan or incur any Letter of Credit Obligation as a result of that Default or Event of Default; or

(d) after giving effect to any Advance (or the incurrence of any Letter of Credit Obligations), the outstanding principal amount of the Revolving Loan would exceed the lesser of the Borrowing Base and the Maximum Amount, in each case, less the then outstanding principal amount of the Swing Line Loan.

The request and acceptance by Borrower of the proceeds of any Advance, the incurrence of any Letter of Credit Obligations or the conversion or continuation of any Loan into, or as, a LIBOR Loan shall be deemed to constitute, as of the date thereof, (i) a representation and warranty by Borrower that the conditions in this SECTION 2.2 have been satisfied and (ii) a reaffirmation by Borrower of the granting and continuance of Agent's Liens, on behalf of itself and Lenders, pursuant to the Collateral Documents.

### 3. REPRESENTATIONS AND WARRANTIES

To induce Lenders to make the Loans and to incur Letter of Credit Obligations, the Credit Parties executing this Agreement, jointly and severally, make the following representations and warranties to Agent and each Lender with respect to all Credit Parties, each and all of which shall survive the execution and delivery of this Agreement.

#### 3.1 CORPORATE EXISTENCE; COMPLIANCE WITH LAW.

Each Credit Party (a) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation or organization set forth in DISCLOSURE SCHEDULE (3.1); (b) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not result in exposure to losses, damages or liabilities in excess of \$500,000; (c) has the requisite power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease and to conduct its business as now, heretofore and proposed to be conducted; (d) subject to specific representations regarding Environmental Laws, has all material

licenses, permits, consents or approvals from or by, and has made all material filings with, and has given all material notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct; (e) is in compliance with its charter and bylaws or partnership or operating agreement, or partnership declaration and agreement as applicable; and (f) subject to specific representations set forth herein regarding ERISA, Environmental Laws, tax and other laws, is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

### 3.2 EXECUTIVE OFFICES, COLLATERAL LOCATIONS, FEIN.

As of the Closing Date, the current location of each Credit Party's chief executive office (or applicable foreign equivalent), principal place of business, domicile (within the meaning of the Quebec Civil Code), any other offices and the warehouses and premises at which any Collateral is stored or located are set forth in DISCLOSURE SCHEDULE (3.2), and, except as expressly set forth in DISCLOSURE SCHEDULE (3.2), none of such locations has changed within 12 months preceding the Closing Date. In addition, DISCLOSURE SCHEDULE (3.2) lists the federal employer identification number (or applicable foreign equivalent, if any) and state organizational identification number of each Credit Party.

### 3.3 CORPORATE POWER, AUTHORIZATION, ENFORCEABLE OBLIGATIONS.

The execution, delivery and performance by each Credit Party of the Loan Documents to which it is a party and the creation of all Liens provided for therein: (a) are within such Person's power; (b) have been duly authorized by all necessary corporate, limited liability company or limited partnership action; (c) do not contravene any provision of such Person's charter, bylaws or partnership or operating agreement or partnership declaration and agreement as applicable; (d) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (e) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Person is a party or by which such Person or any of its property is bound; (f) do not result in the creation or imposition of any Lien upon any of the property of such Person other than those in favor of Agent, on behalf of itself and Lenders, pursuant to the Loan Documents; and (g) do not require the consent or approval of any Governmental Authority or any other Person, except those referred to in SECTION 2.1(c), all of which will have been duly obtained, made or complied with prior to the Closing Date. Each of the Loan Documents shall be duly executed and delivered by each Credit Party that is a party thereto and each such Loan Document shall constitute a legal, valid and binding obligation of such Credit Party enforceable against it in accordance with its terms.

### 3.4 FINANCIAL STATEMENTS AND PROJECTIONS.

Except for the Projections, all Financial Statements concerning Holdings and its Subsidiaries that are referred to below have been prepared in accordance with GAAP consistently applied throughout the periods covered (except as disclosed therein and except, with respect to

unaudited Financial Statements, for the absence of footnotes and normal year-end audit adjustments) and present fairly in all material respects the financial position of the Persons covered thereby as at the dates thereof and the results of their operations and cash flows for the periods then ended.

(a) FINANCIAL STATEMENTS. The following Financial Statements attached hereto as DISCLOSURE SCHEDULE (3.4(a)) have been delivered on the date hereof:

(i) The audited consolidated and consolidating balance sheets at December 31, 1999 and 2000 and the related statements of income and cash flows of Holdings and its Subsidiaries for the Fiscal Years then ended, certified by Pricewaterhouse Coopers LLP.

(ii) The unaudited consolidated and consolidating balance sheets at March 31, 2001, June 30, 2001 and September 30, 2001 and the related statements of income and cash flows of Holdings and its Subsidiaries for the Fiscal Quarters then ended.

(iii) The unaudited consolidated balance sheets at November 30, 2001 and January 31, 2002 and the consolidated and consolidating balance sheets at December 31, 2001 and the related statements of income and cash flows of Holdings and its Subsidiaries for the months then ended.

(b) PRO FORMA. The Pro Forma delivered on the date hereof and attached hereto as DISCLOSURE SCHEDULE (3.4(B)) was prepared by Borrower and Holdings giving PRO FORMA effect to the Related Transactions, was based on the unaudited consolidated balance sheets of Holdings and its Subsidiaries dated January 31, 2002, and was prepared in accordance with GAAP, with only such adjustments thereto as would be required in accordance with GAAP.

(c) PROJECTIONS. The Projections delivered on the date hereof and attached hereto as DISCLOSURE SCHEDULE (3.4(C)) have been prepared by Borrower and Holdings in light of the past operations of their businesses, but including future payments of known contingent liabilities, and reflect projections for the five (5) year period beginning on January 1, 2002 on a quarter-by-quarter basis for the first year and on a year-by-year basis thereafter. The Projections are based upon estimates and assumptions stated therein, all of which each of Borrower and Holdings believes to be reasonable and fair in light of current conditions and current facts known to Borrower and Holdings and, as of the Closing Date, reflect Borrower's and Holdings' good faith and reasonable estimates of the future financial performance of Borrower and Holdings and of the other information projected therein for the period set forth therein.

### 3.5 MATERIAL ADVERSE EFFECT.

Between November 30, 2001 and the Closing Date, (a) no Credit Party has incurred any obligations, contingent or noncontingent liabilities, liabilities for Charges, long-term leases or unusual forward or long-term commitments that are not reflected in the Pro Forma or in the Financial Statements identified in SECTION 3.4(a)(ii) AND (iii) and attached hereto as part of DISCLOSURE SCHEDULE 3.4(a) and that, alone or in the aggregate, could reasonably be expected to have a Material Adverse Effect, (b) no contract, lease or other agreement or instrument has been

entered into by any Credit Party or has become binding upon any Credit Party's assets and no law or regulation applicable to any Credit Party has been adopted that has had or could reasonably be expected to have a Material Adverse Effect, and (c) no Credit Party is in default and to the best of Borrower's knowledge no third party is in default under any material contract, lease or other agreement or instrument, that alone or in the aggregate could reasonably be expected to have a Material Adverse Effect. Between November 30, 2001 and the Closing Date no event has occurred, that alone or together with other events, could reasonably be expected to have a Material Adverse Effect.

### 3.6 OWNERSHIP OF PROPERTY; LIENS.

As of the Closing Date, the real estate ("REAL ESTATE") listed in DISCLOSURE SCHEDULE (3.6) constitutes all of the real property owned, leased, subleased, or used by any Credit Party. Each Credit Party owns good and marketable fee simple title to all of its owned Real Estate, and valid and marketable leasehold interests in all of its leased Real Estate, all as described on DISCLOSURE SCHEDULE (3.6), and copies of all such leases or a summary of terms thereof reasonably satisfactory to Agent have been delivered to Agent. DISCLOSURE SCHEDULE (3.6) further describes any Real Estate with respect to which any Credit Party is a lessor, sublessor or assignor as of the Closing Date. Each Credit Party also has good, valid and marketable title to, or valid leasehold interests in, all of its personal property and assets. As of the Closing Date, none of the properties and assets of any Credit Party are subject to any Liens other than Permitted Encumbrances, and there are no facts, circumstances or conditions known to any Credit Party that may result in any Liens (including Liens arising under Environmental Laws) other than Permitted Encumbrances. Each Credit Party has received all deeds, assignments, waivers, consents, nondisturbance and attornment or similar agreements, bills of sale and other documents, and has duly effected all recordings, filings and other actions necessary to establish, protect and perfect such Credit Party's right, title and interest in and to all such Real Estate and other properties and assets. Disclosure Schedule (3.6) also describes any purchase options, rights of first refusal or other similar contractual rights pertaining to any Real Estate. As of the Closing Date, no portion of any Credit Party's Real Estate has suffered any material damage by fire or other casualty loss that has not heretofore been repaired and restored in all material respects to its original condition or otherwise remedied. As of the Closing Date, all material permits required to have been issued or appropriate to enable the Real Estate to be lawfully occupied and used for all of the purposes for which it is currently occupied and used have been lawfully issued and are in full force and effect.

### 3.7 LABOR MATTERS.

As of the Closing Date (a) no strikes or other material labor disputes against any Credit Party are pending or, to any Credit Party's knowledge, threatened; (b) hours worked by and payment made to employees of each Credit Party comply with the Fair Labor Standards Act and each other federal, state, local or foreign law applicable to such matters; (c) all payments due from any Credit Party for employee health and welfare insurance and on account of Canada Pension Plan and Quebec Pension Plan employer contributions, Canadian workers compensation premiums, Canadian employment insurance premiums, and employee vacation pay have been paid or accrued as a liability on the books of such Credit Party; (d) except as set forth in



DISCLOSURE SCHEDULE (3.7), no Credit Party is a party to or bound by any collective bargaining agreement, management agreement, consulting agreement, employment agreement, bonus, restricted stock, stock option, or stock appreciation plan or agreement or any similar plan, agreement or arrangement (and true and complete copies of any agreements (or the form of any such agreement) described on DISCLOSURE SCHEDULE (3.7) have been delivered to Agent); (e) there is no organizing activity involving any Credit Party pending or, to any Credit Party's knowledge, threatened by any labor union or group of employees; (f) there are no representation proceedings pending or, to any Credit Party's knowledge, threatened with the National Labor Relations Board (or applicable equivalent or similar foreign organization) and no labor organization or group of employees of any Credit Party has made a pending demand for recognition; and (g) except as set forth in DISCLOSURE SCHEDULE (3.7), there are no material complaints or charges against any Credit Party pending or, to the knowledge of any Credit Party, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment by any Credit Party of any individual.

### 3.8 VENTURES, SUBSIDIARIES AND AFFILIATES; OUTSTANDING STOCK AND INDEBTEDNESS.

Except as set forth in DISCLOSURE SCHEDULE (3.8), as of the Closing Date, no Credit Party has any Subsidiaries, is engaged in any joint venture or partnership with any other Person, or is an Affiliate of any other Person. All of the issued and outstanding Stock of each Credit Party is owned by each of the Stockholders and in the amounts set forth in DISCLOSURE SCHEDULE (3.8). Except as set forth in DISCLOSURE SCHEDULE (3.8), there are no outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which any Credit Party may be required to issue, sell, repurchase or redeem any of its Stock or other equity securities or any Stock or other equity securities of its Subsidiaries. All outstanding Indebtedness and Guaranteed Indebtedness of each Credit Party as of the Closing Date (except for the Obligations) is described in SECTION 6.3 (including DISCLOSURE SCHEDULE (6.3)). Holdings has not engaged in any trade or business that would not be permitted by SECTION 6.20, and has no assets (except Stock of its two Subsidiaries, Borrower and WESCO Finance) or any Indebtedness or Guaranteed Indebtedness (except the Obligations). None of Borrower's non-Canadian foreign Subsidiaries has any assets individually in excess of \$15,000,000 (or the Dollar Equivalent Amount thereof) or, in the aggregate for all non-Canadian foreign Subsidiaries, in excess of \$25,000,000 (or the Dollar Equivalent Amount thereof). Other than as set forth in DISCLOSURE SCHEDULE 3.8, neither WESCO Finance nor WESCO Finance Canada has engaged in any trade or business that would not be permitted by SECTION 6.20, has any assets in excess of \$250,000, other than intercompany indebtedness owed to it and expressly permitted under SECTION 6.3(a), has any creditors other than a Credit Party, or has any Indebtedness or Guaranteed Indebtedness (except the Obligations), other than intercompany indebtedness expressly permitted under SECTION 6.3(a).

### 3.9 GOVERNMENT REGULATION.

No Credit Party is an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940. No Credit Party is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, or any other federal or state statute

that restricts or limits its ability to incur Indebtedness or to perform its obligations hereunder. The making of the Loans by Lenders to Borrower, the incurrence of the Letter of Credit Obligations on behalf of Borrower, the application of the proceeds thereof and repayment thereof and the consummation of the Related Transactions will not violate any provision of any such statute or any rule, regulation or order issued by the Securities and Exchange Commission (or applicable foreign equivalent or similar regulatory body).

### 3.10 MARGIN REGULATIONS.

No Credit Party is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" as such terms are defined in Regulation U of the Federal Reserve Board as now and from time to time hereafter in effect (such securities being referred to herein as "MARGIN STOCK"). No Credit Party owns any Margin Stock, and none of the proceeds of the Loans or other extensions of credit under this Agreement will be used, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any Indebtedness that was originally incurred to purchase or carry any Margin Stock or for any other purpose that might cause any of the Loans or other extensions of credit under this Agreement to be considered a "purpose credit" within the meaning of Regulations T, U or X of the Federal Reserve Board. No Credit Party will take or permit to be taken any action that might cause any Loan Document to violate any regulation of the Federal Reserve Board.

### 3.11 TAXES.

All tax returns, reports and statements, including information returns, required by any Governmental Authority to be filed by any Credit Party have been filed with the appropriate Governmental Authority and all Charges have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof (or any such fine, penalty, interest, late charge or loss has been paid), excluding Charges or other amounts being contested in accordance with SECTION 5.2(b). Proper and accurate amounts have been withheld by each Credit Party from its respective employees for all periods in full and complete compliance with all applicable federal, state, local and foreign laws and such withholdings have been timely paid to the respective Governmental Authorities. DISCLOSURE SCHEDULE (3.11) sets forth as of the Closing Date those taxable years for which any Credit Party's tax returns are currently being audited by the IRS or any other applicable Governmental Authority and any assessments or threatened assessments in connection with such audit, or otherwise currently outstanding. Except as described in DISCLOSURE SCHEDULE (3.11), no Credit Party has executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for assessment or collection of any Charges. None of the Credit Parties and their respective predecessors are liable for any Charges: (a) under any agreement (including any tax sharing agreements) or (b) to each Credit Party's knowledge, as a transferee. As of the Closing Date, no Credit Party has agreed or been requested to make any adjustment under IRC Section 481(a), by reason of a change in accounting method or otherwise, which would have a Material Adverse Effect.

### 3.12 ERISA.

(a) DISCLOSURE SCHEDULE (3.12) lists all Plans and separately identifies all Pension Plans, including Title IV Plans, Multiemployer Plans, ESOPs and Welfare Plans, including all Retiree Welfare Plans. Copies of all such listed Plans, together with a copy of the latest IRS/DOL form 5500-series for each such Plan, if applicable, have been delivered to Agent. Except with respect to Multiemployer Plans, each Qualified Plan has been determined by the IRS to qualify under Section 401 of the IRC, the trusts created thereunder have been determined to be exempt from tax under the provisions of Section 501 of the IRC, and nothing has occurred that would cause the loss of such qualification or tax-exempt status. Each Plan is in material compliance with the applicable provisions of ERISA and the IRC, including the timely filing of all reports required under the IRC or ERISA, including the statement required by 29 CFR Section 2520.104-23. Neither any Credit Party nor ERISA Affiliate has failed to make any contribution or pay any amount due as required by either Section 412 of the IRC or Section 302 of ERISA or the terms of any such Plan. Neither any Credit Party nor ERISA Affiliate has engaged in a "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the IRC, in connection with any Plan, that would subject any Credit Party to a material tax on prohibited transactions imposed by Section 502(i) of ERISA or Section 4975 of the IRC.

(b) Except as set forth in DISCLOSURE SCHEDULE (3.12): (i) no Title IV Plan has any Unfunded Pension Liability; (ii) no ERISA Event or event described in Section 4062(e) of ERISA with respect to any Title IV Plan has occurred or is reasonably expected to occur; (iii) there are no pending, or to the knowledge of any Credit Party, threatened claims (other than claims for benefits in the normal course), sanctions, actions or lawsuits, asserted or instituted against any Plan or any Person as fiduciary or sponsor of any Plan; (iv) no Credit Party or ERISA Affiliate has incurred or reasonably expects to incur any liability as a result of a complete or partial withdrawal from a Multiemployer Plan; (v) within the last five years no Title IV Plan of any Credit Party or ERISA Affiliate has been terminated, whether or not in a "standard termination" as that term is used in Section 404(b)(1) of ERISA, nor has any Title IV Plan of any Credit Party or ERISA Affiliate (determined at any time within the past five years) with Unfunded Pension Liabilities been transferred outside of the "controlled group" (within the meaning of Section 4001(a)(14) of ERISA) of any Credit Party or ERISA Affiliate; (vi) except in the case of any ESOP, Stock of all Credit Parties and their ERISA Affiliates makes up, in the aggregate, no more than 10% of fair market value of the assets of any Plan measured on the basis of fair market value as of the latest valuation date of any Plan; and (vii) no liability under any Title IV Plan has been satisfied with the purchase of a contract from an insurance company that is not rated AAA by the Standard & Poor's Corporation or an equivalent rating by another nationally recognized rating agency. The Canadian Pension Plans are duly registered under the ITA and all other applicable laws which require registration and no event has occurred which is reasonably likely to cause the loss of such registered status. All obligations of WESCO-Canada (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans and the funding agreements therefor have been performed in a timely fashion. There have been no improper withdrawals or applications of the assets of the Canadian Pension Plans or the Canadian Benefit Plans. There are no outstanding material disputes concerning the assets of the Canadian Pension Plans or the Canadian Benefit Plans. Each of the Canadian Pension Plans is fully funded on a solvency basis

(using actuarial methods and assumptions which are consistent with the valuations last filed with the applicable Governmental Authorities and which are consistent with generally accepted actuarial principles). DISCLOSURE SCHEDULE (3.12) lists all Canadian Benefit Plans and Canadian Pension Plans adopted by any Credit Party.

### 3.13 NO LITIGATION.

No action, claim, lawsuit, demand, investigation or proceeding is now pending or, to the knowledge of any Credit Party, threatened against any Credit Party, before any Governmental Authority or before any arbitrator or panel of arbitrators (collectively, "LITIGATION"), (a) that challenges any Credit Party's right or power to enter into or perform any of its obligations under the Loan Documents to which it is a party, or the validity or enforceability of any Loan Document or any action taken thereunder, or (b) that has a reasonable risk of being determined adversely to any Credit Party and that, if so determined, could reasonably be expected to have a Material Adverse Effect. Except as set forth on DISCLOSURE SCHEDULE (3.13), as of the Closing Date there is no Litigation pending or threatened that seeks damages in excess of \$500,000 or injunctive relief against, or alleges criminal misconduct of, any Credit Party.

### 3.14 BROKERS.

No broker or finder acting on behalf of any Credit Party or Affiliate thereof brought about the obtaining, making or closing of the Loans or the Related Transactions, and no Credit Party or Affiliate thereof has any obligation to any Person in respect of any finder's or brokerage fees in connection therewith.

### 3.15 INTELLECTUAL PROPERTY.

As of the Closing Date, each Credit Party owns or has rights to use all Intellectual Property necessary to continue to conduct its business as now or heretofore conducted by it or proposed to be conducted by it, and each Patent, Design, Trademark, Copyright and License is listed, together with application or registration numbers, as applicable, in DISCLOSURE SCHEDULE (3.15). Each Credit Party conducts its business and affairs without infringement of or interference with any Intellectual Property of any other Person in any material respect. Except as set forth in DISCLOSURE SCHEDULE (3.15), no Credit Party is aware of any infringement claim by any other Person with respect to any Intellectual Property.

### 3.16 FULL DISCLOSURE.

No information contained in this Agreement, any of the other Loan Documents, any Projections, Financial Statements or Collateral Reports or other written reports from time to time delivered hereunder or any written statement furnished by or on behalf of any Credit Party to Agent or any Lender pursuant to the terms of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. The Liens granted to Agent, on behalf of itself and Lenders, pursuant to

the Collateral Documents will at all times be fully perfected first priority Liens in and to the Collateral described therein, subject, as to priority, only to Permitted Encumbrances.

### 3.17 ENVIRONMENTAL MATTERS.

(a) Except as set forth in DISCLOSURE SCHEDULE (3.17), as of the Closing Date: (i) the Real Estate is free of contamination from any Hazardous Material except for such contamination that would not adversely impact the value or marketability of such Real Estate and that would not result in Environmental Liabilities that could reasonably be expected to exceed \$250,000; (ii) no Credit Party has caused or suffered to occur any Release of Hazardous Materials on, at, in, under, above, to, from or about any of its Real Estate; (iii) the Credit Parties are and have been in compliance with all Environmental Laws, except for such noncompliance that would not result in Environmental Liabilities which could reasonably be expected to exceed \$250,000; (iv) the Credit Parties have obtained, and are in compliance with, all Environmental Permits required by Environmental Laws for the operations of their respective businesses as presently conducted or as proposed to be conducted, except where the failure to so obtain or comply with such Environmental Permits would not result in Environmental Liabilities that could reasonably be expected to exceed \$250,000, and all such Environmental Permits are valid, uncontested and in good standing; (v) no Credit Party is involved in operations or knows of any facts, circumstances or conditions, including any Releases of Hazardous Materials, that are likely to result in any Environmental Liabilities of such Credit Party which could reasonably be expected to exceed \$250,000, and no Credit Party has permitted any current or former tenant or occupant of the Real Estate to engage in any such operations; (vi) there is no Litigation arising under or related to any Environmental Laws, Environmental Permits or Hazardous Material that seeks damages, penalties, fines, costs or expenses in excess of \$250,000 or injunctive relief against, or that alleges criminal misconduct by, any Credit Party; (vii) no notice has been received by any Credit Party identifying it as a "potentially responsible party" or requesting information under CERCLA or analogous state statutes, and to the knowledge of the Credit Parties, there are no facts, circumstances or conditions that may result in any Credit Party being identified as a "potentially responsible party" under CERCLA or analogous state statutes; and (viii) the Credit Parties have provided to Agent copies of all existing environmental reports, reviews and audits and all written information pertaining to actual or potential Environmental Liabilities, in each case relating to any Credit Party.

(b) Each Credit Party hereby acknowledges and agrees that Agent (i) is not now, and has not ever been, in control of any of the Real Estate or any Credit Party's affairs, and (ii) does not have the capacity through the provisions of the Loan Documents or otherwise to influence any Credit Party's conduct with respect to the ownership, operation or management of any of its Real Estate or compliance with Environmental Laws or Environmental Permits.

### 3.18 INSURANCE.

DISCLOSURE SCHEDULE (3.18) lists all insurance policies of any nature maintained, as of the Closing Date, for current occurrences by each Credit Party.

### 3.19 DEPOSIT AND DISBURSEMENT ACCOUNTS.

DISCLOSURE SCHEDULE (3.19) lists all banks and other financial institutions at which any Credit Party maintains deposit or other accounts as of the Closing Date, including any Disbursement Accounts, and such Schedule correctly identifies the name, address and telephone number of each depository, the name in which the account is held, a brief description of the purpose of the account, and the complete account number therefor.

### 3.20 GOVERNMENT CONTRACTS.

Except as set forth in DISCLOSURE SCHEDULE (3.20), as of a recent date prior to the Closing Date, no Credit Party is a party to any contract or agreement with any Governmental Authority and no Credit Party's Accounts are subject to the Federal Assignment of Claims Act (31 U.S.C. Section 3727), to the Financial Administration Act (Canada) or any similar state, provincial, local or foreign law.

### 3.21 CUSTOMER AND TRADE RELATIONS.

As of the Closing Date, there exists no actual or, to the knowledge of any Credit Party, threatened termination or cancellation of, or any material adverse modification or change in: the business relationship of any Credit Party with any customer or group of customers whose purchases during the preceding 12 months caused them to be ranked among the ten largest customers of such Credit Party; or the business relationship of any Credit Party with any supplier material to its operations.

### 3.22 AGREEMENTS AND OTHER DOCUMENTS.

As of the Closing Date, each Credit Party has provided to Agent or its counsel, on behalf of Lenders, accurate and complete copies (or summaries) of all of the following agreements or documents to which it is subject and each of which is listed in DISCLOSURE SCHEDULE (3.22): supply agreements and purchase agreements not terminable by such Credit Party within 60 days following written notice issued by such Credit Party and involving transactions in excess of \$1,000,000 per annum; leases of Equipment having a remaining term of one year or longer and requiring aggregate rental and other payments in excess of \$500,000 per annum; any license or permit held by the Credit Parties, the absence of which could be reasonably likely to have a Material Adverse Effect; instruments and documents evidencing any Indebtedness or Guaranteed Indebtedness of such Credit Party and any Lien granted by such Credit Party with respect thereto; and instruments and agreements evidencing the issuance of any equity securities, warrants, rights or options to purchase equity securities of such Credit Party.

### 3.23 SOLVENCY.

Both before and after giving effect to (a) the Loans and Letter of Credit Obligations to be made or incurred on the Closing Date or such other date as Loans and Letter of Credit Obligations requested hereunder are made or incurred, (b) the disbursement of the proceeds of such Loans pursuant to the instructions of Borrower, (c) the Refinancing and the

consummation of the other Related Transactions and (d) the payment and accrual of all transaction costs in connection with the foregoing, each Credit Party is and will be Solvent.

#### 3.24 SUBORDINATED DEBT.

As of the Closing Date, Borrower has delivered to Agent a complete and correct copy of the Subordinated Notes, including all schedules, exhibits, amendments, supplements, modifications, assignments and all indentures and other agreements, instruments and documents delivered pursuant thereto or in connection therewith. Borrower has the corporate power and authority to incur the Indebtedness evidenced by the Subordinated Notes. The subordination provisions of the Subordinated Notes are enforceable against the holders of the Subordinated Notes by Agent and Lenders. All Obligations, including the Letter of Credit Obligations, constitute Senior Indebtedness and Designated Senior Indebtedness entitled to the benefits of the subordination provisions contained in the Subordinated Notes. Borrower acknowledges that Agent and each Lender are entering into this Agreement and are extending the Commitments in reliance upon the subordination provisions of the Subordinated Notes and this SECTION 3.24.

#### 3.25 RENT.

All rent and other payments due and owing by any Credit Party with respect to any property or other premises leased or otherwise rented by any Credit Party have been paid in full other than rent and other payments being contested in good faith in accordance with past practice in an aggregate outstanding amount not to exceed \$100,000 at any time; and each Credit Party is current on all rent and other payments payable in respect of any property or other premises leased or otherwise rented by such Credit Party other than rent and other payments being contested in good faith in accordance with past practice in an aggregate outstanding amount not to exceed \$100,000 at any time for all Credit Parties.

### 4. FINANCIAL STATEMENTS AND INFORMATION

#### 4.1 REPORTS AND NOTICES.

(a) Each Credit Party executing this Agreement hereby agrees that from and after the Closing Date and until the Termination Date, it shall deliver to Agent or to Agent and Lenders, as required, the Financial Statements, notices, Projections and other information at the times, to the Persons and in the manner set forth in ANNEX E.

(b) Each Credit Party executing this Agreement hereby agrees that from and after the Closing Date and until the Termination Date, it shall deliver to Agent or to Agent and Lenders, as required, the various Collateral Reports (including Borrowing Base Certificates in the form of EXHIBIT 4.1(b)) at the times, to the Persons and in the manner set forth in ANNEX F.

#### 4.2 COMMUNICATION WITH ACCOUNTANTS.

Each Credit Party executing this Agreement authorizes Agent with the prior consent of Borrower, which consent shall not be unreasonably withheld or delayed; PROVIDED, HOWEVER, that such consent shall not be required so long as a Default or an Event of Default has

occurred and is continuing; to communicate directly with its independent certified or chartered, as applicable, public accountants, including Pricewaterhouse Coopers LLP, and authorizes and, at Agent's request, shall instruct those accountants and advisors to disclose and make available to Agent any and all Financial Statements and other material supporting financial documents and material correspondence relating to any Credit Party (including copies of any issued management letters) with respect to the business, financial condition and other affairs of any Credit Party.

## 5. AFFIRMATIVE COVENANTS

Each Credit Party executing this Agreement jointly and severally agrees as to all Credit Parties that from and after the date hereof and until the Termination Date:

### 5.1 MAINTENANCE OF EXISTENCE AND CONDUCT OF BUSINESS.

Each Credit Party shall: do or cause to be done all things necessary to preserve and keep in full force and effect its existence (corporate, partnership, limited liability company or otherwise) and its rights and franchises; continue to conduct its business substantially as now conducted or as otherwise permitted hereunder; at all times maintain, preserve and protect all of its assets and properties used or useful in the conduct of its business, and keep the same in good repair, working order and condition in all material respects (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices; and transact business only in such corporate and trade names as are set forth in DISCLOSURE SCHEDULE (5.1).

### 5.2 PAYMENT OF CHARGES.

(a) Subject to SECTION 5.2(b), each Credit Party shall pay and discharge or cause to be paid and discharged promptly all Charges payable by it, including (i) Charges imposed upon it, its income and profits, or any of its property (real, personal or mixed) and all Charges with respect to tax, social security and unemployment withholding with respect to its employees, (ii) lawful claims for labor, materials, supplies and services or otherwise, and (iii) all storage or rental charges payable to warehousemen and bailees, in each case, before any thereof shall become past due.

(b) Each Credit Party may in good faith contest, by appropriate proceedings, the validity or amount of any Charges, Taxes or claims described in SECTION 5.2(a); PROVIDED, that (i) adequate reserves with respect to such contest are maintained on the books of such Credit Party, in accordance with GAAP; (ii) no Lien shall be imposed or otherwise arise to secure payment of such Charges (other than payments to warehousemen and/or bailees) that is superior to any of the Liens securing payment of the Obligations and such contest is maintained and prosecuted continuously and with diligence and operates to suspend collection or enforcement of such Charges, (iii) none of the Collateral becomes subject to forfeiture or loss as a result of such contest, (iv) such Credit Party shall promptly pay or discharge such contested Charges, Taxes or claims and all additional charges, interest, penalties and expenses, if any, and shall deliver to Agent evidence reasonably acceptable to Agent of such compliance, payment or discharge, if such contest is terminated or discontinued adversely to such Credit Party or the conditions set



forth in this SECTION 5.2(b) are no longer met, and (v) Agent has not advised Borrower in writing that Agent reasonably believes that nonpayment or nondischarge thereof could have or result in a Material Adverse Effect.

### 5.3 BOOKS AND RECORDS.

(a) Each Credit Party shall keep adequate books and records with respect to its business activities in which proper entries, reflecting all financial transactions, are made in accordance with GAAP and on a basis consistent with the Financial Statements attached as DISCLOSURE SCHEDULE (3.4(a)).

(b) WESCO-Canada shall maintain, or cause to be maintained, a complete set of books and records with respect to its business at its chief executive office in Ontario, Canada or at Borrower's chief executive office in Pittsburgh, Pennsylvania.

### 5.4 INSURANCE; DAMAGE TO OR DESTRUCTION OF COLLATERAL.

(a) The Credit Parties shall, at their sole cost and expense, maintain the policies of insurance described on DISCLOSURE SCHEDULE (3.18) as in effect on the date hereof or otherwise in form and amounts and with insurers reasonably acceptable to Agent. Such policies of insurance (or the loss payable and additional insured endorsements delivered to Agent) shall contain provisions pursuant to which the insurer agrees to provide 30 days prior written notice to Agent in the event of any non-renewal, cancellation or amendment of any such insurance policy. If any Credit Party at any time or times hereafter shall fail to obtain or maintain any of the policies of insurance required above or to pay all premiums relating thereto, Agent may at any time or times thereafter obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto that Agent deems advisable. Agent shall have no obligation to obtain insurance for any Credit Party or pay any premiums therefor. By doing so, Agent shall not be deemed to have waived any Default or Event of Default arising from any Credit Party's failure to maintain such insurance or pay any premiums therefor. All sums so disbursed, including reasonable attorneys' fees, court costs and other charges related thereto, shall be payable on demand by Borrower to Agent and shall be additional Obligations hereunder secured by the Collateral.

(b) Agent reserves the right at any time upon any change in any Credit Party's risk profile (including any change in the product mix maintained by any Credit Party or any laws affecting the potential liability of such Credit Party) to require additional forms and limits of insurance to, in Agent's opinion, adequately protect both Agent's and Lender's interests in all or any portion of the Collateral and to ensure that each Credit Party is protected by insurance in amounts and with coverage customary for its industry. If reasonably requested by Agent, each Credit Party shall deliver to Agent from time to time a report of a reputable insurance broker, selected by Borrower and reasonably satisfactory to Agent, with respect to its insurance policies.

(c) Each Credit Party shall deliver to Agent, in form and substance reasonably satisfactory to Agent, endorsements to (i) all "All Risk" and business interruption insurance naming Agent, on behalf of itself and Lenders, as loss payee, and (ii) all general liability and

other liability policies naming Agent, on behalf of itself and Lenders, as additional insured. Each Credit Party irrevocably makes, constitutes and appoints Agent (and all officers, employees or agents designated by Agent), so long as any Default or Event of Default has occurred and is continuing or the anticipated insurance proceeds exceed \$1,000,000, as each Credit Party's true and lawful agent and attorney-in-fact for the purpose of making, settling and adjusting claims under such "All Risk" policies of insurance, endorsing the name of each Credit Party on any check or other item of payment for the proceeds of such "All Risk" policies of insurance and for making all determinations and decisions with respect to such "All Risk" policies of insurance. Agent shall have no duty to exercise any rights or powers granted to it pursuant to the foregoing power-of- attorney. Borrower shall promptly notify Agent of any loss, damage, or destruction to the Collateral in the amount of \$500,000 or more, whether or not covered by insurance. After deducting from such proceeds the expenses, if any, incurred by Agent in the collection or handling thereof, Agent may, at its option, apply such proceeds to the reduction of the Obligations in accordance with SECTION 1.3(d), PROVIDED that in the case of insurance proceeds pertaining to any Credit Party other than Borrower, such insurance proceeds shall be applied to the Loans owing by Borrower, or permit or require each Credit Party to use such money, or any part thereof, to replace, repair, restore or rebuild the Collateral in a diligent and expeditious manner with materials and workmanship of substantially the same quality as existed before the loss, damage or destruction. Notwithstanding the foregoing, if the casualty giving rise to such insurance proceeds could not reasonably be expected to have a Material Adverse Effect and such insurance proceeds do not exceed \$1,000,000 in the aggregate, Agent shall permit the applicable Credit Party to replace, restore, repair or rebuild the property; PROVIDED that if such Credit Party has not completed or entered into binding agreements to complete such replacement, restoration, repair or rebuilding within 180 days of such casualty, Agent may apply such insurance proceeds to the Obligations in accordance with SECTION 1.3(d); PROVIDED further that in the case of insurance proceeds pertaining to any Credit Party other than Borrower, such insurance proceeds shall be applied to the Loans owing by Borrower. All insurance proceeds that are to be made available to Borrower to replace, repair, restore or rebuild the Collateral shall be applied by Agent to reduce the outstanding principal balance of the Revolving Loan (which application shall not result in a permanent reduction of the Revolving Loan Commitment) and upon such application, Agent shall establish a Reserve against the Borrowing Base in an amount equal to the amount of such proceeds so applied. All insurance proceeds made available to any Credit Party that is not a Borrower to replace, repair, restore or rebuild Collateral shall be deposited in a cash collateral account. Thereafter, such funds shall be made available to such Credit Party to provide funds to replace, repair, restore or rebuild the Collateral as follows: (i) Borrower shall request a Revolving Credit Advance or release from the cash collateral account be made to Borrower or such other Credit Party, as the case may be, in the amount requested to be released; (ii) so long as the conditions set forth in SECTION 2.2 have been met, Lenders shall make such Revolving Credit Advance or Agent shall release funds from the cash collateral account; and (iii) in the case of insurance proceeds applied against the Revolving Loan, the Reserve established with respect to such insurance proceeds shall be reduced by the amount of such Revolving Credit Advance. To the extent not used to replace, repair, restore or rebuild the Collateral, such insurance proceeds shall be applied in accordance with SECTION 1.3(d); PROVIDED that in the case of insurance proceeds pertaining to any Credit Party other than Borrower, such insurance proceeds shall be applied to the Loans owing by Borrower.

#### 5.5 COMPLIANCE WITH LAWS.

Each Credit Party shall comply with all federal, state, local, Canadian, provincial and foreign laws and regulations applicable to it, including those relating to ERISA and labor matters and Environmental Laws and Environmental Permits, except to the extent that the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

#### 5.6 SUPPLEMENTAL DISCLOSURE.

From time to time as may be reasonably requested by Agent (which request will not be made more frequently than once each year absent the occurrence and continuance of a Default or an Event of Default), the Credit Parties shall supplement each Disclosure Schedule hereto, or any representation herein or in any other Loan Document, with respect to any matter hereafter arising that, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in such Disclosure Schedule or as an exception to such representation or that is necessary to correct any information in such Disclosure Schedule or representation which has been rendered inaccurate thereby (and, in the case of any supplements to any Disclosure Schedule, such Disclosure Schedule shall be appropriately marked to show the changes made therein); PROVIDED that (a) no such supplement to any such Disclosure Schedule or representation shall amend, supplement or otherwise modify any Disclosure Schedule or representation, or be or be deemed a waiver of any Default or Event of Default resulting from the matters disclosed therein, except as consented to by Agent and Requisite Lenders in writing, and (b) no supplement shall be required or permitted as to representations and warranties that relate solely to the Closing Date.

#### 5.7 INTELLECTUAL PROPERTY.

Each Credit Party will conduct its business and affairs without infringement of or interference with any Intellectual Property of any other Person in any material respect.

#### 5.8 ENVIRONMENTAL MATTERS.

Each Credit Party shall and shall cause each Person within its control to: (a) conduct its operations and keep and maintain its Real Estate in compliance with all Environmental Laws and Environmental Permits other than noncompliance that could not reasonably be expected to have a Material Adverse Effect; (b) implement any and all investigation, remediation, removal and response actions that are appropriate or necessary to maintain the value and marketability of the Real Estate or to otherwise comply with Environmental Laws and Environmental Permits pertaining to the presence, generation, treatment, storage, use, disposal, transportation or Release of any Hazardous Material on, at, in, under, above, to, from or about any of its Real Estate; (c) notify Agent promptly after such Credit Party becomes aware of any violation of Environmental Laws or Environmental Permits or any Release on, at, in, under, above, to, from or about any Real Estate that is reasonably likely to result in Environmental Liabilities in excess of \$250,000; and (d) promptly forward to Agent a copy of any order, notice, request for information or any communication or report received by

such Credit Party in connection with any such violation or Release or any other matter relating to any Environmental Laws or Environmental Permits that could reasonably be expected to result in Environmental Liabilities in excess of \$250,000, in each case whether or not the Environmental Protection Agency or any Governmental Authority has taken or threatened any action in connection with any such violation, Release or other matter. If Agent at any time has a reasonable basis to believe that there may be a violation of any Environmental Laws or Environmental Permits by any Credit Party or any Environmental Liability arising thereunder, or a Release of Hazardous Materials on, at, in, under, above, to, from or about any of its Real Estate, that, in each case, could reasonably be expected to have a Material Adverse Effect, then each Credit Party shall, upon Agent's written request (i) cause the performance of such environmental audits including subsurface sampling of soil and groundwater, and preparation of such environmental reports, at Borrower's expense, as Agent may from time to time reasonably request, which shall be conducted by reputable environmental consulting firms reasonably acceptable to Agent and shall be in form and substance reasonably acceptable to Agent, and (ii) permit Agent or its representatives to have access to all Real Estate for the purpose of conducting such environmental audits and testing as Agent deems appropriate, including subsurface sampling of soil and groundwater. Borrower shall reimburse Agent for the costs of such audits and tests and the same will constitute a part of the Obligations secured hereunder.

#### 5.9 LANDLORDS' AGREEMENTS, MORTGAGEE AGREEMENTS, BAILEE LETTERS AND REAL ESTATE PURCHASES.

Each Credit Party shall use all commercially reasonable efforts to obtain a landlord's agreement, mortgagee agreement or bailee letter, as applicable, from the lessor of each leased property, mortgagee of owned property or bailee with respect to any warehouse, processor or converter facility or other location where Collateral is stored or located as of the Closing Date and as may be stored or located thereafter, which agreement or letter shall contain a waiver or subordination of all Liens or claims that the landlord, mortgagee or bailee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance to Agent. With respect to such locations or warehouse space leased or owned following the Closing Date (specifically excluding such locations or warehouse space leased or owned as of the Closing Date), if Agent has not received a landlord or mortgagee agreement or bailee letter as of the date such location is acquired or leased, Borrower's, WESCO Equity's, Herning's or WESCO-Canada's Eligible Inventory at that location shall, in Agent's discretion, be subject to such Reserves as may be established by Agent in its reasonable credit judgment. Each Credit Party shall use all commercially reasonable efforts to obtain a collateral access agreement from each customer which has any Collateral of any Credit Party located at its facilities (whether such facilities are owned or leased by such customer), which agreement shall contain a waiver or subordination of all Liens or claims that such customer may assert against the Collateral, provide for a release of all Liens by any other party, if any, provide for a consent and acknowledgment to the ownership and Lien of Borrower and Lien of Agent, in its favor and on behalf of Lenders, in the Collateral, provide for the segregation of all Collateral from any personal property or other assets of such customer, provide for all such UCC filings deemed necessary or desirable by Agent and shall otherwise be satisfactory in form and substance to Agent. After the Closing Date, no real property or warehouse space shall be leased by any Credit Party and no Inventory shall be shipped to a processor or converter under arrangements established after the Closing

Date unless and until a satisfactory landlord agreement or bailee letter, as appropriate, shall first have been obtained with respect to such location or Agent, in its reasonable credit judgment, shall have established an appropriate Reserve, if any. If Agent has not received a collateral access agreement with respect to any customer location, Borrower's, WESCO Equity's, Herning's or WESCO-Canada's Inventory at such customer location shall not be Eligible Inventory and shall not be eligible for inclusion in any calculation of the Borrowing Base or Borrowing Availability. Each Credit Party shall timely and fully pay and perform its rent and other obligations under all leases and other agreements with respect to each leased location or public warehouse where any Collateral is or may be located. Agent reserves the right, in its discretion, to establish Reserves acceptable to Agent, in its reasonable credit judgment with respect to any leased property, any warehouse, processor or converter facility, or any other location where Collateral is stored or located as of the Closing Date or as may be acquired or leased thereafter. In no event shall any Inventory stored or otherwise located at any customer location be considered Eligible Inventory or be otherwise eligible for inclusion in any calculation of the Borrowing Base or Borrowing Availability unless Agent shall have received a collateral access agreement acceptable to it and any and all other actions deemed necessary or desirable by Agent (e.g. UCC filings) shall have been taken.

#### 5.10 COVENANTS REGARDING ACCOUNTS.

In the ordinary course of its business, each Credit Party processes its Accounts in a manner such that (i) each payment received by such Credit Party in respect of an Account is allocated to a specifically identified invoice, which invoice corresponds to a particular Account owing to such Credit Party and (ii) in the event that, at any time, less than 100% of the Account of such Credit Party are included in a Permitted Receivables Financing, payments received in respect of those Accounts included in a Permitted Receivables Financing would be identifiable and separable from payments received in respect of Accounts not so included in a Permitted Receivables Financing. WESCO-Canada shall not at any time enter into a Permitted Receivables Financing or any other similar financing or transaction.

#### 5.11 CANADIAN PENSION AND BENEFIT PLANS.

(a) For each existing Canadian Pension Plan, each Credit Party shall ensure that such plan retains its registered status under and is administered in a timely manner in all material respects in accordance with the applicable pension plan text, funding agreement, the ITA and all other applicable laws.

(b) For each Canadian Pension Plan hereafter adopted by any Credit Party which is required to be registered under the ITA or any other applicable laws, that Credit Party shall use all commercially reasonable efforts to seek and receive confirmation in writing from the applicable Governmental Authorities to the effect that such plan is unconditionally registered under the ITA and such other applicable laws.

(c) For each existing and hereafter adopted Canadian Pension Plan and Canadian Benefit Plan, each Credit Party shall in a timely fashion perform in all material respects

all obligations (including fiduciary, funding, investment and administration obligations) required to be performed in connection with such plan and the funding media therefor.

(d) Each Credit Party shall deliver to Agent if requested by Agent, promptly after the filing thereof by any Credit Party with any applicable Governmental Authority, (i) copies of each annual and other return, report or valuation with respect to each Canadian Pension Plan; (ii) promptly after receipt thereof, a copy of any direction, order, notice, ruling or opinion that any Credit Party may receive from any applicable Governmental Authority with respect to any Canadian Pension Plan; and (iii) notification within 30 days of any increases having a cost to such Credit Party in excess of Canadian \$250,000, or the Dollar Equivalent Amount thereof, per annum, in the benefits of any existing Canadian Pension Plan or Canadian Benefit Plan, or the establishment of any new Canadian Pension Plan or Canadian Benefit Plan, or the commencement of contributions to any such plan to which any Credit Party was not previously contributing.

#### 5.12 FURTHER ASSURANCES.

Each Credit Party executing this Agreement agrees that it shall and shall cause each other Credit Party to, at such Credit Party's expense and upon request of Agent, duly execute and deliver, or cause to be duly executed and delivered, to Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of Agent to carry out more effectively the provisions and purposes of this Agreement or any other Loan Document.

#### 6. NEGATIVE COVENANTS

Each Credit Party executing this Agreement jointly and severally agrees as to all Credit Parties that from and after the date hereof until the Termination Date:

##### 6.1 MERGERS, SUBSIDIARIES, ETC.

No Credit Party shall directly or indirectly, by operation of law or otherwise, (a) form or acquire any Subsidiary, other than (i) the formation of Subsidiaries in connection with Permitted Acquisitions (as defined below) permitted by this SECTION 6.1 and (ii) the formation of non-domestic, non- Canadian Subsidiaries, PROVIDED THAT following formation thereof pursuant to this clause (ii), the representation and warranty contained in SECTION 3.8 shall remain true and correct; and PROVIDED THAT in the case of both clauses (i) and (ii), the prior written consent of Agent shall have been obtained, or (b) merge or amalgamate with, consolidate with, acquire all or substantially all of the assets or Stock of, or otherwise combine with or acquire, any Person. Notwithstanding the foregoing, Borrower and WESCO- Canada may acquire all or substantially all of the assets or Stock of any Person (the "TARGET") (in each case, a "PERMITTED ACQUISITION") subject to the satisfaction of each of the following conditions:

(i) Agent shall receive at least 15 Business Days' prior written notice of such proposed Permitted Acquisition, which notice shall include a reasonably detailed description of such proposed Permitted Acquisition;

(ii) such Permitted Acquisition shall only involve assets located in the United States or Canada, or assets located in foreign, non-Canadian locations having an aggregate value for all Permitted Acquisitions consummated during the term of this Agreement not in excess of \$3,000,000, and comprising a business, or those assets of a business, of the type engaged in by Borrower as of the Closing Date, and which business would not subject Agent or any Lender to regulatory or third party approvals in connection with the exercise of its rights and remedies under this Agreement or any other Loan Documents other than approvals applicable to the exercise of such rights and remedies with respect to Borrower prior to such Permitted Acquisition;

(iii) such Permitted Acquisition shall be consensual and shall have been approved by the Target's board of directors;

(iv) no additional Indebtedness, Guaranteed Indebtedness, contingent obligations or other liabilities shall be incurred, assumed or otherwise be reflected on a consolidated balance sheet of Borrower and Target after giving effect to such Permitted Acquisition, except (A) Loans made hereunder, (B) ordinary course trade payables, accrued expenses and unsecured Indebtedness of the Target to the extent no Default or Event of Default has occurred and is continuing or would result after giving effect to such Permitted Acquisition, (C)(x) earn-out payments in a maximum amount not to exceed \$5,000,000 in connection with any single Permitted Acquisition and in a maximum aggregate amount for all Permitted Acquisitions not to exceed \$10,000,000 in the aggregate at any one time outstanding and (y) other earn-out payments, if any, acceptable to Agent in its sole discretion; and (D) unsecured, subordinated seller paper issued to a seller in connection with such a Permitted Acquisition; PROVIDED, THAT (x) the aggregate principal amount of all such unsecured, subordinated seller paper outstanding at any time during the term of this Agreement shall not exceed \$20,000,000 (regardless of whether such seller paper was issued before or after the Closing Date and with the approximately \$5,600,000 of seller paper outstanding on the Closing Date being treated as a usage of the foregoing \$20,000,000 basket), (y) such seller paper shall be fully subordinated to the Obligations in a manner and on terms and conditions satisfactory to Agent and (z) the terms and conditions of such unsecured, subordinated seller paper shall be otherwise satisfactory to Agent;

(v) the sum of all amounts payable (whether contingent or otherwise) in connection with any single Permitted Acquisition (including all transaction costs and all Indebtedness, liabilities and contingent obligations incurred or assumed in connection therewith or otherwise reflected on a consolidated balance sheet of Borrower and Target) (w) shall not exceed \$50,000,000, and PROVIDED, FURTHER, that, if the sum of all such amounts is \$50,000,000 or less, each of the conditions of clause (viii) below shall be satisfied, (x) shall not exceed \$75,000,000 and PROVIDED, FURTHER, that, if the sum of all such amounts is greater than \$50,000,000 but not greater than \$75,000,000, each of the conditions set forth in clause (ix) below shall be satisfied, (y) shall not exceed \$150,000,000 and PROVIDED, FURTHER, that, if the sum of all such amounts is greater than \$75,000,000 but not greater than \$150,000,000, each of the conditions set forth in clause (x) below shall be satisfied, and (z) in any event shall not exceed \$150,000,000;

(vi) the business and assets acquired in such Permitted Acquisition shall be free and clear of all Liens, other than Permitted Encumbrances and mortgages on real property already in existence prior to any consideration of such proposed Permitted Acquisition;

(vii) at or prior to the closing of any Permitted Acquisition, Agent will be granted a first priority perfected Lien (subject to Permitted Encumbrances) in all assets acquired pursuant thereto or in the assets and Stock of the Target and Borrower, the other Credit Parties and the Target shall have executed such documents and taken such actions as may be required by Agent in connection therewith; PROVIDED, HOWEVER, that (1) the Agent shall not be granted a Lien in accounts receivable to the extent and only to the extent that such accounts receivable have been sold pursuant to the Permitted Receivables Financing, (2) with respect to non-domestic, non-Canadian Permitted Acquisitions, Agent shall not be granted any Lien or other security interest in any non-domestic, non-Canadian asset or property, and (3) the foregoing shall not require Borrower or any Credit Party to grant a Lien in any leased or owned in fee simple, real property acquired in a Permitted Acquisition;

(viii) if the sum of all amounts payable (whether contingent or otherwise) in connection with any single Permitted Acquisition shall not exceed \$50,000,000, Borrower shall have delivered to Agent, at least 5 Business Days prior to the closing of any Permitted Acquisition, in form and substance reasonably satisfactory to Agent:

(1) a pro forma consolidated balance sheet, income statement and cash flow statement of Holdings and its Subsidiaries (the "ACQUISITION PRO FORMA"), based on recent financial statements, which shall be complete and shall fairly present in all material respects the assets, liabilities, financial condition and results of operations of Holdings and its Subsidiaries in accordance with GAAP consistently applied, but taking into account such Permitted Acquisition and the funding of all Loans in connection therewith, and such Acquisition Pro Forma shall reflect that (x) either (I)(i) on a pro forma basis, Holdings and its Subsidiaries would have had a Fixed Charge Coverage Ratio of greater than or equal to 1.25 to 1.0 for the trailing twelve month period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E prior to the consummation of such Permitted Acquisition (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period), and (ii) average daily Borrowing Availability for the 90-day period preceding the consummation of such Permitted Acquisition would have exceeded \$25,000,000 on a pro forma basis (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period) and the Acquisition Projections (as defined below) shall reflect that



such Borrowing Availability of \$25,000,000 shall continue for at least 90 days after the consummation of such Permitted Acquisition or (II) average daily Borrowing Availability for the 90-day period preceding the consummation of such Permitted Acquisition would have exceeded \$50,000,000 on a pro forma basis (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period) and the Acquisition Projections (as defined below) shall reflect that such Borrowing Availability of \$50,000,000 shall continue for at least 90 days after the consummation of such Permitted Acquisition and (y) on a pro forma basis, no Event of Default has occurred and is continuing or would result after giving effect to such Permitted Acquisition and Borrower would have been in compliance with the financial covenants set forth in ANNEX G for the trailing twelve month period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E prior to the consummation of such Permitted Acquisition (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period);

(2) if the sum of all amounts payable (whether contingent or otherwise) in connection with such Permitted Acquisition is in excess of \$10,000,000, updated versions of the most recently delivered Projections covering the one (1) year period commencing on the date of such Permitted Acquisition and otherwise prepared in accordance with the Projections (the "ACQUISITION PROJECTIONS") and based upon historical financial data of a recent date satisfactory to Agent, taking into account such Permitted Acquisition; and

(3) a certificate of the chief financial officer of Holdings and Borrower to the effect that: (w) Borrower (after taking into consideration all rights of contribution and indemnity Borrower has against Holdings and each other Subsidiary of Holdings) will be Solvent upon the consummation of the Permitted Acquisition; (x) the Acquisition Pro Forma fairly presents the financial condition of Holdings and Borrower (on a consolidated basis) as of the date thereof after giving effect to the Permitted Acquisition; (y) the Acquisition Projections are reasonable estimates of the future financial performance of Holdings and Borrower subsequent to the date thereof based upon the historical performance of Holdings, Borrower and the Target and show that Holdings

and Borrower shall continue to be in compliance with the financial covenants set forth in ANNEX G for the one-year period thereafter; and (z) Holdings and Borrower has completed their due diligence investigation with respect to the Target and such Permitted Acquisition, which investigation was conducted in a manner similar to that which would have been conducted by a prudent purchaser of a comparable business and the results of which investigation were delivered to Agent and Lenders;

(ix) if the sum of all amounts payable (whether contingent or otherwise) in connection with any single Permitted Acquisition is greater than \$50,000,000, but not greater than \$75,000,000, Borrower shall have delivered to Agent, at least 5 Business Days prior to the closing of any Permitted Acquisition, in form and substance reasonably satisfactory to Agent:

(1) the Acquisition Pro Forma, based on recent financial statements, which shall be complete and shall fairly present in all material respects the assets, liabilities, financial condition and results of operations of Holdings and its Subsidiaries in accordance with GAAP consistently applied, but taking into account such Permitted Acquisition and the funding of all Loans in connection therewith, and such Acquisition Pro Forma shall reflect that (x)(i) on a pro forma basis, Holdings and its Subsidiaries would have had a Fixed Charge Coverage Ratio of greater than or equal to 1.1 to 1.0 for the trailing twelve month period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E prior to the consummation of such Permitted Acquisition (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period), and (ii) average daily Borrowing Availability for the 90-day period preceding the consummation of such Permitted Acquisition would have exceeded \$100,000,000 on a pro forma basis (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period) and the Acquisition Projections (as defined below) shall reflect that such Borrowing Availability of \$100,000,000 shall continue for at least 90 days after the consummation of such Permitted Acquisition and (y) on a pro forma basis, no Event of Default has occurred and is continuing or would result after giving effect to such Permitted Acquisition and Borrower would have been in compliance with the financial covenants set forth in ANNEX G for the trailing twelve

month period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E prior to the consummation of such Permitted Acquisition (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period);

(2) updated versions of the most recently delivered Projections covering the one (1) year period commencing on the date of such Permitted Acquisition and otherwise prepared in accordance with the Projections (the "Acquisition Projections") and based upon historical financial data of a recent date satisfactory to Agent, taking into account such Permitted Acquisition;

(3) a certificate of the chief financial officer of Holdings and Borrower to the effect that: (w) Borrower (after taking into consideration all rights of contribution and indemnity Borrower has against Holdings and each other Subsidiary of Holdings) will be Solvent upon the consummation of the Permitted Acquisition; (x) the Acquisition Pro Forma fairly presents the financial condition of Holdings and Borrower (on a consolidated basis) as of the date thereof after giving effect to the Permitted Acquisition; (y) the Acquisition Projections are reasonable estimates of the future financial performance of Holdings and Borrower subsequent to the date thereof based upon the historical performance of Holdings, Borrower and the Target and show that Holdings and Borrower shall continue to be in compliance with the financial covenants set forth in ANNEX G for the one-year period thereafter; and (z) Holdings and Borrower has completed their due diligence investigation with respect to the Target and such Permitted Acquisition, which investigation was conducted in a manner similar to that which would have been conducted by a prudent purchaser of a comparable business and the results of which investigation were delivered to Agent and Lenders;

(x) if the sum of all amounts payable (whether contingent or otherwise) in connection with any single Permitted Acquisition is greater than \$75,000,000 but not greater than \$150,000,000, Borrower shall have delivered to Agent, at least 5 Business Days prior to the closing of any Permitted Acquisition, in form and substance reasonably satisfactory to Agent:

(1) the Acquisition Pro Forma, based on recent financial statements, which shall be complete and shall fairly present

in all material respects the assets, liabilities, financial condition and results of operations of Holdings and its Subsidiaries in accordance with GAAP consistently applied, but taking into account such Permitted Acquisition and the funding of all Loans in connection therewith, and such Acquisition Pro Forma shall reflect that (x)(i) on a pro forma basis, Holdings and its Subsidiaries would have had a Fixed Charge Coverage Ratio of greater than or equal to 1.1 to 1.0 for the trailing twelve month period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E prior to the consummation of such Permitted Acquisition (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period), and (ii) average daily Borrowing Availability for the 90-day period preceding the consummation of such Permitted Acquisition would have exceeded \$150,000,000 on a pro forma basis (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period) and the Acquisition Projections (as defined below) shall reflect that such Borrowing Availability of \$150,000,000 shall continue for at least 90 days after the consummation of such Permitted Acquisition and (y) on a pro forma basis, no Event of Default has occurred and is continuing or would result after giving effect to such Permitted Acquisition and Borrower would have been in compliance with the financial covenants set forth in ANNEX G for the trailing twelve month period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E prior to the consummation of such Permitted Acquisition (after giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period);

(2) updated versions of the most recently delivered Projections covering the one (1) year period commencing on the date of such Permitted Acquisition and otherwise prepared in accordance with the Projections (the "Acquisition Projections") and based upon historical financial data of a recent date satisfactory to Agent, taking into account such Permitted Acquisition; and

(3) a certificate of the chief financial officer of Holdings and Borrower to the effect that: (w) Borrower (after taking into consideration all rights of contribution and indemnity

Borrower has against Holdings and each other Subsidiary of Holdings) will be Solvent upon the consummation of the Permitted Acquisition; (x) the Acquisition Pro Forma fairly presents the financial condition of Holdings and Borrower (on a consolidated basis) as of the date thereof after giving effect to the Permitted Acquisition; (y) the Acquisition Projections are reasonable estimates of the future financial performance of Holdings and Borrower subsequent to the date thereof based upon the historical performance of Holdings, Borrower and the Target and show that Holdings and Borrower shall continue to be in compliance with the financial covenants set forth in ANNEX G for the one-year period thereafter; and (z) Holdings and Borrower has completed their due diligence investigation with respect to the Target and such Permitted Acquisition, which investigation was conducted in a manner similar to that which would have been conducted by a prudent purchaser of a comparable business and the results of which investigation were delivered to Agent and Lenders; and

(xi) at least 10 Business Days prior to the closing date of such Permitted Acquisition, Agent shall have received all copies of (or drafts thereof which shall be in substantially final form) the acquisition agreement and all related agreements and instruments, including, without limitation, all seller paper to be issued in connection with such Permitted Acquisition, and all opinions, certificates, lien search results and other documents reasonably requested by Agent, including, without limitation, those specified in SECTION 5.9, all of which shall be in form and substance satisfactory to Agent; and

(xii) at the time of such Permitted Acquisition and after giving effect thereto, no Default or Event of Default has occurred and is continuing.

Notwithstanding the foregoing, neither the Accounts nor the Inventory of the Target shall be included in Eligible Accounts and Eligible Inventory without the prior determination by Agent that such Accounts and Inventory are acceptable for inclusion as Eligible Accounts and Eligible Inventory, based on such field examinations, collateral audits, appraisals and other analysis, if any, as Agent deems appropriate, copies of which field examinations, collateral audits, appraisals and other analyses shall be provided to Lenders.

## 6.2 INVESTMENTS; LOANS AND ADVANCES.

Except as otherwise expressly permitted by this SECTION 6, no Credit Party shall make or permit to exist any investment in, or make, accrue or permit to exist loans or advances of money to, any Person, through the direct or indirect lending of money, holding of securities or otherwise, except that: (a) Borrower and WESCO-Canada may hold investments comprised of notes payable, or stock or other securities issued by Account Debtors to Borrower or WESCO-Canada, as the case may be, pursuant to negotiated agreements with respect to settlement of such

Account Debtor's Accounts in the ordinary course of business, so long as the aggregate amount of such Accounts so settled by Borrower and WESCO- Canada does not exceed \$5,000,000 (in the case of WESCO-Canada, determined on the basis of the Dollar Equivalent Amount thereof); (b) each Credit Party may maintain its existing investments in its Subsidiaries as of the Closing Date; (c) Borrower may consummate a Permitted Acquisition pursuant to the terms and conditions of SECTION 6.1 hereof; (d) investments made after the Closing Date in Subsidiaries of Borrower that are domiciled outside the United States and Canada in an aggregate amount outstanding at any time that when added to the then outstanding amount of Indebtedness permitted pursuant to SECTION 6.3(a)(xiii) does not exceed \$2,500,000; and (e) so long as no Default or Event of Default has occurred and is continuing and so long as average daily Borrowing Availability for the 90-day period preceding such investment is at least \$10,000,000 and such Borrowing Availability of at least \$10,000,000 shall continue for at least 90 days after giving effect to such investment, Borrower may make investments, so long as any Loan is outstanding and if average daily Borrowing Availability for the 90-day period preceding such investment would have exceeded \$25,000,000 and such Borrowing Availability of at least \$25,000,000 shall continue for at least 90 days after giving effect to such investment, in an outstanding amount not to exceed \$25,000,000 at any time, so long as any Loan is outstanding and if average daily Borrowing Availability for the 90-day period preceding such investment is at least \$10,000,000 but less than \$25,000,000 and such Borrowing Availability of at least \$10,000,000 but less than \$25,000,000 shall continue for at least 90 days after giving effect to such investment, in an outstanding amount not to exceed \$10,000,000 at any time, and, if no Loan is then outstanding, in such amounts as Borrower may elect, in (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having one of the two highest ratings obtainable from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., (iii) certificates of deposit maturing no more than one year from the date of creation thereof issued by commercial banks incorporated under the laws of the United States of America, each having combined capital, surplus and undivided profits of not less than \$300,000,000 and having a senior unsecured rating of "A" or better by a nationally recognized rating agency (an "A RATED BANK"), (iv) time deposits maturing no more than 30 days from the date of creation thereof with A Rated Banks and (v) mutual funds that invest solely in one or more of the investments described in CLAUSES (i) THROUGH (iv) above.

### 6.3 INDEBTEDNESS.

(a) No Credit Party shall create, incur, assume or permit to exist any Indebtedness, except (without duplication):

(i) Indebtedness secured by purchase money security interests and Capital Leases permitted in SECTION 6.7(c);

(ii) The Loans and the other Obligations;

(iii) Unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law;

(iv) Existing Indebtedness described in DISCLOSURE SCHEDULE (6.3) and refinancings thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof or changing the amortization thereof (other than to extend the same) and that are otherwise on terms and conditions no less favorable to any Credit Party, Agent or any Lender, as determined by Agent, than the terms of the Indebtedness being refinanced, amended or modified;

(v) Indebtedness specifically permitted under SECTION 6.1;

(vi) Indebtedness pursuant to the Permitted Receivables Financing;

(vii) Indebtedness in respect of Borrower's obligations to Lehman Brothers and Bank of New York in connection with their respective Swap Agreements as in effect on the Closing Date in an aggregate amount for both such Swap Agreements not to exceed \$15,000,000 and, to the extent that Borrower elects to do so, in its sole discretion, Letters of Credit issued under the Agreement supporting such Indebtedness;

(viii) Indebtedness consisting of intercompany loans and advances made by Borrower to any other Credit Party that is a domestic Guarantor (other than Holdings) or by any domestic Guarantor to Borrower; PROVIDED, that: (A) Borrower shall have executed and delivered to each such domestic Guarantor, and each such domestic Guarantor shall have executed and delivered to Borrower, on the Closing Date, a demand note (collectively, with the demand notes referred to in clause (ix) below, the "INTERCOMPANY NOTES") to evidence any and all such intercompany Indebtedness owing at any time by Borrower to such domestic Guarantor or by such domestic Guarantor to Borrower, which Intercompany Notes shall be in form and substance satisfactory to Agent and shall be pledged and delivered to Agent pursuant to the applicable Pledge Agreement or Security Agreement as additional collateral security for the Obligations; (B) Borrower shall record all intercompany transactions on its books and records in a manner satisfactory to Agent; (C) the obligations of Borrower under any such Intercompany Notes shall be subordinated to the Obligations of Borrower hereunder in a manner reasonably satisfactory to Agent; (D) at the time any such intercompany loan or advance is made by Borrower and after giving effect thereto, Borrower shall be Solvent; (E) no Default or Event of Default would occur and be continuing after giving effect to any such proposed intercompany loan; (F) other than as set forth on DISCLOSURE SCHEDULE (6.3) with respect to CDW Realco, Inc., WESCO Finance and WESCO Equity, the aggregate balance of all such intercompany loans owing to Borrower by all such domestic Guarantors shall not exceed \$20,000,000 at any one time outstanding; and (G) the recipient of any such intercompany loans shall be creditworthy as determined by Agent;

(ix) Indebtedness consisting of intercompany loans and advances made by Borrower to WESCO Finance, by WESCO Finance to WESCO Finance Canada and by WESCO Finance Canada to WESCO-Canada; PROVIDED, that (A) any amounts so loaned or

advanced by Borrower to WESCO Finance are immediately in turn so loaned or advanced by WESCO Finance to WESCO Finance Canada and are immediately in turn so loaned or advanced by WESCO Finance Canada to WESCO-Canada; (B) the proceeds of any payments by WESCO-Canada to WESCO Finance Canada in respect of such loans or advances made to WESCO-Canada are immediately paid by WESCO Finance Canada to WESCO Finance in respect of the loans or advances made by WESCO Finance to WESCO Finance Canada and are immediately in turn paid by WESCO Finance to Borrower in respect of the loans or advances made by Borrower to WESCO Finance; (C) WESCO Finance shall have executed and delivered to Borrower, WESCO Finance Canada shall have executed and delivered to WESCO Finance and WESCO-Canada shall have executed and delivered to WESCO Finance Canada, in each instance on the Closing Date, a demand note (collectively, with the demand notes referred to in clause (viii) above, the "INTERCOMPANY NOTES") to evidence any and all such intercompany indebtedness owing at any time, which Intercompany Notes shall be in form and substance satisfactory to Agent and shall be pledged and delivered to Agent pursuant to the applicable Pledge Agreement or Security Agreement as additional collateral security for the Obligations; (D) Borrower, WESCO Finance, WESCO Finance Canada and WESCO-Canada shall each record all intercompany transactions on their respective books and records in a manner satisfactory to Agent; (E) the obligation of WESCO Finance, WESCO Finance Canada and WESCO-Canada under the respective Intercompany Notes issued by them shall be subordinated to the Obligations hereunder and under the other Loan Documents in a manner satisfactory to Agent; (F) at the time any such intercompany loan or advance is made and after giving effect thereto, each of Borrower, WESCO Finance, WESCO Finance Canada and WESCO-Canada shall be Solvent; (G) no Default or Event of Default would occur and be continuing after giving effect to any such proposed intercompany loan; (H) the aggregate balance of all such intercompany loans and advances made by Borrower to WESCO Finance shall not exceed \$50,000,000 or the Dollar Equivalent Amount thereof at any one time outstanding, by WESCO Finance to WESCO-Finance Canada shall not exceed \$50,000,000 or the Dollar Equivalent Amount thereof and by WESCO Finance Canada to WESCO-Canada shall not exceed \$50,000,000 or the Dollar Equivalent Amount thereof; (I) the recipient of any such intercompany loans shall be creditworthy, as determined by Agent and (J) to the extent required by applicable law, all such loans and advances shall bear interest and all applicable withholdings shall be deducted and remitted to the applicable Governmental Authority when due and payable;

(x) Indebtedness secured by mortgages on real estate owned in fee simple by Borrower, Herning or WESCO-Canada; PROVIDED, THAT, (A) such Indebtedness is not secured by any Lien on any asset (real, personal or mixed) of Borrower or any other Credit Party other than by mortgages on real estate owned in fee simple by Borrower, Herning or WESCO-Canada and up to an aggregate of \$5,000,000 of Fixtures and Equipment; (B) the maximum aggregate amount of such Indebtedness outstanding at any time shall not exceed \$75,000,000, as such \$75,000,000 basket may be reduced by any usage thereof in connection with mortgages permitted by SECTION 6.7(e); (C) Borrower shall have delivered to Agent, at least 5 Business Days prior to incurrence of any such Indebtedness, in form and substance and with supporting detail reasonably satisfactory to Agent:

(1) (x)(I) a certification of its Chief Financial Officer, in form and substance satisfactory, to Agent, that actual



average daily Borrowing Availability for the 90-day period preceding the incurrence of such proposed Indebtedness exceeded \$30,000,000 and (II) the Indebtedness Projections (as defined below) shall reflect that average daily Borrowing Availability of at least \$30,000,000 shall continue for at least 90 days after the incurrence of such Indebtedness and (y) no Default or Event of Default has occurred and is continuing or would result after giving effect to the incurrence of such Indebtedness and on a pro forma basis Borrower would have been in compliance with the financial covenants set forth in ANNEX G for the four quarter period reflected in the Compliance Certificate most recently delivered to Agent pursuant to ANNEX E (after giving effect to the incurrence of such proposed Indebtedness as if made on the first day of such period); and

(2) an updated version of the Projections most recently delivered by Borrower to Agent and Lenders pursuant to ANNEX E of this Agreement which shall cover the one (1) year period commencing on the date of the incurrence of such proposed Indebtedness and be prepared in accordance with the Projections so previously delivered and shall take into account the incurrence of such proposed Indebtedness on and as of the date of its proposed incurrence (the "INDEBTEDNESS PROJECTIONS");

(D) the entire net proceeds of any such incurrence of Indebtedness are applied to prepay the Obligations in accordance with SECTION 1.3(b)(ii); (E) mortgagee waivers satisfactory to Agent have been delivered to Agent for each property subject to such a mortgage or Reserves satisfactory to Agent have been established; and (F) Borrower and the other Credit Parties shall have provided to Agent all such agreements, documents, financials and other information as Agent may reasonably request in connection with such proposed incurrence of mortgage Indebtedness and all such agreements, documents, financials and other information shall be in form and substance satisfactory to Agent;

(xi) unsecured Indebtedness in an aggregate outstanding amount not to exceed \$20,000,000 incurred in the ordinary course of business, consistent with past practices, comprised of surety bonds issued to support bid or performance obligations of a Credit Party;

(xii) Indebtedness consisting of intercompany loans and advances made following the Closing Date by Borrower to Subsidiaries of Borrower that are domiciled outside the United States and Canada in an aggregate amount outstanding at any time that when added to the then outstanding amount of investments permitted pursuant to SECTION 6.2(d) does not exceed \$2,500,000;

(xiii) unsecured Indebtedness provided by third-party financial institutions and incurred by Subsidiaries of Borrower that are domiciled outside the United States and Canada not to exceed in the aggregate \$3,000,000 (or the Dollar Equivalent Amount thereof) at any one time outstanding;

(xiv) Indebtedness arising from Hedging Agreements entered into with a Lender in the ordinary course of business and not for speculative purposes in the aggregate outstanding amount for all such Indebtedness in existence at any time during the term of this Agreement not to exceed \$15,000,000;

(xv) unsecured guaranties not to exceed in the aggregate \$3,000,000, at any one time outstanding, of loans from any Lender to senior managers of Holdings and Borrower; PROVIDED, THAT, (A) such loans are made to such senior manager for purposes of financing such senior manager's purchases of Holdings' common Stock and (B) Borrower shall have determined in its reasonable discretion that the senior manager to whom such Lender is making such loan is creditworthy and capable of repaying such loan to such Lender on his or her own;

(xvi) Indebtedness incurred pursuant to an additional issuance of Subordinated Notes in an additional aggregate amount not to exceed \$100,000,000 PROVIDED, THAT (A) the terms and conditions of such additional issuance of Subordinated Notes shall be identical to the terms and conditions of the Subordinated Notes outstanding on the Closing Date (other than with respect to maturity, which shall be at least one year following the Commitment Termination Date, and interest, which shall be at then market rates), (B) without limiting the generality of clause (A), the indenture, notes and other agreements and documents governing such additional Subordinated Notes shall be identical to the indenture, notes and other agreements and documents governing the Subordinated Notes outstanding on the Closing Date (other than with respect to maturity, which shall be at least one year following the Commitment Termination Date and interest, which shall be at then market rates), and (C) the entire net proceeds of the issuance of such additional Subordinated Notes are applied against the then outstanding Loans and the Revolving Loan Commitment is correspondingly reduced on a dollar for dollar basis;

(xvii) Indebtedness comprised of unsecured, subordinated seller paper expressly permitted to be incurred and outstanding under SECTION 6.1 in an outstanding amount not to exceed \$20,000,000 at any time during the term of this Agreement; and

(xviii) other unsecured, subordinated unsecured Indebtedness up to \$5,000,000 in the aggregate at any one time outstanding.

(b) No Credit Party shall, directly or indirectly, voluntarily purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any Indebtedness, other than (i) the Obligations; (ii) Indebtedness secured by a Permitted Encumbrance if the asset securing such Indebtedness has been sold or otherwise disposed of in accordance with SECTIONS 6.8(b) OR (c); (iii) Indebtedness permitted by SECTION 6.3(a)(iv) upon any refinancing thereof in accordance with SECTION 6.3(a)(iv); (iv) intercompany Indebtedness

permitted by SECTIONS 6.3(a)(vii) and (viii); and (v) permitted purchases of Subordinated Notes pursuant to and in compliance with SECTION 6.14(g) hereof.

#### 6.4 EMPLOYEE LOANS AND AFFILIATE TRANSACTIONS.

(a) No Credit Party shall enter into or be a party to any transaction with any other Credit Party or any Affiliate thereof except in the ordinary course of and pursuant to the reasonable requirements of such Credit Party's business and upon fair and reasonable terms that are no less favorable to such Credit Party than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of such Credit Party. In addition, if any such transaction or series of related transactions involves payments in excess of \$1,000,000 in the aggregate, the terms of these transactions must be disclosed in advance to Agent and Lenders. All such transactions existing as of the date hereof are described in DISCLOSURE SCHEDULE (6.4(a)).

(b) No Credit Party shall enter into any lending or borrowing transaction with any directors, officers or employees of any Credit Party, except loans to its respective officers and employees on an arm's-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar purposes up to a maximum of \$50,000 to any officer or employee and up to a maximum of \$400,000 in the aggregate at any one time outstanding.

#### 6.5 CAPITAL STRUCTURE AND BUSINESS.

No Credit Party shall (a) make any changes in any of its business objectives, purposes or operations that could in any way adversely affect the repayment of the Loans or any of the other Obligations or could reasonably be expected to have or result in a Material Adverse Effect, (b) make any change in its capital structure as described in DISCLOSURE SCHEDULE (3.8), including the issuance or sale of any shares of Stock, warrants or other securities convertible into Stock or any revision of the terms of its outstanding Stock; provided, that Holdings may issue or sell its Stock for cash so long as (i) the proceeds thereof are applied in prepayment of the Obligations as required by SECTION 1.3(b)(iii), and (ii) no Change of Control occurs after giving effect thereto, or (c) amend its charter or bylaws, unanimous shareholder agreement, declaration of partnership or partnership agreement in a manner that would adversely affect Agent or Lenders or such Credit Party's duty or ability to repay the Obligations. No Credit Party shall engage in any business other than the businesses currently engaged in by it or reasonably related thereto.

#### 6.6 GUARANTEED INDEBTEDNESS.

No Credit Party shall create, incur, assume or permit to exist any Guaranteed Indebtedness except (a) by endorsement of instruments or items of payment for deposit to the general account of any Credit Party, (b) for Guaranteed Indebtedness incurred for the benefit of any other Credit Party if the primary obligation is expressly permitted by this Agreement other than Indebtedness, if any, of a Target existing at the time such Target is acquired and (c) for Guaranteed Indebtedness incurred pursuant to the management loan guaranty program as described in and permitted by (but only to the extent permitted by) SECTION 6.3(xv).

#### 6.7 LIENS.

No Credit Party shall create, incur, assume or permit to exist any Lien on or with respect to its Accounts or any of its other properties or assets (whether now owned or hereafter acquired) except for (a) Permitted Encumbrances; (b) Liens in existence on the date hereof and summarized on DISCLOSURE SCHEDULE (6.7) securing Indebtedness described on DISCLOSURE SCHEDULE (6.3) and permitted refinancings, extensions and renewals thereof, including extensions or renewals of any such Liens; provided that the principal amount so secured is not increased and the Lien does not attach to any other property; (c) Liens created after the date hereof by conditional sale or other title retention agreements (including Capital Leases) or in connection with purchase money Indebtedness with respect to Equipment and Fixtures acquired by any Credit Party in the ordinary course of business, involving the incurrence of an aggregate amount of purchase money Indebtedness and Capital Lease Obligations of not more than \$4,500,000 outstanding at any one time for all such Liens (PROVIDED that such Liens attach only to the assets subject to such purchase money debt and such Indebtedness is incurred within 20 days following such purchase and does not exceed 100% of the purchase price of the subject assets); (d) Liens, if any, in connection with and arising at or after the time of the transfer of Accounts by Borrower pursuant to the Permitted Receivables Financing; (e) Liens consisting of mortgages on real estate owned in fee simple by Borrower, Herning or WESCO-Canada in favor of Lehman Brothers and Bank of New York supporting Borrower's respective obligations to them in connection with the two Swap Agreements permitted under SECTION 6.3(a)(viii); provided that, (i) such mortgage(s) shall be treated as a usage of the \$75,000,000 basket permitted by SECTION 6.4(x) and (ii) a mortgagee waiver satisfactory to Agent has been delivered to Agent for each property subject to such a mortgage or Reserves satisfactory to Agent have been established; (f) silent Liens on a last-out basis in the Collateral as provided for in the Security Agreement in favor of any Lender supporting Borrower's obligations to such Lender in connection with any Hedging Agreements permitted under SECTION 6.3(a)(xiv); and (g) Liens comprised of mortgages on real property owned in fee simple and security interests in Fixtures and Equipment related to such mortgaged real property in connection with Indebtedness expressly permitted under SECTION 6.3(a)(x), including, without limitation, Section 6.3(a)(x)(A). In addition, other than as provided in the Permitted Receivables Financing, no Credit Party shall become a party to any agreement, note, indenture or instrument, or take any other action, that would prohibit the creation of a Lien on any of its properties or other assets in favor of Agent, on behalf of itself and Lenders, as additional collateral for the Obligations, except operating leases, Capital Leases or Licenses which prohibit Liens upon the assets that are subject thereto.

#### 6.8 SALE OF STOCK AND ASSETS.

No Credit Party shall sell, transfer, convey, assign or otherwise dispose of any of its properties or other assets, including the Stock of any of its Subsidiaries (whether in a public or a private offering or otherwise) or any of its Accounts, other than (a) the sale of Inventory in the ordinary course of business, (b) the sale, transfer, conveyance or other disposition by a Credit Party of Equipment or Fixtures that are obsolete or no longer used or useful in such Credit Party's business and having a book value not exceeding \$1,000,000 in any single transaction or \$5,000,000 in the aggregate in any Fiscal Year, (c) other Equipment and Fixtures having a value not exceeding \$250,000 in any single transaction or \$500,000 in the aggregate in any Fiscal Year,

(d) the true sale by the Borrower of Accounts pursuant to the Permitted Receivables Financing, and (e) the sale for consideration comprised solely of cash, (i) of Borrower's Brown Electric facility in Phoenix, Arizona to non-affiliates on an arms-length basis and (ii) sales in the ordinary course of business consistent with past practices, of real property owned in fee simple by a Credit Party having a value not exceeding \$1,000,000 in any single transaction or \$5,000,000 in the aggregate in any Fiscal Year; PROVIDED, THAT, the entire net proceeds therefrom shall be applied to prepay the Loans (without any corresponding reduction in the Revolving Loan Commitment). With respect to any disposition of assets or other properties permitted pursuant to CLAUSES (b) AND (c) above, subject to SECTION 1.3(b), Agent agrees on reasonable prior written notice to release its Lien on such assets or other properties in order to permit the applicable Credit Party to effect such disposition and shall execute and deliver to Borrower, at Borrower's expense, appropriate UCC-3 termination statements and other releases as reasonably requested by Borrower.

#### 6.9 ERISA.

No Credit Party shall, or shall cause or permit any ERISA Affiliate to, cause or permit to occur an event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA or cause or permit to occur an ERISA Event to the extent such ERISA Event could reasonably be expected to have a Material Adverse Effect.

#### 6.10 FINANCIAL COVENANTS.

At any time that excess Borrowing Availability is less than Fifty Million Dollars (\$50,000,000), Borrower shall not breach or fail to comply with any of the Financial Covenants.

#### 6.11 HAZARDOUS MATERIALS.

No Credit Party shall cause or permit a Release of any Hazardous Material on, at, in, under, above, to, from or about any of the Real Estate where such Release would (a) violate in any respect, or form the basis for any Environmental Liabilities under, any Environmental Laws or Environmental Permits or (b) otherwise adversely impact the value or marketability of any of the Real Estate or any of the Collateral, other than such violations or Environmental Liabilities that could not reasonably be expected to have a Material Adverse Effect.

#### 6.12 SALE-LEASEBACKS.

No Credit Party shall engage in any sale-leaseback, synthetic lease or similar transaction involving any of its assets.

#### 6.13 CANCELLATION OF INDEBTEDNESS.

No Credit Party shall cancel any claim or debt owing to it, except for reasonable consideration negotiated on an arm's-length basis and in the ordinary course of its business consistent with past practices.

#### 6.14 RESTRICTED PAYMENTS.

No Credit Party shall make any Restricted Payment, except (a) intercompany loans and advances among Borrower, Guarantors and other Subsidiaries of Borrower to the extent, and solely to the extent, expressly permitted by SECTION 6.3, (b) dividends and distributions by Subsidiaries of Borrower paid to Borrower (either directly or indirectly through another Subsidiary), (c) employee loans permitted under SECTION 6.4(b), (d) payments of principal and interest pursuant to Intercompany Notes issued in accordance with SECTION 6.3; (e) scheduled payments of interest with respect to Subordinated Debt, PROVIDED, that no Default or Event of Default has occurred and is continuing or would result after giving effect to any Restricted Payment pursuant to this CLAUSE (e), (f) dividends and distributions in the ordinary course of business in accordance with past practices from Borrower to Holdings solely to enable Holdings to pay its ordinary course expenses (e.g., reasonable legal and accounting expenses, directors' and officers' insurance premiums and director's fees and out-of-pocket reasonable costs and expenses), PROVIDED, that (i) no Default or Event of Default has occurred and is continuing or would result after giving effect to any Restricted Payment pursuant to CLAUSE (f), and (ii) the aggregate amount of all such dividends and distributions from Borrower to Holdings pursuant to this CLAUSE (f) shall not exceed \$1,000,000 in any Fiscal Year; (g) payments in connection with the repurchase of either Holdings' publicly traded Common Stock or the Subordinated Notes; PROVIDED, that (i) no Default or Event of Default has occurred and is continuing or would result after giving effect to any Restricted Payment pursuant to this CLAUSE (g), and (ii) Borrower shall have either (I)(i) demonstrated to Agent's satisfaction that Holdings and its Subsidiaries on a consolidated basis and after giving pro forma effect to such Restricted Payment have a Fixed Charge Coverage Ratio of greater than or equal to 1.25 to 1.0 for the four quarter period reflected in the Compliance Certificate most recently delivered to Agent and Lenders pursuant to ANNEX E of this Agreement (after giving effect to such Restricted Payment as if made on the first day of such period) and (ii) average daily Borrowing Availability for the 90-day period preceding the making of such Restricted Payment of more than \$25,000,000 on a pro forma basis (after giving effect to such Restricted Payment as if made on the first day of such period) and shall have projected average daily Borrowing Availability of more than \$25,000,000 for at least 90 days after the making of such Restricted Payment or (II) average daily Borrowing Availability for the 90-day period preceding the making of such Restricted Payment of more than \$50,000,000 on a pro forma basis (after giving effect to such Restricted Payment as if made on the first day of such period) and shall have projected average daily Borrowing Availability of more than \$50,000,000 for at least 90 days after the making of such Restricted Payment; and (h) dividends and distributions from Borrower to Holdings in an amount equal to Holdings' then due and payable in cash consolidated, combined or unitary income tax liabilities; PROVIDED, that no Default or Event of Default has occurred and is continuing or would result after giving effect to any Restricted Payment pursuant to this CLAUSE (h).

#### 6.15 CHANGE OF CORPORATE NAME OR LOCATION; CHANGE OF FISCAL

YEAR.

No Credit Party shall (a) change its corporate name, trade name or partnership name, (b) change its jurisdiction of incorporation or formation; or (c) change its chief executive office, principal place of business, domicile (within the meaning of the Quebec Civil Code), corporate offices or warehouses or locations at which Collateral is held or stored, or the location

of its records concerning the Collateral, in each case without at least 30 days prior written notice to Agent and after Agent's written acknowledgment that any reasonable action requested by Agent in connection therewith, including to continue the perfection of any Liens in favor of Agent, on behalf of itself and Lenders, in any Collateral, has been completed or taken, and PROVIDED that any such new location shall be in the continental United States or Canada. Without limiting the foregoing, no Credit Party shall change its name, identity, corporate structure or jurisdiction of incorporation or formation in any manner that might make any financing or continuation statement filed in connection herewith seriously misleading within the meaning of Section 9-402(7) of the Code or any other then applicable provision of the Code or materially misleading within the meaning of any applicable law except upon prior written notice to Agent and Lenders and after Agent's written acknowledgment that any reasonable action requested by Agent in connection therewith, including to continue the perfection of any Liens in favor of Agent, on behalf of Agent and Lenders, in any Collateral, has been completed or taken. No Credit Party shall change its Fiscal Year.

6.16 NO IMPAIRMENT OF INTERCOMPANY TRANSFERS.

No Credit Party shall directly or indirectly enter into or become bound by any agreement, instrument, indenture or other obligation (other than this Agreement and the other Loan Documents) that could directly or indirectly restrict, prohibit or require the consent of any Person with respect to the payment of dividends or distributions or the making or repayment of intercompany loans by a Subsidiary of Borrower to Borrower.

6.17 NO SPECULATIVE TRANSACTIONS.

No Credit Party shall engage in any transaction involving commodity options, futures contracts or similar transactions, except solely to hedge against fluctuations in the prices of commodities owned or purchased by it and the values of foreign currencies receivable or payable by it and interest swaps, caps or collars.

6.18 LEASES; REAL ESTATE PURCHASES.

No Credit Party shall enter into any operating lease for Equipment or Real Estate, if the aggregate of all such operating lease payments payable in any Fiscal Month for all Credit Parties on a consolidated basis would exceed \$4,500,000.

6.19 CHANGES RELATING TO SUBORDINATED DEBT; MATERIAL

CONTRACTS.

(a) No Credit Party shall change or amend the terms of any Subordinated Debt (or any indenture or other agreement, instrument or document in connection therewith), including, without limitation, any of the Subordinated Notes, if the effect of such amendment is to: (a) increase the interest rate on such Subordinated Debt; (b) change the dates upon which payments of principal or interest are due on such Subordinated Debt other than to extend such dates; (c) change any default or event of default other than to delete or make less restrictive any default provision therein, or add any covenant with respect to such Subordinated Debt; (d) change the redemption or prepayment provisions of such Subordinated Debt other than to extend

the dates therefor or to reduce the premiums payable in connection therewith; (e) grant any security or collateral to secure payment of such Subordinated Debt; or (f) change or amend any other term if such change or amendment would increase the obligations of the Credit Party thereunder or confer additional rights on the holder of such Subordinated Debt in a manner adverse to any Credit Party, Agent or any Lender; PROVIDED, HOWEVER, THAT, notwithstanding the foregoing, Borrower may issue up to an additional \$100,000,000 in principal amount of Subordinated Notes so long as such issuance is in compliance with the terms of SECTION 6.3, SECTION 1.3(b) and the other provisions of this Agreement.

(b) No Credit Party shall change or amend the terms of any Swap Agreement or any agreement, instrument or document relating thereto, without the prior written consent of Agent.

#### 6.20 HOLDINGS, WESCO FINANCE AND WESCO FINANCE CANADA.

(a) Holdings shall not engage in any trade or business other than incident to its ownership of the Stock of Borrower and WESCO Finance, own any assets other than the Stock of Borrower and WESCO Finance or incur any Indebtedness or Guaranteed Indebtedness other than the Obligations.

(b) WESCO Finance shall not engage in any trade or business other than as contemplated in SECTION 6.3, incident to its ownership of the general partnership interests in WESCO Finance Canada and as set forth in DISCLOSURE SCHEDULE 6.20(b), own any assets other than general partnership interests in WESCO Finance Canada and as set forth in DISCLOSURE SCHEDULE 6.20(b) or incur any Indebtedness or Guaranteed Indebtedness other than the Obligations and as expressly permitted under SECTION 6.3.

(c) WESCO Finance Canada shall not engage in any trade or business other than as contemplated in SECTION 6.3 and as set forth on SCHEDULE 6.20(c), own any assets other than as set forth on SCHEDULE 6.20(c) or incur any Indebtedness or Guaranteed Indebtedness other than the Obligations and as expressly permitted under SECTION 6.3.

#### 6.21 NEGATIVE PLEDGE.

No Credit Party shall enter into or suffer to exist or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its real property assets, other than as expressly permitted in this Agreement.

#### 6.22 NON-CANADIAN FOREIGN SUBSIDIARIES.

Neither Borrower nor any other Credit Party shall permit any of Borrower's non-Canadian, foreign Subsidiaries to individually have assets and properties in excess of \$15,000,000 (or the Dollar Equivalent Amount thereof) or, in the aggregate for all non-Canadian foreign Subsidiaries, to have aggregate assets and properties in excess of \$25,000,000.



7. TERM

7.1 TERMINATION.

The financing arrangements contemplated hereby shall be in effect until the Commitment Termination Date, and the Loans and all other Obligations shall be automatically due and payable in full on such date.

7.2 SURVIVAL OF OBLIGATIONS UPON TERMINATION OF FINANCING ARRANGEMENTS.

Except as otherwise expressly provided for in the Loan Documents, no termination or cancellation (regardless of cause or procedure) of any financing arrangement under this Agreement shall in any way affect or impair the obligations, duties and liabilities of the Credit Parties or the rights of Agent and Lenders relating to any unpaid portion of the Loans or any other Obligations, due or not due, liquidated, contingent or unliquidated or any transaction or event occurring prior to such termination, or any transaction or event, the performance of which is required after the Commitment Termination Date. Except as otherwise expressly provided herein or in any other Loan Document, all undertakings, agreements, covenants, warranties and representations of or binding upon the Credit Parties, and all rights of Agent and each Lender, all as contained in the Loan Documents, shall not terminate or expire, but rather shall survive any such termination or cancellation and shall continue in full force and effect until the Termination Date; PROVIDED, that the provisions of SECTION 11, the payment obligations under SECTIONS 1.15 AND 1.16, and the indemnities contained in the Loan Documents shall survive the Termination Date.

8. EVENTS OF DEFAULT; RIGHTS AND REMEDIES

8.1 EVENTS OF DEFAULT.

The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an "EVENT OF DEFAULT" hereunder:

(a) Borrower (i) fails to make any payment of principal of, or interest on, or Fees owing in respect of, the Loans or any of the other Obligations when due and payable, or (ii) fails to pay or reimburse Agent or Lenders for any expense reimbursable hereunder or under any other Loan Document within 10 days following Agent's demand for such reimbursement or payment of expenses.

(b) Any Credit Party fails or neglects to perform, keep or observe any of the provisions of SECTIONS 1.4, 1.8, 5.4(a), 5.11, OR 6, or any of the provisions set forth in ANNEXES C OR G, respectively.

(c) Borrower fails or neglects to perform, keep or observe any of the provisions of SECTION 4 or any provisions set forth in ANNEXES E OR F, respectively, and the same shall remain unremedied for 3 days or more.

(d) Any Credit Party fails or neglects to perform, keep or observe any other provision of this Agreement or of any of the other Loan Documents (other than any provision embodied in or covered by any other clause of this SECTION 8.1) and the same shall remain unremedied for 30 days or more.

(e) A default or breach occurs under any other agreement, document or instrument to which any Credit Party is a party that is not cured within any applicable grace period therefor, and such default or breach (i) involves the failure to make any payment when due in respect of any Indebtedness or Guaranteed Indebtedness (other than the Obligations) of any Credit Party in excess of \$2,500,000 in the aggregate (including (x) undrawn committed or available amounts and (y) amounts owing to all creditors under any combined or syndicated credit arrangements), or (ii) causes, or permits any holder of such Indebtedness or Guaranteed Indebtedness of \$2,500,000 or a trustee to cause, Indebtedness or Guaranteed Indebtedness or a portion thereof in excess of in the aggregate to become due prior to its stated maturity or prior to its regularly scheduled dates of payment, or cash collateral to be demanded in respect thereof, in each case, regardless of whether such default is waived, or such right is exercised, by such holder or trustee.

(f) Any information contained in any Borrowing Base Certificate is untrue or incorrect in any respect or any representation or warranty herein or in any Loan Document or in any written statement, report, financial statement or certificate (other than a Borrowing Base Certificate) made or delivered to Agent or any Lender by any Credit Party is untrue or incorrect in any material respect as of the date when made or deemed made.

(g) Assets of any Credit Party with a fair market value of \$250,000 or more are attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possession of any interim receiver, receiver, receiver and manager, trustee, custodian or assignee for the benefit of creditors of any Credit Party and such condition continues for 30 days or more.

(h) A case or proceeding is commenced against any Credit Party seeking a decree or order in respect of such Credit Party (i) under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, including, without limitation, any Insolvency Law, (ii) appointing a custodian, interim receiver, receiver, receiver and manager, liquidator, assignee, trustee or sequestrator (or similar official) for such Credit Party or for any substantial part of any such Credit Party's assets, or (iii) ordering the winding-up or liquidation of the affairs of such Credit Party, and such case or proceeding shall remain undismissed or unstayed for 60 days or more or a decree or order granting the relief sought in such case or proceeding by a court of competent jurisdiction.

(i) Any Credit Party (i) files a petition (or similar proceeding, including an application for a stay order or filing of a proposal or notice of intention to file a proposal) seeking relief under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, including, without limitation, any Insolvency Law, (ii) consents to or fails to contest in a timely and appropriate manner to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a custodian, interim receiver, receiver, receiver and manager, liquidator, assignee, trustee or sequestrator (or similar

official) for such Credit Party or for any substantial part of any such Credit Party's assets, (iii) makes an assignment for the benefit of creditors, or (iv) takes any action in furtherance of any of the foregoing, or (v) admits in writing its inability to, or is generally unable to, pay its debts as such debts become due or otherwise is insolvent.

(j) A final judgment or judgments for the payment of money in excess of \$250,000 in the aggregate at any time are outstanding against one or more of the Credit Parties and the same are not, within 30 days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay.

(k) Any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Credit Party shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms), or any Lien created under any Loan Document ceases to be a valid and perfected first priority Lien (except as otherwise permitted herein or therein) in any of the Collateral purported to be covered thereby.

(l) Any Change of Control occurs.

(m) Any event occurs, whether or not insured or insurable, as a result of which revenue-producing activities cease or are substantially curtailed at any facility or facilities of any Credit Party generating more than 5% of the consolidated revenues of Holdings and its Subsidiaries for the Fiscal Year preceding such event and such cessation or curtailment continues for more than 20 days.

(n) The occurrence of any Termination Event (as defined in the Permitted Receivables Financing documents) or of any other similar event or occurrence under the Permitted Receivables Financing or the documents entered into in connection therewith.

## 8.2 REMEDIES.

(a) If any Default or Event of Default has occurred and is continuing, Agent may (and at the written request of the Requisite Lenders shall), without notice, suspend the Revolving Loan facility with respect to additional Advances and/or the incurrence of additional Letter of Credit Obligations, whereupon any additional Advances and additional Letter of Credit Obligations shall be made or incurred in Agent's sole discretion (or in the sole discretion of the Requisite Lenders, if such suspension occurred at their direction) so long as such Default or Event of Default is continuing. If any Default or Event of Default has occurred and is continuing, Agent may (and at the written request of Requisite Lenders shall), without notice except as otherwise expressly provided herein, increase the rate of interest applicable to the Loans and the Letter of Credit Fees to the Default Rate.

(b) If any Event of Default has occurred and is continuing, Agent may (and at the written request of the Requisite Lenders shall), without notice: (i) terminate the Revolving Loan facility with respect to further Advances or the incurrence of further Letter of Credit Obligations; (ii) declare all or any portion of the Obligations, including all or any portion of any Loan to be forthwith due and payable, and require that the Letter of Credit Obligations be cash collateralized as provided in ANNEX B, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by Borrower and each other Credit Party; or (iii) exercise any rights and remedies provided to Agent under the Loan Documents or at law or equity, including all remedies provided under the Code; PROVIDED, that upon the occurrence of an Event of Default specified in SECTIONS 8.1(h) OR (i), the Revolving Loan facility shall be immediately terminated and all of the Obligations, including the Revolving Loan, shall become immediately due and payable without declaration, notice or demand by any Person.

### 8.3 WAIVERS BY CREDIT PARTIES.

Except as otherwise provided for in this Agreement or by applicable law, each Credit Party waives: (a) presentment, demand and protest and notice of presentment, dishonor, notice of intent to accelerate, notice of acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Agent on which any Credit Party may in any way be liable, and hereby ratifies and confirms whatever Agent may do in this regard, (b) all rights to notice and a hearing prior to Agent's taking possession or control of, or to Agent's replevy, attachment or levy upon, the Collateral or any bond or security that might be required by any court prior to allowing Agent to exercise any of its remedies, and (c) the benefit of all valuation, appraisal, marshaling and exemption laws.

## 9. ASSIGNMENT AND PARTICIPATIONS; APPOINTMENT OF AGENT

### 9.1 ASSIGNMENT AND PARTICIPATIONS.

(a) Subject to the terms of this SECTION 9.1, any Lender may make an assignment to a Qualified Assignee of, or sale of participations in, at any time or times, the Loan Documents, Loans, Letter of Credit Obligations and any Commitment or any portion thereof or interest therein, including any Lender's rights, title, interests, remedies, powers or duties thereunder. Any assignment by a Lender shall: (i) require the consent of Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower, which consent shall not be unreasonably withheld or delayed with respect to a Qualified Assignee and the execution of an assignment agreement (an "ASSIGNMENT AGREEMENT" substantially in the form attached hereto as EXHIBIT 9.1(a) and otherwise in form and substance reasonably satisfactory to, and acknowledged by, Agent; (ii) be conditioned on such assignee Lender representing to the assigning Lender and Agent that it is purchasing the applicable Loans to be assigned to it for its own account, for investment purposes and not with a view to the distribution thereof; (iii) after giving effect to any such partial assignment, the assignee Lender shall have Commitments in an amount at least equal to \$5,000,000 and the assigning Lender shall have retained Commitments in an amount at least equal to \$5,000,000; and (iv) include a payment to Agent of an assignment fee of \$3,500. In the case of an assignment by a Lender under this SECTION 9.1, the assignee shall

have, to the extent of such assignment, the same rights, benefits and obligations as all other Lenders hereunder. The assigning Lender shall be relieved of its obligations hereunder with respect to its Commitments or assigned portion thereof from and after the date of such assignment. Borrower hereby acknowledges and agrees that any assignment shall give rise to a direct obligation of Borrower to the assignee and that the assignee shall be considered to be a "Lender". In all instances, each Lender's liability to make Loans hereunder shall be several and not joint and shall be limited to such Lender's Pro Rata Share of the applicable Commitment. In the event Agent or any Lender assigns or otherwise transfers all or any part of the Obligations, Agent or any such Lender shall so notify Borrower and Borrower shall, upon the request of Agent or such Lender, execute new Notes in exchange for the Notes, if any, being assigned. Notwithstanding the foregoing provisions of this SECTION 9.1(a), any Lender may at any time pledge the Obligations held by it and such Lender's rights under this Agreement and the other Loan Documents to a Federal Reserve Bank, and any lender that is an investment fund may assign the Obligations held by it and such Lender's rights under this Agreement and the other Loan Documents to another investment fund managed by the same investment advisor; PROVIDED, that no such pledge to a Federal Reserve Bank shall release such Lender from such Lender's obligations hereunder or under any other Loan Document. Any foreign Person that seeks to become a Lender under this Agreement shall provide a Certificate of Exemption to Borrower and Agent prior to becoming a Lender hereunder. No foreign Person may become a Lender hereunder if such Person fails to deliver a Certificate of Exemption in advance of becoming a Lender.

(b) Any participation by a Lender of all or any part of its Commitments shall be made with the understanding that all amounts payable by Borrower hereunder shall be determined as if that Lender had not sold such participation, and that the holder of any such participation shall not be entitled to require such Lender to take or omit to take any action hereunder except actions directly affecting (i) any reduction in the principal amount of, or interest rate or Fees payable with respect to, any Loan in which such holder participates, (ii) any extension of the scheduled amortization of the principal amount of any Loan in which such holder participates or the final maturity date thereof, and (iii) any release of all or substantially all of the Collateral (other than in accordance with the terms of this Agreement, the Collateral Documents or the other Loan Documents). Solely for purposes of SECTIONS 1.13, 1.15, 1.16 and 9.8, Borrower acknowledges and agrees that a participation shall give rise to a direct obligation of Borrower to the participant and the participant shall be considered to be a "Lender". Except as set forth in the preceding sentence neither Borrower nor any other Credit Party shall have any obligation or duty to any participant. Neither Agent nor any Lender (other than the Lender selling a participation) shall have any duty to any participant and may continue to deal solely with the Lender selling a participation as if no such sale had occurred.

(c) Except as expressly provided in this SECTION 9.1, no Lender shall, as between Borrower and that Lender, or Agent and that Lender, be relieved of any of its obligations hereunder as a result of any sale, assignment, transfer or negotiation of, or granting of participation in, all or any part of the Loans, the Notes or other Obligations owed to such Lender.

(d) Each Credit Party executing this Agreement shall assist any Lender permitted to sell assignments or participations under this SECTION 9.1 as reasonably required to

enable the assigning or selling Lender to effect any such assignment or participation, including the execution and delivery of any and all agreements, notes and other documents and instruments as shall be requested and the preparation of informational materials for, and the participation of management in meetings with, potential assignees or participants. Each Credit Party executing this Agreement shall certify the correctness, completeness and accuracy of all descriptions of the Credit Parties and their respective affairs contained in any selling materials provided by it and all other information provided by it and included in such materials, except that any Projections delivered by Borrower shall only be certified by Borrower as having been prepared by Borrower in compliance with the representations contained in SECTION 3.4(c).

(e) A Lender may furnish any information concerning Credit Parties in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants); provided that such Lender shall obtain from assignees or participants confidentiality covenants substantially equivalent to those contained in SECTION 11.8.

(f) So long as no Event of Default has occurred and is continuing, no Lender shall assign or sell participations in any portion of its Loans or Commitments to a potential Lender or participant, if, as of the date of the proposed assignment or sale, the assignee Lender or participant would be subject to capital adequacy or similar requirements under SECTION 1.16(a), increased costs under SECTION 1.16(b), an inability to fund LIBOR Loans under SECTION 1.16(c), or withholding taxes in accordance with SECTION 1.15(a).

(g) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender"), may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing by the Granting Lender to Agent and Borrower, the option to provide to Borrower all or any part of any Loans that such Granting Lender would otherwise be obligated to make to Borrower pursuant to this Agreement; PROVIDED THAT (i) nothing herein shall constitute a commitment by any SPC to make any Loan; and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if such Loan were made by such Granting Lender. No SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). Any SPC may (i) with notice to, but without the prior written consent of, Borrower and Agent and after paying any processing fee therefor assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by Borrower and Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This SECTION 9.1(g) may not be amended without the prior written consent of each Granting Lender, all or any of whose Loans are being funded by an SPC at the time of such amendment. For the avoidance of doubt, the Granting Lender shall for all purposes, including without limitation, the approval of any amendment or waiver of any provision of any Loan Document or the obligation to pay any amount otherwise payable by the Granting Lender under the Loan Documents, continue to be the Lender of record hereunder.

## 9.2 APPOINTMENT OF AGENT.

GE Capital is hereby appointed to act on behalf of all Lenders as Agent under this Agreement and the other Loan Documents. The provisions of this Section 9.2 are solely for the benefit of Agent and Lenders and no Credit Party nor any other Person shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement and the other Loan Documents, Agent shall act solely as an agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Credit Party or any other Person. Agent shall have no duties or responsibilities except for those expressly set forth in this Agreement and the other Loan Documents. The duties of Agent shall be mechanical and administrative in nature and Agent shall not have, or be deemed to have, by reason of this Agreement, any other Loan Document or otherwise a fiduciary relationship in respect of any Lender. Except as expressly set forth in this Agreement and the other Loan Documents, Agent shall not have any duty to disclose, and shall not be liable for failure to disclose, any information relating to any Credit Party or any of their respective Subsidiaries or any Account Debtor that is communicated to or obtained by GE Capital or any of its Affiliates in any capacity. Neither Agent nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives shall be liable to any Lender for any action taken or omitted to be taken by it hereunder or under any other Loan Document, or in connection herewith or therewith, except for damages caused by its or their own gross negligence or willful misconduct.

Without limiting any of the foregoing provisions in favor of Agent, for the purposes of holding any security granted by any Credit Party pursuant to the laws of the Province of Quebec, including any deed of hypothec, debenture, bond or other title of indebtedness and debenture or bond pledge agreements, Agent is hereby appointed to act as the Person holding the power of attorney (fonde de pouvoir) pursuant to article 2692 of the Civil Code of Quebec to act on behalf of each present and future Lender. Each party hereto agrees that, notwithstanding Section 32 of an Act respecting the Special Powers of Legal Persons (Quebec), Agent may, as the Person holding the power of attorney of the Lenders, acquire and or be the pledgee of any debentures, bonds or other titles of indebtedness secured by any hypothec granted by any Credit Party to the Agent pursuant to the laws of the Province of Quebec.

If Agent shall request instructions from Requisite Lenders, Supermajority Lenders or all affected Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Loan Document, then Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from Requisite Lenders, Requisite Lenders, Supermajority Lenders, or all affected Lenders, as the case may be, and Agent shall not incur liability to any Person by reason of so refraining. Agent shall be fully justified in failing or refusing to take any action hereunder or under any other Loan Document (a) if such action would, in the opinion of Agent, be contrary to law or the terms of this Agreement or any other Loan Document, (b) if such action would, in the opinion of Agent, expose Agent to Environmental Liabilities or (c) if Agent shall not first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from

acting hereunder or under any other Loan Document in accordance with the instructions of Requisite Lenders, Supermajority Lenders or all affected Lenders, as applicable.

### 9.3 AGENT'S RELIANCE, ETC.

Neither Agent nor any of its Affiliates nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or the other Loan Documents, except for damages caused by its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, Agent: (a) may treat the payee of any Note as the holder thereof until Agent receives written notice of the assignment or transfer thereof signed by such payee and in form reasonably satisfactory to Agent; (b) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Credit Party or to inspect the Collateral (including the books and records) of any Credit Party; (e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (f) shall incur no liability under or in respect of this Agreement or the other Loan Documents by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopy, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

### 9.4 GE CAPITAL AND AFFILIATES.

With respect to its Commitments hereunder, GE Capital shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender and may exercise the same as though it were not Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include GE Capital in its individual capacity. GE Capital and its Affiliates may lend money to, invest in, and generally engage in any kind of business with, any Credit Party, any of their Affiliates and any Person who may do business with or own securities of any Credit Party or any such Affiliate, all as if GE Capital were not Agent and without any duty to account therefor to Lenders. GE Capital and its Affiliates may accept fees and other consideration from any Credit Party for services in connection with this Agreement or otherwise without having to account for the same to Lenders. Each Lender acknowledges the potential conflict of interest between GE Capital as a Lender holding disproportionate interests in the Loans and GE Capital as Agent.

### 9.5 LENDER CREDIT DECISION.

Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender and based on the Financial Statements referred to in SECTION 3.4(a)



and such other documents and information as it has deemed appropriate, made its own credit and financial analysis of the Credit Parties and its own decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement. Each Lender acknowledges the potential conflict of interest of each other Lender as a result of Lenders holding disproportionate interests in the Loans, and expressly consents to, and waives any claim based upon, such conflict of interest.

#### 9.6 INDEMNIFICATION.

Lenders agree to indemnify Agent (to the extent not reimbursed by Credit Parties and without limiting the obligations of Borrower hereunder), ratably according to their respective Pro Rata Shares, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted to be taken by Agent in connection therewith; PROVIDED, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and each other Loan Document, to the extent that Agent is not reimbursed for such expenses by Credit Parties.

#### 9.7 SUCCESSOR AGENT.

Agent may resign at any time by giving not less than 30 days' prior written notice thereof to Lenders and Borrower. Upon any such resignation, the Requisite Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within 30 days after the resigning Agent's giving notice of resignation, then the resigning Agent may, on behalf of Lenders, appoint a successor Agent, which shall be a Lender, if a Lender is willing to accept such appointment, or otherwise shall be a commercial bank or financial institution or a subsidiary of a commercial bank or financial institution if such commercial bank or financial institution is organized under the laws of the United States of America or of any State thereof and has a combined capital and surplus of at least \$300,000,000. If no successor Agent has been appointed pursuant to the foregoing, within 30 days after the date such notice of resignation was given by the resigning Agent, such resignation shall become effective and the Requisite Lenders shall thereafter perform all the duties of Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor Agent as provided above. Any successor Agent appointed by Requisite Lenders hereunder shall be subject to the approval of Borrower, such approval not to be unreasonably withheld or delayed; PROVIDED that such approval shall not be required if a Default or an Event of Default has occurred and is continuing. Upon the acceptance of any appointment as Agent

hereunder by a successor Agent, such successor Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the earlier of the acceptance of any appointment as Agent hereunder by a successor Agent or the effective date of the resigning Agent's resignation, the resigning Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents, except that any indemnity rights or other rights in favor of such resigning Agent shall continue. After any resigning Agent's resignation hereunder, the provisions of this SECTION 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was acting as Agent under this Agreement and the other Loan Documents.

#### 9.8 SETOFF AND SHARING OF PAYMENTS.

In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default and subject to SECTION 9.9(f), each Lender is hereby authorized at any time or from time to time, without notice to any Credit Party or to any other Person, any such notice being hereby expressly waived, to offset and to appropriate and to apply any and all balances held by it at any of its offices for the account of Borrower or any Guarantor (regardless of whether such balances are then due to Borrower or any Guarantor) and any other properties or assets at any time held or owing by that Lender or that holder to or for the credit or for the account of Borrower or any Guarantor against and on account of any of the Obligations that are not paid when due. Any Lender exercising a right of setoff or otherwise receiving any payment on account of the Obligations in excess of its Pro Rata Share thereof shall purchase for cash (and the other Lenders or holders shall sell) such participations in each such other Lender's or holder's Pro Rata Share of the Obligations as would be necessary to cause such Lender to share the amount so offset or otherwise received with each other Lender or holder in accordance with their respective Pro Rata Shares, (other than offset rights exercised by any Lender with respect to SECTIONS 1.13, 1.15 OR 1.16). Each Lender's obligation under this SECTION 9.8 shall be in addition to and not in limitation of its obligations to purchase a participation in an amount equal to its Pro Rata Share of the Swing Line Loans under SECTION 1.1. Borrower and each Guarantor agrees, to the fullest extent permitted by law, that (a) any Lender may exercise its right to offset with respect to amounts in excess of its Pro Rata Share of the Obligations and may sell participations in such amounts so offset to other Lenders and holders and (b) any Lender so purchasing a participation in the Loans made or other Obligations held by other Lenders or holders may exercise all rights of offset, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Lender or holder were a direct holder of the Loans and the other Obligations in the amount of such participation. Notwithstanding the foregoing, if all or any portion of the offset amount or payment otherwise received is thereafter recovered from the Lender that has exercised the right of offset, the purchase of participations by that Lender shall be rescinded and the purchase price restored without interest.

9.9 ADVANCES; PAYMENTS; NON-FUNDING LENDERS; INFORMATION;  
ACTIONS IN CONCERT.

(a) ADVANCES; PAYMENTS.

(i) Lenders shall refund or participate in the Swing Line Loan in accordance with CLAUSES (iii) AND (iv) of SECTION 1.1(b). If the Swing Line Lender declines to make a Swing Line Loan or if Swing Line Availability is zero, Agent shall notify Lenders, promptly after receipt of a Notice of Revolving Advance and in any event prior to 1:00 p.m. (New York time) on the date such Notice of Revolving Advance is received, by telecopy, telephone or other similar form of transmission. Each Lender shall make the amount of such Lender's Pro Rata Share of such Revolving Credit Advance available to Agent in same day funds by wire transfer to Agent's account as set forth in ANNEX H not later than 3:00 p.m. (New York time) on the requested funding date, in the case of an Index Rate Loan and not later than 11:00 a.m. (New York time) on the requested funding date in the case of a LIBOR Loan. After receipt of such wire transfers (or, in the Agent's sole discretion, before receipt of such wire transfers), subject to the terms hereof, Agent shall make the requested Revolving Credit Advance to Borrower. All payments by each Lender shall be made without setoff, counterclaim or deduction of any kind.

(ii) On the 2nd Business Day of each calendar week or more frequently at Agent's election (each, a "SETTLEMENT DATE"), Agent shall advise each Lender by telephone, or telecopy of the amount of such Lender's Pro Rata Share of principal, interest and Fees paid for the benefit of Lenders with respect to each applicable Loan. Provided that each Lender has funded all payments and Advances required to be made by it and purchased all participations required to be purchased by it under this Agreement and the other Loan Documents as of such Settlement Date, Agent shall pay to each Lender such Lender's Pro Rata Share of principal, interest and Fees paid by Borrower since the previous Settlement Date for the benefit of such Lender on the Loans held by it. To the extent that any Lender (a "Non-Funding Lender") has failed to fund all such payments and Advances or failed to fund the purchase of all such participations, Agent shall be entitled to set off the funding short-fall against that Non-Funding Lender's Pro Rata Share of all payments received from Borrower. Such payments shall be made by wire transfer to such Lender's account (as specified by such Lender in ANNEX H or the applicable Assignment Agreement) not later than 2:00 p.m. (New York time) on the next Business Day following each Settlement Date.

(b) AVAILABILITY OF LENDER'S PRO RATA SHARE. Agent may assume that each Lender will make its Pro Rata Share of each Revolving Credit Advance available to Agent on each funding date. If such Pro Rata Share is not, in fact, paid to Agent by such Lender when due, Agent will be entitled to recover such amount on demand from such Lender without setoff, counterclaim or deduction of any kind. If any Lender fails to pay the amount of its Pro Rata Share forthwith upon Agent's demand, Agent shall promptly notify Borrower and Borrower shall immediately repay such amount to Agent. Nothing in this SECTION 9.9(b) or elsewhere in this Agreement or the other Loan Documents shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its Commitments hereunder or to prejudice any rights that Borrower may have against any Lender as a result of any

default by such Lender hereunder. To the extent that Agent advances funds to Borrower on behalf of any Lender and is not reimbursed therefor on the same Business Day as such Advance is made, Agent shall be entitled to retain for its account all interest accrued on such Advance until reimbursed by the applicable Lender.

(c) RETURN OF PAYMENTS.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Loan Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

(d) NON-FUNDING LENDERS. The failure of any Non-Funding Lender to make any Revolving Credit Advance or any payment required by it hereunder, or to purchase any participation in any Swing Line Loan to be made or purchased by it on the date specified therefor shall not relieve any other Lender (each such other Lender, an "OTHER LENDER") of its obligations to make such Advance or purchase such participation on such date, but neither any Other Lender nor Agent shall be responsible for the failure of any Non-Funding Lender to make an Advance, purchase a participation or make any other payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Non-Funding Lender shall not have any voting or consent rights under or with respect to any Loan Document or constitute a "Lender" or a "Lender" (or be included in the calculation of "Requisite Lenders" or "Supermajority Lenders" hereunder) for any voting or consent rights under or with respect to any Loan Document. At Borrower's request, Agent or a Person acceptable to Agent shall have the right with Agent's consent and in Agent's sole discretion (but shall have no obligation) to purchase from any Non-Funding Lender, and each Non-Funding Lender agrees that it shall, at Agent's request, sell and assign to Agent or such Person, all of the Commitments of that Non-Funding Lender for an amount equal to the principal balance of all Loans held by such Non-Funding Lender and all accrued interest and fees with respect thereto through the date of sale, such purchase and sale to be consummated pursuant to an executed Assignment Agreement.

(e) DISSEMINATION OF INFORMATION. Agent shall use reasonable efforts to provide Lenders with any notice of Default or Event of Default received by Agent from, or delivered by Agent to, any Credit Party, with notice of any Event of Default of which Agent has actually become aware and with notice of any action taken by Agent following any Event of Default, and, regardless of whether a Default or Event of Default is in existence, copies of any collateral audits and appraisals as Agent may have conducted; provided, that Agent shall not be

liable to any Lender for any failure to do so, except to the extent that such failure is attributable to Agent's gross negligence or willful misconduct.

(f) ACTIONS IN CONCERT. Anything in this Agreement to the contrary notwithstanding, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of this Agreement or the Notes (including exercising any rights of setoff) without first obtaining the prior written consent of Agent or Requisite Lenders, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the Notes shall be taken in concert and at the direction or with the consent of Agent or Requisite Lenders.

#### 9.10 SYNDICATION AGENT AND DOCUMENTATION AGENT.

The parties hereto acknowledge and agree that no Person shall have, by reason of its designation as Syndication Agent or Documentation Agent, any power, duty, responsibility or liability whatsoever under this Agreement or any other Loan Document.

### 10. SUCCESSORS AND ASSIGNS

#### 10.1 SUCCESSORS AND ASSIGNS.

This Agreement and the other Loan Documents shall be binding on and shall inure to the benefit of each Credit Party, Agent, Lenders and their respective successors and assigns (including, in the case of any Credit Party, a debtor-in-possession on behalf of such Credit Party), except as otherwise provided herein or therein. No Credit Party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of Agent and Lenders. Any such purported assignment, transfer, hypothecation or other conveyance by any Credit Party without the prior express written consent of Agent and Lenders shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Credit Party, Agent and Lenders with respect to the transactions contemplated hereby and no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other Loan Documents.

### 11. MISCELLANEOUS

#### 11.1 COMPLETE AGREEMENT; MODIFICATION OF AGREEMENT.

The Loan Documents constitute the complete agreement between the parties with respect to the subject matter thereof and may not be modified, altered or amended except as set forth in SECTION 11.2. Any letter of interest, proposal letter, commitment letter, fee letter (other than the GE Capital Fee Letter) or confidentiality agreement between any Credit Party and Agent or any Lender or any of their respective Affiliates, predating this Agreement and relating to a financing of substantially similar form, purpose or effect shall be superseded by this Agreement.

## 11.2 AMENDMENTS AND WAIVERS.

(a) Except for actions expressly permitted to be taken by Agent, no amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, or any consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by Agent and Borrower, and by Requisite Lenders, Supermajority Lenders or all affected Lenders, as applicable. Except as set forth in CLAUSES (b) AND (c) below, all such amendments, modifications, terminations or waivers requiring the consent of any Lenders shall require the written consent of Requisite Lenders.

(b) No amendment, modification, termination or waiver of or consent with respect to any provision of this Agreement that increases the percentage advance rates set forth in the definition of the Borrowing Base, or that makes less restrictive the nondiscretionary criteria for exclusion from Eligible Accounts and Eligible Inventory set forth in SECTIONS 1.6 AND 1.7, shall be effective unless the same shall be in writing and signed by Agent, Supermajority Lenders and Borrower.

(c) No amendment, modification, termination or waiver shall, unless in writing and signed by Agent and each Lender directly affected thereby: (i) increase the principal amount of any Lender's Commitment (which action shall be deemed only to affect those Lenders whose Commitments are increased and may be approved by Requisite Lenders, including those lenders whose Commitments are increased); (ii) reduce the principal of, rate of interest on or Fees payable with respect to any Loan or Letter of Credit Obligations of any affected Lender; (iii) extend any scheduled payment date (other than payment dates of mandatory prepayments under SECTION 1.3(b)(ii) AND (iii)) or final maturity date of the principal amount of any Loan of any affected Lender; (iv) waive, forgive, defer, extend or postpone any payment of interest or Fees as to any affected Lender; (v) release any Guaranty or, except as otherwise permitted herein or in the other Loan Documents, release, or permit any Credit Party to sell or otherwise dispose of, any Collateral with a value exceeding \$20,000,000 in the aggregate (which action shall be deemed to directly affect all Lenders); (vi) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that shall be required for Lenders or any of them to take any action hereunder; and (vii) amend or waive this SECTION 11.2 or the definitions of the terms "Requisite Lenders" or "Supermajority Lenders" insofar as such definitions affect the substance of this SECTION 11.2. Furthermore, no amendment, modification, termination or waiver affecting the rights or duties of Agent or L/C Issuer under this Agreement or any other Loan Document shall be effective unless in writing and signed by Agent or L/C Issuer, as the case may be, in addition to Lenders required hereinabove to take such action. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given. No amendment, modification, termination or waiver shall be required for Agent to take additional Collateral pursuant to any Loan Document. No amendment, modification, termination or waiver of any provision of any Note shall be effective without the written concurrence of the holder of that Note. No notice to or demand on any Credit Party in any case shall entitle such Credit Party or any other Credit Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this SECTION 11.2 shall be binding upon each holder of the Notes at the time outstanding and each future holder of the Notes.

(d) If, in connection with any proposed amendment, modification, waiver or termination (a "PROPOSED CHANGE"):

(i) requiring the consent of all affected Lenders, the consent of Requisite Lenders is obtained, but the consent of other Lenders whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this CLAUSE (i) and in CLAUSE L(ii) below being referred to as a "NON-CONSENTING LENDER"), or

(ii) requiring the consent of Supermajority Lenders, the consent of Requisite Lenders is obtained, but the consent of Supermajority Lenders is not obtained,

then, so long as Agent is not a Non-Consenting Lender, at Borrower's request Agent, or a Person reasonably acceptable to Agent, shall have the right with Agent's consent and in Agent's sole discretion (but shall have no obligation) to purchase from such Non-Consenting Lenders, and such Non-Consenting Lenders agree that they shall, upon Agent's request, sell and assign to Agent or such Person, all of the Commitments of such Non-Consenting Lenders for an amount equal to the principal balance of all Loans held by the Non-Consenting Lenders and all accrued interest and Fees with respect thereto through the date of sale, such purchase and sale to be consummated pursuant to an executed Assignment Agreement.

(e) Upon payment in full in cash and performance of all of the Obligations (other than indemnification Obligations), termination of the Commitments and a release of all claims against Agent and Lenders, and so long as no suits, actions proceedings, or claims are pending or threatened against any Indemnified Person asserting any damages, losses or liabilities that are Indemnified Liabilities, Agent shall deliver to Borrower termination statements, mortgage releases and other documents necessary or appropriate to evidence the termination of the Liens securing payment of the Obligations.

### 11.3 FEES AND EXPENSES.

Borrower shall reimburse (i) Agent for all fees, costs and expenses (including the reasonable fees and expenses of all of its counsel, advisors, consultants and auditors) and (ii) Agent (and, with respect to CLAUSES (c), (d) AND (e) below, all Lenders) for all fees, costs and expenses, including the reasonable fees, costs and expenses of counsel or other advisors (including environmental and management consultants and appraisers) incurred in connection with the negotiation and preparation of the Loan Documents and incurred in connection with:

(a) the forwarding to Borrower or any other Person on behalf of Borrower by Agent of the proceeds of any Loan;

(b) any amendment, modification or waiver of, or consent with respect to, or termination of, any of the Loan Documents or Related Transactions Documents or advice in connection with the syndication and administration of the Loans made pursuant hereto or its rights hereunder or thereunder;

(c) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Agent, any Lender, Borrower or any other Person and whether as a party, witness or

otherwise) in any way relating to the Collateral, any of the Loan Documents or any other agreement to be executed or delivered in connection herewith or therewith, including any litigation, contest, dispute, suit, case, proceeding or action, and any appeal or review thereof, in connection with a case commenced by or against any Credit Party or any other Person that may be obligated to Agent by virtue of the Loan Documents, including any such litigation, contest, dispute, suit, proceeding or action arising in connection with any work-out or restructuring of the Loans during the pendency of one or more Events of Default; PROVIDED that in the case of reimbursement of counsel for Lenders other than Agent, such reimbursement shall be limited to one counsel for all such Lenders; PROVIDED, further, that no Person shall be entitled to reimbursement under this clause (c) in respect of any litigation, contest, dispute, suit, proceeding or action to the extent any of the foregoing results from such Person's gross negligence or willful misconduct;

(d) any attempt to enforce any remedies of Agent or any Lender against any or all of the Credit Parties or any other Person that may be obligated to Agent or any Lender by virtue of any of the Loan Documents, including any such attempt to enforce any such remedies in the course of any work-out or restructuring of the Loans during the pendency of one or more Events of Default; PROVIDED, that in the case of reimbursement of counsel for Lenders other than Agent, such reimbursement shall be limited to one counsel for all such Lenders;

(e) any workout or restructuring of the Loans during the pendency of one or more Events of Default; and

(f) efforts to (i) monitor the Loans or any of the other Obligations, (ii) evaluate, observe or assess any of the Credit Parties or their respective affairs, and (iii) verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Collateral; including, as to each of CLAUSES (a) THROUGH (f) above, all reasonable attorneys' and other professional and service providers' fees arising from such services and other advice, assistance or other representation, including those in connection with any appellate proceedings, and all expenses, costs, charges and other fees incurred by such counsel and others in connection with or relating to any of the events or actions described in this SECTION 11.3, all of which shall be payable, on demand, by Borrower to Agent. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: fees, costs and expenses of accountants, environmental advisors, appraisers, investment bankers, management and other consultants and paralegals; court costs and expenses; photocopying and duplication expenses; court reporter fees, costs and expenses; long distance telephone charges; air express charges; telegram or telecopy charges; secretarial overtime charges; and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal or other advisory services. Notwithstanding the foregoing provisions of this SECTION 11.3, absent a Default or Event of Default Borrower shall not be required to pay for (i) more than one inventory appraisal per year or (ii) more than two collateral audits per year.

#### 11.4 NO WAIVER.

Agent's or any Lender's failure, at any time or times, to require strict performance by the Credit Parties of any provision of this Agreement or any other Loan Document shall not



waive, affect or diminish any right of Agent or such Lender thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of an Event of Default shall not suspend, waive or affect any other Event of Default whether the same is prior or subsequent thereto and whether the same or of a different type. Subject to the provisions of SECTION 11.2, none of the undertakings, agreements, warranties, covenants and representations of any Credit Party contained in this Agreement or any of the other Loan Documents and no Default or Event of Default by any Credit Party shall be deemed to have been suspended or waived by Agent or any Lender, unless such waiver or suspension is by an instrument in writing signed by an officer of or other authorized employee of Agent and the applicable required Lenders and directed to Borrower specifying such suspension or waiver.

#### 11.5 REMEDIES.

Agent's and Lenders' rights and remedies under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that Agent or any Lender may have under any other agreement, including the other Loan Documents, by operation of law or otherwise. Recourse to the Collateral shall not be required.

#### 11.6 SEVERABILITY.

Wherever possible, each provision of this Agreement and the other Loan Documents shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement or any other Loan Document shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or such other Loan Document.

#### 11.7 CONFLICT OF TERMS.

Except as otherwise provided in this Agreement or any of the other Loan Documents by specific reference to the applicable provisions of this Agreement, if any provision contained in this Agreement conflicts with any provision in any of the other Loan Documents, the provision contained in this Agreement shall govern and control.

#### 11.8 CONFIDENTIALITY.

Agent and each Lender agree to use commercially reasonable efforts (equivalent to the efforts Agent or such Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all confidential information provided to them by the Credit Parties and designated as confidential for a period of 2 years following receipt thereof, except that Agent and each Lender may disclose such information (a) to Persons employed or engaged by Agent or such Lender in evaluating, approving, structuring or administering the Loans and the Commitments; (b) to any bona fide assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this SECTION 11.8 (and any such bona fide assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in CLAUSE (a) ABOVE); (c) as

required or requested by any Governmental Authority or reasonably believed by Agent or such Lender to be compelled by any court decree, subpoena or legal or administrative order or process; (d) as, on the advise of Agent's or such Lender's counsel, is required by law; (e) in connection with the exercise of any right or remedy under the Loan Documents or in connection with any Litigation to which Agent or such Lender is a party; or (f) that ceases to be confidential through no fault of Agent or any Lender.

#### 11.9 GOVERNING LAW.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THE LOAN DOCUMENTS AND THE OBLIGATIONS SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. EACH CREDIT PARTY HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN NEW YORK COUNTY, CITY OF NEW YORK, NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE CREDIT PARTIES, AGENT AND LENDERS PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT AGENT, LENDERS AND THE CREDIT PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF NEW YORK COUNTY AND; PROVIDED, FURTHER THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF AGENT. EACH CREDIT PARTY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH CREDIT PARTY HEREBY WAIVES ANY OBJECTION THAT SUCH CREDIT PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH CREDIT PARTY HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH CREDIT PARTY AT THE ADDRESS SET FORTH IN ANNEX I OF THIS AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH CREDIT PARTY'S ACTUAL RECEIPT THEREOF OR 3 DAYS AFTER DEPOSIT IN THE UNITED STATES MAELS, PROPER POSTAGE PREPAID.

#### 11.10 NOTICES.

Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and 3 Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this SECTION 11.10); (c) 1 Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated in ANNEX I or to such other address (or facsimile number) as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than Borrower or Agent) designated in ANNEX I to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

#### 11.11 SECTION TITLES.

The Section titles and Table of Contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

#### 11.12 COUNTERPARTS.

This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

#### 11.13 WAIVER OF JURY TRIAL.

BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR

OTHERWISE, AMONG AGENT, LENDERS AND ANY CREDIT PARTY ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

11.14 PRESS RELEASES AND RELATED MATTERS.

Each Credit Party executing this Agreement agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of GE Capital or its affiliates or referring to this Agreement, the other Loan Documents or the Related Transactions Documents without at least 2 Business Days' prior notice to GE Capital and without the prior written consent of GE Capital unless (and only to the extent that) such Credit Party or Affiliate is required to do so under law and then, in any event, such Credit Party or Affiliate will consult with GE Capital before issuing such press release or other public disclosure. Each Credit Party consents to the publication by Agent or any Lender of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement. Agent or such Lender shall provide a draft of any such tombstone or similar advertising material to each Credit Party for review and comment prior to the publication thereof. Agent reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements. Each Credit Party executing this Agreement agrees that neither it nor its Affiliates will in the future issue any press release or public disclosure (other than Securities and Exchange Commission filings required to be made by law) using the name of any Lender (other than as provided above with respect to GE Capital) without the prior consent of such Lender.

11.15 REINSTATEMENT.

This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against (or similar proceeding be instituted by or against) Borrower or any other Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11.16 ADVICE OF COUNSEL.

Each of the parties represents to each other party hereto that it has discussed this Agreement and, specifically, the provisions of SECTIONS 11.9 AND 11.13, with its counsel.

11.17 NO STRICT CONSTRUCTION.

The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.18 JUDGMENT CURRENCY.

(a) If, for the purpose of obtaining or enforcing judgment against any Credit Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this SECTION 11.18 referred to as the "JUDGMENT CURRENCY") an amount due under any Loan Document in any currency (the "OBLIGATION CURRENCY") other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that will give effect to such conversion being made on such date, or (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this SECTION 11.18 being hereinafter in this SECTION 11.18 referred to as the "JUDGMENT CONVERSION DATE").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in SECTION 11.18(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual receipt for value of the amount due, the applicable Credit Party shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from a Credit Party under SECTION 11.18(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Loan Documents.

(c) The term "rate of exchange" in this Section 11.18 means the rate of exchange at which the Agent would, on the relevant date at or about 12:00 noon (New York time), be prepared to sell the Obligation Currency against the Judgment Currency.

11.19 DESIGNATED SENIOR INDEBTEDNESS.

Holdings and Borrower hereby specifically designate the Indebtedness evidenced by this Agreement and the other Loan Documents (specifically including all Obligations) as "Senior Indebtedness" and "Designated Senior Indebtedness" for all purposes, including, without limitation, for purposes of any indenture evidencing or otherwise governing the Notes or any other Subordinated Debt, including, without limitation, any additional Subordinated Notes issued in compliance with the provisions of SECTION 6.3(a)(xvi).

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above. BORROWER:

WESCO DISTRIBUTION, INC.

By: /s/ Stephen A. Van Oss  
-----  
Name: Stephen A. Van Oss  
-----  
Title: Vice President and Chief Financial Officer  
-----

The following Persons are signatories to this Agreement in their capacity as Credit Parties and not as Borrowers.

WESCO INTERNATIONAL, INC.

By: /s/ Stephen A. Van Oss

-----  
Name: Stephen A. Van Oss

-----  
Title: Vice President and Chief Financial Officer  
-----

WESCO FINANCE CORPORATION

By: /s/ Daniel A. Brailer

-----  
Name: Daniel A. Brailer

-----  
Title: Vice President and Treasurer  
-----

CDW REALCO, INC.

By: /s/ Daniel A. Brailer

-----  
Name: Daniel A. Brailer

-----  
Title: Secretary  
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HERNING ENTERPRISES, INC.

By: /s/ Stephen A. Van Oss

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Name: Stephen A. Van Oss

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Title: Vice President and Chief Financial Officer  
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WESCO NIGERIA, INC.

By: /s/ Daniel A. Brailer

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Name: Daniel A. Brailer

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Title: Secretary and Treasurer  
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WESCO EQUITY CORPORATION

By: /s/ Daniel A. Brailer

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Name: Daniel A. Brailer

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Title: Treasurer  
-----

WESCO CANADA FINANCE LIMITED  
PARTNERSHIP

By: WESCO EQUITY CORPORATION,  
its General Partner

By: /s/Daniel A. Brailer

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Name: Daniel A. Brailer

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Title: Treasurer  
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WESCO DISTRIBUTION-CANADA, INC.

By: /s/ Stephen A. Van Oss

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Name: Stephen A. Van Oss

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Title: Vice President and Chief Financial Officer  
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GENERAL ELECTRIC CAPITAL  
CORPORATION, as Agent and Lender

By: Michael Lustbader

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Duly Authorized Signatory

THE CIT GROUP/BUSINESS CREDIT, INC.,  
as Syndication Agent and Lender

By: /s/ James A. Brennan, Jr.  
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Name: James A. Brennan  
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Title: Vice President  
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FLEET CAPITAL CORPORATION,  
as Documentation Agent and Lender

By: /s/ Mark Gestzof

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Name: Mark Gestzof

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Title: Senior Vice President

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CITIZENS BUSINESS CREDIT COMPANY, a division of  
Citizens Leasing, Inc., a Rhode Island corporation,  
as Lender

By: /s/ Donald A. Cmar

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Name: Donald A. Cmar

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Title: Vice President

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PNC BANK, NATIONAL ASSOCIATION,  
as Lender

By: /s/ Gregory A. Steve  
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Name: Gregory A. Steve  
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Title: Senior Vice President  
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LASALLE BUSINESS CREDIT, INC.,  
as Lender

By: /s/Thomas F. Furst

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Name: Thomas F. Furst

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Title: Vice President

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FIRST COMMONWEALTH BANK t/a NBOC BANK,  
as Lender

By: /s/ Paul J. Oris

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Name: Paul J. Oris

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Title: Vice President

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ANNEX A (RECITALS)

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TO  
CREDIT AGREEMENT  
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DEFINITIONS  
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Capitalized terms used in the Loan Documents shall have (unless otherwise provided elsewhere in the Loan Documents) the following respective meanings and all references to Sections, Exhibits, Schedules or Annexes in the following definitions shall refer to Sections, Exhibits, Schedules or Annexes of or to the Agreement:

"ACCOUNT DEBTOR" means any Person who may become obligated to any Credit Party under, with respect to, or on account of, an Account, Chattel Paper or General Intangibles (including a payment intangible).

"ACCOUNTING CHANGES" has the meaning ascribed thereto in ANNEX G.

"ACCOUNTS" means all "accounts," as such term is defined in the Code, and all "claims", as such term is defined in the Quebec Civil Code, now owned or hereafter acquired by any Credit Party, including (a) all accounts receivable, other receivables, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, or Instruments), (including any such obligations that may be characterized as an account or contract right under the Code), (b) all of each Credit Party's rights in, to and under all purchase orders or receipts for goods or services, (c) all of each Credit Party's rights to any goods represented by any of the foregoing (including unpaid sellers' rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), (d) all rights to payment due to any Credit Party for property sold, leased, licensed, assigned or otherwise disposed of, for a policy of insurance issued or to be issued, for a secondary obligation incurred or to be incurred, for energy provided or to be provided, for the use or hire of a vessel under a charter or other contract, arising out of the use of a credit card or charge card, or for services rendered or to be rendered by such Credit Party or in connection with any other transaction (whether or not yet earned by performance on the part of such Credit Party), (e) all health care insurance receivables and (f) all collateral security of any kind, given by any Account Debtor or any other Person with respect to any of the foregoing.

"ADVANCE" means any Revolving Credit Advance or Swing Line Advance, as the context may require.

"AFFILIATE" means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 10% or more of the Stock having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person, (c) each of such Person's officers, directors, joint venturers and partners and (d) in the case of Borrower, the immediate family members, spouses and lineal descendants of individuals who are Affiliates of Borrower. For the purposes of this definition, "CONTROL" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its



management or policies, whether through the ownership of voting securities, by contract or otherwise; PROVIDED, HOWEVER, that the term "AFFILIATE" shall specifically exclude Agent and each Lender.

"AGENT" means GE Capital in its capacity as Agent for Lenders or its successor appointed pursuant to SECTION 9.7.

"AGREEMENT" means the Credit Agreement by and among Borrower, the other Credit Parties party thereto, GE Capital, as Agent and Lender and the other Lenders from time to time party thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time.

"APPENDICES" has the meaning ascribed to it in the recitals to the Agreement.

"APPLICABLE L/C MARGIN" means the per annum fee, from time to time in effect, payable with respect to outstanding Letter of Credit Obligations as determined by reference to SECTION 1.5(a).

"APPLICABLE MARGINS" means collectively the Applicable L/C Margin, the Applicable Unused Line Fee Margin, the Applicable Revolver Index Margin and the Applicable Revolver LIBOR Margin.

"APPLICABLE REVOLVER INDEX MARGIN" means the per annum interest rate margin from time to time in effect and payable in addition to the Index Rate applicable to the Revolving Loan, as determined by reference to SECTION 1.5(a).

"APPLICABLE REVOLVER LIBOR MARGIN" means the per annum interest rate from time to time in effect and payable in addition to the LIBOR Rate applicable to the Revolving Loan, as determined by reference to SECTION 1.5(a).

"APPLICABLE UNUSED LINE FEE MARGIN" means the per annum fee, from time to time in effect, payable in respect of Borrower's non-use of committed funds pursuant to SECTION 1.9(b), which fee is determined by reference to SECTION 1.5(a).

"ASSIGNMENT AGREEMENT" has the meaning ascribed to it in SECTION 9.1(a).

"BANK OF NEW YORK" means The Bank of New York, a banking organization duly organized and existing under the laws of the State of New York.

"BANKRUPTCY CODE" means the provisions of Title 11 of the United States Code, 11 U.S.C. Section 101 et seq.

"BLOCKED ACCOUNTS" has the meaning ascribed to it in ANNEX C.

"BORROWER" has the meaning ascribed thereto in the preamble to the Agreement.

"BORROWER PLEDGE AGREEMENT" means the Pledge Agreement of even date herewith executed by Borrower in favor of Agent, on behalf of itself and Lenders, pledging all Stock of its Subsidiaries, if any, and all Intercompany Notes owing to or held by it.

"BORROWING AVAILABILITY" means as of any date of determination the lesser of (i) the Maximum Amount and (ii) the Borrowing Base, in each case, LESS the sum of the Revolving Loan and Swing Line Loan then outstanding; provided that an Overadvance in accordance with SECTION 1.1(a)(iii) may cause the Revolving Loan and Swing Line Loan to exceed the Borrowing Base by the amount of such permitted Overadvance.

"BORROWING BASE" means, as of any date of determination by Agent, from time to time, an amount equal to the sum at such time of:

(a) up to 85% of the book value of WESCO-Canada's then Eligible Accounts at such time; and

(b) the lesser of:

(i) up to 65% of the book value of Borrower's, WESCO Equity's, Hernings' and WESCO-Canada's then Eligible Inventory valued at the lower of cost (determined on a first-in, first-out basis) or market; or

(ii) up to 85% of the appraised then Net Orderly Liquidation Value of Borrower's, WESCO Equity's, Hernings' and WESCO-Canada's Eligible Inventory,

in each case, less any Reserves established by Agent at such time.

"BORROWING BASE CERTIFICATE" means a certificate to be executed and delivered from time to time by Borrower in the form attached to the Agreement as EXHIBIT 4.1(b).

"BRUCKNER ACQUISITION AGREEMENT" means that certain Asset Purchase Agreement, dated as of September 11, 1998, between Bruckner Supply Company, Inc. and Borrower and as in effect on the Closing Date.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York and in reference to LIBOR Loans shall mean any such day that is also a LIBOR Business Day.

"CANADIAN BENEFIT PLANS" means all employee benefit plans of any nature or kind whatsoever that are not Canadian Pension Plans and are maintained or contributed to by any Credit Party having employees in Canada and does not include the Canada Pension Plan, the Quebec Pension Plan, Canadian Employment Insurance or any plan of a substantially similar nature, which is maintained by the Government of Canada or any Canadian Provincial Government.

"CANADIAN DOLLARS" means lawful currency of Canada.

"CANADIAN PENSION PLANS" means each plan which is considered to be a pension plan for the purposes of any applicable pension benefits standards statute and/or regulation in Canada established, maintained or contributed to by any Credit Party for its employees or former employees and does not include the Canada Pension Plan or the Quebec Pension Plan which is maintained by the Government of Canada or the Government of Quebec, respectively.

"CAPITAL EXPENDITURES" means, with respect to any Person, all expenditures (by the expenditure of cash or the incurrence of Indebtedness) by such Person during any measuring period for any fixed assets or improvements or for replacements, substitutions or additions thereto, that have a useful life of more than one year and that are required to be capitalized under GAAP.

"CAPITAL LEASE" means, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, would be required to be classified and accounted for as a capital lease on a balance sheet of such Person.

"CAPITAL LEASE OBLIGATION" means, with respect to any Capital Lease of any Person, the amount of the obligation of the lessee thereunder that, in accordance with GAAP, would appear on a balance sheet of such lessee in respect of such Capital Lease.

"CASH COLLATERAL ACCOUNT" has the meaning ascribed to it ANNEX B.

"CASH EQUIVALENTS" has the meaning ascribed to it in ANNEX B.

"CASH MANAGEMENT SYSTEMS" has the meaning ascribed to it in SECTION 1.8.

"CHANGE OF CONTROL" means any of the following: (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the issued and outstanding shares of capital Stock of Holdings having the right to vote for the election of directors of Holdings under ordinary circumstances; provided, however, that, notwithstanding the foregoing, The Cypress Group may increase its ownership of shares of Holdings common Stock after the Closing Date so long as Holdings' common Stock continues to be listed for trading on The New York Stock Exchange; (b) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the board of directors of Holdings (together with any new directors whose election by the board of directors of Holdings or whose nomination for election by the Stockholders of Holdings was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors then in office; (c) Holdings ceases to own and control

all of the economic and voting rights associated with all of the outstanding capital Stock of Borrower or any other Subsidiary; (d) Borrower ceases to own and control all of the economic and voting rights associated with all of the outstanding capital Stock of any of its Subsidiaries; or (e) WESCO Finance and WESCO Equity cease to own and control all of the economic and voting rights associated with all of the outstanding capital stock of WESCO Finance Canada or (f) the occurrence of any Change of Control under any indenture, note or other agreement, instrument or document relating to any of the Subordinated Notes or any other Subordinated Debt.

"CHARGES" means all federal, state, county, city, municipal, local, foreign or other governmental taxes (including taxes owed to the PBGC at the time due and payable), levies, assessments, charges, liens, claims or encumbrances upon or relating to (a) the Collateral, (b) the Obligations, (c) the employees, payroll, income, capital or gross receipts of any Credit Party, (d) any Credit Party's ownership or use of any properties or other assets, or (e) any other aspect of any Credit Party's business.

"CHATTEL PAPER" means any "chattel paper," as such term is defined in the Code, including electronic chattel paper, now owned or hereafter acquired by any Credit Party.

"CLOSING DATE" means March \_\_, 2002.

"CLOSING CHECKLIST" means the schedule, including all appendices, exhibits or schedules thereto, listing certain documents and information to be delivered in connection with the Agreement, the other Loan Documents and the transactions contemplated thereunder, substantially in the form attached hereto as ANNEX D.

"CODE" means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of New York; PROVIDED, that to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; PROVIDED FURTHER, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent's or any Lender's Lien on any Collateral is governed by the Uniform Commercial Code or such foreign personal property security laws as enacted and in effect in a jurisdiction other than the State of New York, the term "CODE" shall mean the Uniform Commercial Code or such foreign personal property security laws as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions; and PROVIDED FURTHER, that if such foreign personal property security laws do not contain a definition that is used in another Loan Document, the definition that is used in such other Loan Document shall have the meaning given to it in the Code as though the references to the words "or such foreign personal property security laws" in the second proviso of this definition do not exist.

"COLLATERAL" means the property covered by the Security Agreement and the other Collateral Documents and any other property, real or personal, tangible or intangible, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of Agent, on behalf of itself and Lenders, to secure the Obligations.

"COLLATERAL DOCUMENTS" means the Security Agreements, the Pledge Agreements, the Deeds of Hypothec, the Pledges of Debenture, the Guaranties, the Patent Security Agreement,

the Trademark Security Agreement, the Copyright Security Agreement and all similar agreements entered into guaranteeing payment of, or granting a Lien upon property as security for payment of, the Obligations.

"COLLATERAL REPORTS" means the reports with respect to the Collateral referred to in ANNEX F.

"COLLECTION ACCOUNT" means that certain account of Agent, account number 502-328-54 in the name of Agent at Bankers Trust Company in New York, New York ABA No. 021 001 033, or such other account as may be specified in writing by Agent as the "Collection Account."

"COMMITMENT TERMINATION DATE" means the earliest of (a) March \_\_, 2007, (b) the date of termination of Lenders' obligations to make Advances and to incur Letter of Credit Obligations or permit existing Loans to remain outstanding pursuant to SECTION 8.2(b), and (c) the date of indefeasible prepayment in full by Borrower of the Loans and the cancellation and return (or stand-by guarantee) of all Letters of Credit or the cash collateralization of all Letter of Credit Obligations pursuant to ANNEX B, and the permanent reduction of the Commitments to zero dollars (\$0).

"COMMITMENTS" means (a) as to any Lender, the aggregate of such Lender's Revolving Loan Commitment (including without duplication the Swing Line Lender's Swing Line Commitment as a subset of its Revolving Loan Commitment) as set forth on ANNEX J to the Agreement or in the most recent Assignment Agreement executed by such Lender and (b) as to all Lenders, the aggregate of all Lenders' Revolving Loan Commitments (including without duplication the Swing Line Lender's Swing Line Commitment as a subset of its Revolving Loan Commitment), which aggregate commitment shall be Two Hundred and Ninety Million Dollars (\$290,000,000) on the Closing Date, as to each of CLAUSES (a) AND (b), as such Commitments may be reduced, amortized or adjusted from time to time in accordance with the Agreement.

"COMPLIANCE CERTIFICATE" has the meaning ascribed to it in ANNEX E.

"CONCENTRATION ACCOUNT" has the meaning ascribed to it in ANNEX C.

"CONTRACTS" means all "contracts," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, in any event, including all contracts, undertakings, or agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which any Credit Party may now or hereafter have any right, title or interest, including any agreement relating to the terms of payment or the terms of performance of any Account.

"CONTROL LETTER" means a letter agreement between Agent and (i) the issuer of uncertificated securities with respect to uncertificated securities in the name of any Credit Party, (ii) a securities intermediary with respect to securities, whether certificated or uncertificated, securities entitlements and other financial assets held in a securities account in the name of any Credit Party, (iii) a futures commission merchant or clearing house, as applicable, with respect to commodity accounts and commodity contracts held by any Credit Party, whereby, among other

things, the issuer, securities intermediary or futures commission merchant disclaims any security interest in the applicable financial assets, acknowledges the Lien of Agent, on behalf of itself and Lenders, on such financial assets, and agrees to follow the instructions or entitlement orders of Agent without further consent by the affected Credit Party.

"COPYRIGHT LICENSE" means any and all rights now owned or hereafter acquired by any Credit Party under any written agreement granting any right to use any Copyright or Copyright registration.

"COPYRIGHT SECURITY AGREEMENTS" means the Copyright Security Agreements made in favor of Agent, on behalf of itself and Lenders, by each applicable Credit Party.

"COPYRIGHTS" means all of the following now owned or hereafter adopted or acquired by any Credit Party: (a) all copyrights and General Intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"CREDIT PARTIES" means Holdings, Borrower, WESCO Finance, WESCO Finance Canada, WESCO-Canada and each of their respective Subsidiaries.

"DEBENTURE PLEDGE AGREEMENTS" means the various pledges of debentures securing the Obligations, executed by one or more Credit Parties in favor of Agent, on behalf of Agent and the Lenders.

"DEBENTURES" means the debentures executed and issued to Agent, on behalf of Agent and the Lenders, by one or more Credit Parties under the Deeds of Hypothec.

"DEEDS OF HYPOTHEC" means the various deeds of hypothec securing the Obligations, executed by one or more Credit Parties in favor of Agent, on behalf of Agent and the Lenders.

"DEFAULT" means any event that, with the passage of time or notice or both, would, unless cured or waived, become an Event of Default.

"DEFAULT RATE" has the meaning ascribed to it in SECTION 1.5(d).

"DEPOSIT ACCOUNTS" means all "deposit accounts" as such term is defined in the Code, now or hereafter held in the name of any Credit Party.

"DESIGN LICENSE" means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right to use any Design.

"DESIGNS" means the following now owned or hereafter acquired by any Credit Party: (a) all industrial designs, design patents and other designs now owned or existing or

hereafter adopted or acquired, all registrations and recordings thereof and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the Canadian Industrial Designs Office or any similar office in any country and all records thereof and (b) all reissues, extensions or renewals thereof.

"DISBURSEMENT ACCOUNTS" has the meaning ascribed to it in ANNEX C.

"DISCLOSURE SCHEDULES" means the Schedules prepared by Borrower and denominated as DISCLOSURE SCHEDULES (1.4) THROUGH (6.7) in the Index to the Agreement.

"DOCUMENTS" means all "documents," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located.

"DOLLAR EQUIVALENT AMOUNT" of any currency means (i) the amount of such currency if such currency is Dollars or (ii) the equivalent amount in Dollars of such amount of any other currency, if such currency is any currency other than Dollars, calculated on the basis of the arithmetical mean for the buy and sell spot rates of exchange quoted to Agent for such currency in New York at approximately 11:00 a.m. New York time on such date, rounded up to the nearest amount of such currency as determined by Agent.

"DOLLARS" or "\$" means lawful currency of the United States of America or the Dollar Equivalent Amount, as applicable.

"EBITDA" means, with respect to any Person for any fiscal period, without duplication, an amount equal to (a) consolidated net income of such Person for such period, determined in accordance with GAAP, MINUS (b) the sum of (i) income tax credits, (ii) interest income, (iii) gain from extraordinary items for such period, (iv) any aggregate net gain (but not any aggregate net loss) during such period arising from the sale, exchange or other disposition of capital assets by such Person (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities), and (v) any other non-cash gains that have been added in determining consolidated net income, in each case to the extent included in the calculation of consolidated net income of such Person for such period in accordance with GAAP, but without duplication, PLUS (c) the sum of (i) any provision for income taxes, (ii) Interest Expense, (iii) loss from non-cash extraordinary items for such period, (iv) the amount of non-cash charges (including depreciation, amortization and non-cash charges associated with the impairment of goodwill) for such period, (v) amortized debt discount for such period, and (vi) the amount of any deduction to consolidated net income as the result of any grant to any members of the management of such Person of any Stock, in each case to the extent included in the calculation of consolidated net income of such Person for such period in accordance with GAAP, but without duplication. For purposes of this definition, the following items shall be excluded in determining consolidated net income of a Person: (1) the income (or deficit) of any other Person accrued prior to the date it became a Subsidiary of, or was merged or consolidated into, such Person or any of such Person's Subsidiaries; (2) the income (or deficit) of any other Person (other than a Subsidiary) in which such Person has an ownership interest, except to the extent any such income has actually been received by such Person in the form of cash dividends or distributions; (3) the undistributed earnings of any Subsidiary of such Person to

the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation or requirement of law applicable to such Subsidiary; (4) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of income accrued during such period; (5) any write-up of any asset; (6) any net gain from the collection of the proceeds of life insurance policies; (7) any net gain arising from the acquisition of any securities, under GAAP, of such Person, (8) in the case of a successor to such Person by consolidation or merger or as a transferee of its assets, any earnings of such successor prior to such consolidation, merger or transfer of assets, and (9) any deferred credit representing the excess of equity in any Subsidiary of such Person at the date of acquisition of such Subsidiary over the cost to such Person of the investment in such Subsidiary.

"ELIGIBLE ACCOUNTS" has the meaning ascribed to it in SECTION 1.6 of the Agreement.

"ELIGIBLE INVENTORY" has the meaning ascribed to it in SECTION 1.7 of the Agreement.

"ENVIRONMENTAL LAWS" means all applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards, orders-in-council and regulations, now or hereafter in effect, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 ET SEQ.) ("CERCLA"); the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. Section 5101 ET SEQ.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 ET SEQ.); the Solid Waste Disposal Act (42 U.S.C. Section 6901 ET SEQ.); the Toxic Substance Control Act (15 U.S.C. Section 2601 ET SEQ.); the Clean Air Act (42 U.S.C. Section 7401 ET SEQ.); the Federal Water Pollution Control Act (33 U.S.C. Section 1251 ET SEQ.); the Occupational Safety and Health Act (29 U.S.C. Section 651 ET SEQ.); and the Safe Drinking Water Act (42 U.S.C. Section 300(f) ET SEQ.), and any and all regulations promulgated thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

"ENVIRONMENTAL LIABILITIES" means, with respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, natural resource damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants), fines, penalties, sanctions and interest incurred as a result of or related to any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including any arising under or related to any Environmental Laws, Environmental Permits, or in connection



with any Release or threatened Release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property.

"ENVIRONMENTAL PERMITS" means all permits, licenses, authorizations, certificates, approvals or registrations required by any Governmental Authority under any Environmental Laws.

"EQUIPMENT" means all "equipment," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located and, in any event, including all such Credit Party's machinery and equipment, including processing equipment, conveyors, machine tools, data processing and computer equipment, including embedded software and peripheral equipment and all engineering, processing and manufacturing equipment, office machinery, furniture, materials handling equipment, tools, attachments, accessories, automotive equipment, trailers, trucks, forklifts, molds, dies, stamps, motor vehicles, rolling stock and other equipment of every kind and nature, trade fixtures and fixtures not forming a part of real property, together with all additions and accessions thereto, replacements therefor, all parts therefor, all substitutes for any of the foregoing, fuel therefor, and all manuals, drawings, instructions, warranties and rights with respect thereto, and all products and proceeds thereof and condemnation awards and insurance proceeds with respect thereto.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any regulations promulgated thereunder.

"ERISA AFFILIATE" means, with respect to any Credit Party, any trade or business (whether or not incorporated) that, together with such Credit Party, are treated as a single employer within the meaning of Sections 414(b), (c), (m) or (o) of the IRC.

"ERISA EVENT" means, with respect to any Credit Party or any ERISA Affiliate, (a) any event described in Section 4043(c) of ERISA with respect to a Title IV Plan; (b) the withdrawal of any Credit Party or ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any Credit Party or any ERISA Affiliate from any Multiemployer Plan; (d) the filing of a notice of intent to terminate a Title IV Plan or the treatment of a plan amendment as a termination under Section 4041 of ERISA; (e) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC; (f) the failure by any Credit Party or ERISA Affiliate to make when due required contributions to a Multiemployer Plan or Title IV Plan unless such failure is cured within 30 days; (g) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of liability under Section 4069 or 4212(c) of ERISA; (h) the termination of a Multiemployer Plan under Section 4041A of ERISA or the reorganization or insolvency of a Multiemployer Plan under Section 4241 or 4245 of ERISA; or (i) the loss of a Qualified Plan's qualification or tax exempt status; or (j) the termination of a Plan described in Section 4064 of ERISA.

"ESOP" means a Plan that is intended to satisfy the requirements of Section 4975(e)(7) of the IRC.

"EVENT OF DEFAULT" has the meaning ascribed to it in SECTION 8.1.

"FAIR LABOR STANDARDS ACT" means the Fair Labor Standards Act, 29 U.S.C. Section 201 et seq.

"FEDERAL FUNDS RATE" means, for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by Agent in its sole discretion, which determination shall be final, binding and conclusive (absent manifest error).

"FEDERAL RESERVE BOARD" means the Board of Governors of the Federal Reserve System.

"FEES" means any and all fees payable to Agent or any Lender pursuant to the Agreement or any of the other Loan Documents.

"FINANCIAL COVENANTS" means the financial covenants set forth in ANNEX G.

"FINANCIAL STATEMENTS" means the consolidated and consolidating income statements, statements of cash flows and balance sheets of Borrower and Holdings delivered in accordance with SECTION 3.4 and ANNEX E.

"FISCAL MONTH" means any of the monthly accounting periods of Borrower.

"FISCAL QUARTER" means any of the quarterly accounting periods of Borrower and Holdings, ending on March 31, June 30, September 30 and December 31 of each year.

"FISCAL YEAR" means any of the annual accounting periods of Borrower ending on December 31 of each year.

"FIXED CHARGES" means, with respect to any Person for any fiscal period, (a) the aggregate of all cash Interest Expense paid or accrued during such period, plus (b) scheduled payments of principal with respect to Indebtedness during such period, plus (c) cash payments in respect of earn out agreements, plus (d) Capital Expenditures during such period (PROVIDED, HOWEVER, THAT up to \$2,500,000 of net cash proceeds from any sales of real property during such period permitted pursuant to, and consummated in accordance with the terms and conditions of, this Agreement shall be excluded so long as such net cash proceeds are used to make Capital Expenditures), plus (e) cash dividends or other cash distributions paid, payable or declared in respect of equity interests during such period, plus (f) cash Taxes paid or payable during such period plus (g) any cash paid or payable in connection with a repurchase of either Holdings' publicly traded Common Stock or the Subordinated Notes in a transaction permitted by SECTION 6.14(g). For greater certainty, it is understood and agreed that cash payments made at closing in connection with Permitted Acquisitions completed in compliance with SECTION 6.1(a) shall not constitute Fixed Charges.

"FIXED CHARGE COVERAGE RATIO" means, with respect to any Person for any fiscal period, the ratio of EBITDA to Fixed Charges.

"FIXTURES" means all "fixtures" as such term is defined in the Code, now owned or hereafter acquired by any Credit Party.

"FUNDED DEBT" means, with respect to any Person, without duplication, all Indebtedness for borrowed money evidenced by notes, bonds, debentures, or similar evidences of Indebtedness that by its terms matures more than one year from, or is directly or indirectly renewable or extendible at such Person's option under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year from the date of creation thereof, and specifically including Capital Lease Obligations, current maturities of long-term debt, revolving credit and short-term debt extendible beyond one year at the option of the debtor, and also including, in the case of Borrower, the Obligations and, without duplication, Guaranteed Indebtedness consisting of guaranties of Funded Debt of other Persons.

"GAAP" means generally accepted accounting principles in the United States of America, consistently applied, as such term is further defined in ANNEX G to the Agreement.

"GE CAPITAL" means General Electric Capital Corporation, a Delaware corporation.

"GE CAPITAL FEE LETTER" means that certain letter, dated as of even date herewith, between GE Capital and Borrower with respect to certain Fees to be paid from time to time by Borrower to GE Capital.

"GENERAL INTANGIBLES" means all "general intangibles," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, including all right, title and interest that such Credit Party may now or hereafter have in or under any Contract, all payment intangibles, customer lists, Licenses, Copyrights, Trademarks, Patents, and all applications therefor and reissues, extensions or renewals thereof, rights in Intellectual Property, interests in partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records, goodwill (including the goodwill associated with any Trademark or Trademark License), all rights and claims in or under insurance policies (including insurance for fire, damage, loss and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key man and business interruption insurance, and all unearned premiums), uncertificated securities, choses in action, deposit, checking and other bank accounts, rights to receive tax refunds and other payments, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for pledged Stock and Investment Property, rights of indemnification, all books and records, correspondence, credit files, invoices and other papers, including without limitation all tapes, cards, computer runs and other papers and documents in the possession or under the control of such Credit Party or any computer bureau or service company from time to time acting for such Credit Party.

"GOODS" means all "goods" as defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, including embedded software to the extent included in "goods" as defined in the Code, manufactured homes, standing timber that is cut and removed for sale and unborn young of animals.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state, province, territory or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEED INDEBTEDNESS" means, as to any Person, any obligation of such Person guaranteeing, providing comfort or otherwise supporting any Indebtedness, lease, dividend, or other obligation ("PRIMARY OBLIGATION") of any other Person (the "PRIMARY OBLIGOR") in any manner, including any obligation or arrangement of such Person to (a) purchase or repurchase any such primary obligation, (b) advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor, (c) purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (d) protect the beneficiary of such arrangement from loss (other than product warranties given in the ordinary course of business) or (e) indemnify the owner of such primary obligation against loss in respect thereof. The amount of any Guaranteed Indebtedness at any time shall be deemed to be an amount equal to the lesser at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guaranteed Indebtedness is incurred and (y) the maximum amount for which such Person may be liable pursuant to the terms of the instrument embodying such Guaranteed Indebtedness, or, if not stated or determinable, the maximum reasonably anticipated liability (assuming full performance) in respect thereof.

"GUARANTIES" means, collectively, the Holdings Guaranty, each Subsidiary Guaranty and any other guaranty executed by any Guarantor in favor of Agent and Lenders in respect of the Obligations.

"GUARANTORS" means Holdings and each domestic or Canadian Subsidiary of Borrower (excluding WESCO Receivables), including, without limitation, WESCO Finance, WESCO Finance Canada, WESCO-Canada, Hering, WESCO Equity, and each other Person, if any, that executes a guaranty or other similar agreement in favor of Agent, for itself and the ratable benefit of Lenders, in connection with the transactions contemplated by the Agreement and the other Loan Documents.

"HAZARDOUS MATERIAL" means any substance, material or waste that is regulated by, or forms the basis of liability now or hereafter under, any Environmental Laws, including any material or substance that is (a) defined as a "solid waste," "hazardous waste," "hazardous material," "hazardous substance," "dangerous good," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "contaminant," "hazardous constituent," "special waste," "toxic substance" or other similar term or phrase under any Environmental Laws, or (b) petroleum or

any fraction or by-product thereof, asbestos, polychlorinated biphenyls (PCB's), or any radioactive substance.

"HEDGING AGREEMENTS" means any non-speculative interest rate protection agreements, foreign currency exchange agreements, commodity futures agreements or other non-speculative interest or exchange rate hedging agreements entered into in the ordinary course of business.

"HERNING" means Herning Enterprises, Inc.

"HOLDINGS" has the meaning ascribed thereto in the recitals to the Agreement.

"HOLDINGS GUARANTY" means the guaranty of even date herewith executed by Holdings in favor of Agent and Lenders.

"HOLDINGS PLEDGE AGREEMENT" means the Pledge Agreement of even date herewith executed by Holdings in favor of Agent, on behalf of itself and Lenders, pledging all Stock of Borrower and Holdings other Subsidiaries and all Intercompany Notes owing to or held by it.

"INDEBTEDNESS" means, with respect to any Person, without duplication (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property payment for which is deferred 6 months or more, but excluding obligations to trade creditors incurred in the ordinary course of business that are unsecured and not overdue by more than 6 months unless being contested in good faith, (b) all reimbursement and other obligations with respect to letters of credit, bankers' acceptances and surety bonds, whether or not matured, (c) all obligations evidenced by notes, bonds, debentures or similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations and the present value (discounted at the Index Rate as in effect on the Closing Date) of future rental payments under all synthetic leases, (f) all obligations of such Person under commodity purchase or option agreements or other commodity price hedging arrangements, in each case whether contingent or matured, (g) all obligations of such Person under any foreign exchange contract, currency swap agreement, interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates, in each case whether contingent or matured, (h) all Indebtedness referred to above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property or other assets (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, and (i) the Obligations.

"INDEMNIFIED LIABILITIES" has the meaning ascribed to it in SECTION 1.13.

"INDEMNIFIED PERSON" has the meaning ascribed to it in SECTION 1.13.

"INDEX RATE" means, for any day, a floating rate equal to the higher of (i) the rate publicly quoted from time to time by THE WALL STREET JOURNAL as the "base rate on corporate loans posted by at least 75% of the nation's 30 largest banks" (or, if THE WALL STREET JOURNAL ceases quoting a base rate of the type described, the highest per annum rate of interest published by the Federal Reserve Board in Federal Reserve statistical release H.15 (519) entitled "Selected Interest Rates" as the Bank prime loan rate or its equivalent), and (ii) the Federal Funds Rate plus 50 basis points per annum. Each change in any interest rate provided for in the Agreement based upon the Index Rate shall take effect at the time of such change in the Index Rate.

"INDEX RATE LOAN" means a Loan or portion thereof bearing interest by reference to the Index Rate.

"INSOLVENCY LAW" means either of the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada), each as now and hereafter in effect, any successors to such statutes and any other applicable insolvency or other similar law of any Canadian jurisdiction including, without limitation, any law of any Canadian federal or provincial jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

"INSTRUMENTS" means all "instruments," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, and, in any event, including all certificated securities, all certificates of deposit, and all promissory notes and other evidences of indebtedness, other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper.

"INTELLECTUAL PROPERTY" means any and all Licenses, Patents, Copyrights, Trademarks, Designs and the goodwill associated with such Trademarks.

"INTERCOMPANY NOTES" has the meaning ascribed to it in SECTION 6.3.

"INTERCREDITOR AGREEMENT" means that certain Intercreditor Agreement, dated as of the date hereof, by and between Agent, Borrower, WESCO Receivables Corp., and PNC Bank, National Association as Administrator under the Receivables Purchase Agreement, which Intercreditor Agreement shall be in form and substance satisfactory to the Agent.

"INTEREST EXPENSE" means, with respect to any Person for any fiscal period, interest expense (whether cash or non-cash) of such Person determined in accordance with GAAP for the relevant period ended on such date, including, without limitation, interest expense with respect to any Funded Debt of such Person, interest expense for the relevant period that has been capitalized on the balance sheet of such Person and interest equivalent expense associated with the Permitted Receivables Financing.

"INTEREST PAYMENT DATE" means (a) as to any Index Rate Loan, the first Business Day of each month to occur while such Loan is outstanding, and (b) as to any LIBOR Loan, the last day of the applicable LIBOR Period; PROVIDED, that in the case of any LIBOR Period greater than three months in duration, interest shall be payable at three month intervals and on the last

day of such LIBOR Period; and PROVIDED FURTHER that, in addition to the foregoing, each of (x) the date upon which all of the Commitments have been terminated and the Loans have been paid in full and (y) the Commitment Termination Date shall be deemed to be an "INTEREST PAYMENT DATE" with respect to any interest that has then accrued under the Agreement.

"INVENTORY" means all "inventory," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, and in any event including inventory, merchandise, goods and other personal property that are held by or on behalf of any Credit Party for sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials, work in process, finished goods, returned goods, or materials or supplies of any kind, nature or description used or consumed or to be used or consumed in such Credit Party's business or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

"INVESTMENT PROPERTY" means all "investment property" as such term is defined in the Code now owned or hereafter acquired by any Credit Party, wherever located, including (i) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (ii) all securities entitlements of any Credit Party, including the rights of any Credit Party to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (iii) all securities accounts of any Credit Party; (iv) all commodity contracts of any Credit Party; and (v) all commodity accounts held by any Credit Party.

"IRC" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"IRS" means the Internal Revenue Service.

"ITA" means the Income Tax Act (Canada) as the same may, from time to time, be in effect.

"L/C ISSUER" has the meaning ascribed to it in ANNEX B.

"L/C SUBLIMIT" has the meaning ascribed to it in ANNEX B.

"LEHMAN BROTHERS" means Lehman Brothers Special Financing, Inc.

"LENDERS" means GE Capital, the other Lenders named on the signature pages of the Agreement, and, if any such Lender shall decide to assign all or any portion of the Obligations, such term shall include any assignee of such Lender.

"LETTER OF CREDIT FEE" has the meaning ascribed to it in ANNEX B.

"LETTER OF CREDIT OBLIGATIONS" means all outstanding obligations incurred by Agent and Lenders at the request of Borrower, whether direct or indirect, contingent or

otherwise, due or not due, in connection with the issuance of Letters of Credit by Agent or another L/C Issuer or the purchase of a participation as set forth in ANNEX B with respect to any Letter of Credit. The amount of such Letter of Credit Obligations shall equal the maximum amount that may be payable by Agent or Lenders thereupon or pursuant thereto.

"LETTER-OF-CREDIT RIGHTS" means letter-of-credit rights as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, including rights to payment or performance under a letter of credit, whether or not such Credit Party, as beneficiary, has demanded or is entitled to demand payment or performance.

"LETTERS OF CREDIT" means documentary or standby letters of credit issued for the account of Borrower by any L/C Issuer, and bankers' acceptances issued by Borrower, for which Agent and Lenders have incurred Letter of Credit Obligations.

"LIBOR BUSINESS DAY" means a Business Day on which banks in the City of London are generally open for interbank or foreign exchange transactions.

"LIBOR LOAN" means a Loan or any portion thereof bearing interest by reference to the LIBOR Rate.

"LIBOR PERIOD" means, with respect to any LIBOR Loan, each period commencing on a LIBOR Business Day selected by Borrower pursuant to the Agreement and ending seven days or one, two, three or six months thereafter, as selected by Borrower's irrevocable notice to Agent as set forth in SECTION 1.5(e); PROVIDED, that the foregoing provision relating to LIBOR Periods is subject to the following:

(a) if any LIBOR Period would otherwise end on a day that is not a LIBOR Business Day, such LIBOR Period shall be extended to the next succeeding LIBOR Business Day unless the result of such extension would be to carry such LIBOR Period into another calendar month in which event such LIBOR Period shall end on the immediately preceding LIBOR Business Day;

(b) any LIBOR Period that would otherwise extend beyond the Commitment Termination Date shall end 2 LIBOR Business Days prior to such date;

(c) any LIBOR Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Period) shall end on the last LIBOR Business Day of a calendar month;

(d) in the case of any LIBOR Period ending seven days thereafter, all Lenders shall have consented thereto; and

(e) Borrower shall select LIBOR Periods so that there shall be no more than 10 separate LIBOR Loans in existence at any one time.



"LIBOR RATE" means for each LIBOR Period, a rate of interest determined by Agent equal to:

(a) the offered rate for deposits in United States Dollars for the applicable LIBOR Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time), on the second full LIBOR Business Day next preceding the first day of such LIBOR Period (unless such date is not a Business Day, in which event the next succeeding Business Day will be used); divided by

(b) a number equal to 1.0 MINUS the aggregate (but without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day that is 2 LIBOR Business Days prior to the beginning of such LIBOR Period (including basic, supplemental, marginal and emergency reserves under any regulations of the Federal Reserve Board or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect) for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Federal Reserve Board that are required to be maintained by a member bank of the Federal Reserve System.

If such interest rates shall cease to be available from Telerate News Service, the LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Agent and Borrower.

"LICENSE" means any Copyright License, Patent License, Design License, Trademark License or other license of rights or interests now held or hereafter acquired by any Credit Party.

"LIEN" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the Code or comparable law of any jurisdiction).

"LITIGATION" has the meaning ascribed to it in SECTION 3.13.

"LOAN ACCOUNT" has the meaning ascribed to it in SECTION 1.12.

"LOAN DOCUMENTS" means the Agreement, the Notes, the Debentures, the Collateral Documents, the Master Standby Agreement, the Master Documentary Agreement, the Intercreditor Agreement, any intercreditor agreement entered into with Lehman Brothers or Bank of New York relating to the respective Swap Agreements, and all other agreements, instruments, documents and certificates identified in the Closing Checklist executed and delivered to, or in favor of, Agent or any Lenders and including all other pledges, powers of attorney, consents, assignments, contracts, notices, and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Credit Party, or any employee of any Credit Party, and delivered

to Agent or any Lender in connection with the Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to the Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"LOANS" means the Revolving Loan and the Swing Line Loan.

"LOCK BOXES" has the meaning ascribed to it in ANNEX C.

"MARGIN STOCK" has the meaning ascribed to it in SECTION 3.10.

"MASTER DOCUMENTARY AGREEMENT" means the Master Agreement for Documentary Letters of Credit dated as of the Closing Date between Borrower, as Applicant, and GE Capital, as Issuer.

"MASTER STANDBY AGREEMENT" means the Master Agreement for Standby Letters of Credit dated as of the Closing Date between Borrower, as Applicant, and GE Capital, as Issuer.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, operations, prospects or financial or other condition of (i) Borrower, (ii) WESCO-Canada or (iii) the Credit Parties taken as a whole, (b) Borrower's ability to pay any of the Loans or any of the other Obligations in accordance with the terms of the Agreement, (c) the Collateral or Agent's Liens, on behalf of itself and Lenders, on the Collateral or the priority of such Liens, or (d) Agent's or any Lender's rights and remedies under the Agreement and the other Loan Documents. Without limiting the generality of the foregoing, any event or occurrence adverse to one or more Credit Parties which results or could reasonably be expected to result in costs and/or liabilities in excess of the \$15,000,000 shall constitute a Material Adverse Effect.

"MAXIMUM AMOUNT" means, as of any date of determination, an amount equal to the Revolving Loan Commitment of all Lenders as of that date.

"MULTIEMPLOYER PLAN" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, and to which any Credit Party or ERISA Affiliate is making, is obligated to make or has made or been obligated to make, contributions on behalf of participants who are or were employed by any of them.

"NET ORDERLY LIQUIDATION VALUE" shall have the meaning ascribed to the term "Net Liquidation Value" (Net Recovery, OLV) in the appraisal report dated February, 2002 prepared by Hilco Appraisal Services LLC, as the same may be updated at Agent's request from time to time by Hilco Appraisal Services LLC, or such more recent appraisal report from such other firm as Agent may select.

"NET WORTH" means, with respect to any Person as of any date of determination, the book value of the assets of such Person, MINUS the sum of (a) reserves applicable thereto, and (b) all of such Person's liabilities on a consolidated basis (including accrued and deferred income taxes), all as determined in accordance with GAAP.

"NON-FUNDING LENDER" has the meaning ascribed to it in SECTION 9.9(a)(ii).

"NOTES" means, collectively, the Revolving Notes and the Swing Line Note.

"NOTICE OF CONVERSION/CONTINUATION" has the meaning ascribed to it in SECTION 1.5(e).

"NOTICE OF REVOLVING CREDIT ADVANCE" has the meaning ascribed to it in SECTION 1.1(a).

"OBLIGATIONS" means all loans, advances, debts, liabilities and obligations, for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable) owing by any Credit Party to Agent or any Lender, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising under the Agreement or any of the other Loan Documents. This term includes all principal, interest (including all interest that accrues after the commencement of any case or proceeding by or against any Credit Party in bankruptcy, whether or not allowed in such case or proceeding), Fees, Charges, expenses, attorneys' fees and any other sum chargeable to any Credit Party under the Agreement or any of the other Loan Documents.

"OVERADVANCE" has the meaning ascribed to it in SECTION 1.1(a)(iii).

"PATENT LICENSE" means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right with respect to any invention on which a Patent is in existence.

"PATENT SECURITY AGREEMENTS" means the Patent Security Agreements made in favor of Agent, on behalf of itself and Lenders, by each applicable Credit Party.

"PATENTS" means all of the following in which any Credit Party now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or of any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or any other country, and (b) all reissues, continuations, continuations-in-part or extensions thereof.

"PBGC" means the Pension Benefit Guaranty Corporation.

"PENSION PLAN" means a Plan described in Section 3(2) of ERISA.

"PERMITTED ENCUMBRANCES" means the following encumbrances: (a) Liens for taxes or assessments or other governmental Charges not yet due and payable or which are being contested in accordance with SECTION 5.2(b); (b) pledges or deposits of money securing statutory obligations under workmen's compensation, unemployment insurance, social security or public liability laws or similar legislation (excluding Liens under ERISA); (c) pledges or deposits of money securing bids, tenders, contracts (other than contracts for the payment of money) or

leases to which any Credit Party is a party as lessee made in the ordinary course of business; (d) inchoate and unperfected workers', mechanics' or similar liens arising in the ordinary course of business, so long as such Liens attach only to Equipment, Fixtures and/or Real Estate; (e) carriers', warehousemen's, suppliers' or other similar possessory liens arising in the ordinary course of business and securing liabilities in an outstanding aggregate amount not in excess of \$250,000 at any time; (f) deposits securing, or in lieu of, surety, appeal or customs bonds in proceedings to which any Credit Party is a party; (g) any attachment or judgment lien not constituting an Event of Default under SECTION 8.1(j); (h) zoning restrictions, easements, licenses, or other restrictions on the use of any Real Estate or other minor irregularities in title (including leasehold title) thereto, so long as the same do not materially impair the use, value, or marketability of such Real Estate; (i) presently existing or hereafter created Liens in favor of Agent, on behalf of Lenders; (j) Liens expressly permitted under CLAUSES (b) AND (c) of SECTION 6.7 of the Agreement and (k) to the extent not included in CLAUSES (a), (d) AND (e) of this definition, Prior Claims that are unregistered and secure amounts that are not yet due and payable.

"PERMITTED RECEIVABLES FINANCING" means a transaction entered into pursuant to and in accordance with the Receivables Sale Agreement and the Receivables Purchase Agreement and the other agreements, instruments and documents executed in connection therewith.

"PERSON" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

"PLAN" means, at any time, an "employee benefit plan," as defined in Section 3(3) of ERISA, that any Credit Party or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any Credit Party.

"PLEDGE AGREEMENTS" means the Borrower Pledge Agreement, the Holdings Pledge Agreement, and any other pledge agreement entered into on or after the Closing Date by any Credit Party (as required by the Agreement or any other Loan Document).

"PPSA" means the Personal Property Security Act in force in the Province of Ontario; provided, that in the event that, by reason of mandatory provisions of law, the validity, perfection and effect of perfection or non-perfection of a security interest or other applicable Lien is governed by other personal property security laws, the term "PPSA" means such other personal property security laws.

"PRIOR CLAIMS" means all Liens arising under applicable Canadian federal or provincial law (in contrast with Liens voluntarily granted) which rank or are capable of ranking prior to or pari passu with Agent's security interests (or similar Liens under applicable Canadian federal or provincial laws), against all or part of the Collateral, including for amounts owing for employee source deductions, goods and services taxes, sales taxes, Quebec corporate income

taxes, municipal taxes, workers' compensation, pension fund obligations, Canadian withholding tax deducted from interest, fees and other consideration paid in respect of credit made available or agreed to be made available to WESCO Finance Canada or WESCO Canada and not yet remitted to the Canada Customs and Revenue Agency or other applicable governmental authorities, and overdue rents; it being agreed that Prior Claims shall not include any of the foregoing arising under any applicable law other than Canadian federal or provincial law.

"PRIOR LENDER" means Bank of America, N.A. and Bank of America Canada.

"PRIOR LENDER OBLIGATIONS" means any and all obligations of the Borrower and WESCO-Canada to the Prior Lender.

"PROCEEDS" means "proceeds," as such term is defined in the Code, including (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to any Credit Party from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to any Credit Party from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of governmental authority), (c) any claim of any Credit Party against third parties (i) for past, present or future infringement of any Patent or Patent License, or (ii) for past, present or future infringement or dilution of any Copyright, Copyright License, Trademark or Trademark License, or for injury to the goodwill associated with any Trademark or Trademark License, (d) any recoveries by any Credit Party against third parties with respect to any litigation or dispute concerning any of the Collateral including claims arising out of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral, (e) all amounts collected on, or distributed on account of, other Collateral, including dividends, interest, distributions and Instruments with respect to Investment Property and pledged Stock, and (f) any and all other amounts, rights to payment or other property acquired upon the sale, lease, license, exchange or other disposition of Collateral and all rights arising out of Collateral.

"PRO FORMA" means the unaudited consolidated and consolidating balance sheet of Holdings and its Subsidiaries as of December 31, 2001 after giving PRO FORMA effect to the Related Transactions.

"PROJECTIONS" means Holdings' and Borrower's forecasted consolidated and consolidating: (a) balance sheets; (b) profit and loss statements; (c) cash flow statements; and (d) capitalization statements, all prepared on a Subsidiary by Subsidiary or division-by-division basis, if applicable, and otherwise consistent with the historical Financial Statements of Holdings and Borrower, together with appropriate supporting details and a statement of underlying assumptions.

"PRO RATA SHARE" means with respect to all matters relating to any Lender (a) with respect to the Revolving Loan, the percentage obtained by dividing (i) the Revolving Loan Commitment of that Lender by (ii) the aggregate Revolving Loan Commitments of all Lenders, (b) with respect to all Loans, the percentage obtained by dividing (i) the aggregate Commitments of that Lender by (ii) the aggregate Commitments of all Lenders, and (c) with respect to all Loans

on and after the Commitment Termination Date, the percentage obtained by dividing (i) the aggregate outstanding principal balance of the Loans held by that Lender, by (ii) the outstanding principal balance of the Loans held by all Lenders.

"QUALIFIED PLAN" means a Pension Plan that is intended to be tax-qualified under Section 401(a) of the IRC.

"QUALIFIED ASSIGNEE" means (a) any Lender, any Affiliate of any Lender and, with respect to any Lender that is an investment fund that invests in commercial loans, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor, and (b) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which has a rating of BBB or higher from S&P and a rating of Baa2 or higher from Moody's at the date that it becomes a Lender and which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that no Person determined by Agent to be acting in the capacity of a vulture fund or distressed debt purchaser shall be a Qualified Assignee and no Person or Affiliate of such Person (other than a Person that is already a Lender) holding Subordinated Debt or Stock issued by any Credit Party shall be a Qualified Assignee.

"RATABLE SHARE" has the meaning ascribed to it in SECTION 1.1(b).

"REAL ESTATE" has the meaning ascribed to it in SECTION 3.6.

"RECEIVABLES PURCHASE AGREEMENT" means that certain Amended and Restated Receivables Purchase Agreement, dated as of September 28, 1999, among WESCO Receivables Corp., Borrower, the purchasers party thereto and PNC Bank, National Association, as Administrator, as amended to the date of this Agreement, and as it may be further amended, restated, modified or supplemented, so long as the Intercreditor Agreement remains in full force and effect.

"RECEIVABLES SALE AGREEMENT" means that certain Purchase and Sale Agreement, dated as of June 30, 1999, among Borrower, the originator named therein and WESCO Receivables Corp., as amended to the date of this Agreement and as it may be further amended, restated, modified or supplemented, so long as the Intercreditor Agreement remains in full force and effect.

"REFINANCING" means the repayment in full by Borrower of the Prior Lender Obligations on the Closing Date.

"REFUNDED SWING LINE LOAN" has the meaning ascribed to it in SECTION 1.1(b)(iii).

"RELATED TRANSACTIONS" means the initial borrowing under the Revolving Loan on the Closing Date, the Refinancing, the payment of all fees, costs and expenses associated with all of the foregoing and the execution and delivery of all of the Related Transactions Documents.

"RELATED TRANSACTIONS DOCUMENTS" means the Loan Documents and the Intercreditor Agreement, and all other agreements, instruments, certificates or documents executed in connection with the Related Transactions.

"RELEASE" means any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material in the indoor or outdoor environment, including the movement of Hazardous Material through or in the air, soil, surface water, ground water or property.

"REQUISITE LENDERS" means Lenders having (a) more than 50% of the Commitments of all Lenders, or (b) if the Commitments have been terminated, more than 50% of the aggregate outstanding amount of the Loans.

"RESERVES" means, with respect to the Borrowing Base (a) reserves established by Agent from time to time against Eligible Inventory pursuant to SECTION 5.9, (b) reserves established pursuant to SECTION 5.4(c), and (c) such other reserves against Eligible Accounts, Eligible Inventory or Borrowing Availability that Agent may, in its reasonable credit judgment, establish from time to time. Without limiting the generality of the foregoing, Reserves established to ensure the payment of accrued Interest Expenses, Prior Claims and or Indebtedness shall be deemed to be a reasonable exercise of Agent's credit judgment.

"RESTRICTED PAYMENT" means, with respect to any Credit Party (a) the declaration or payment of any dividend or the incurrance of any liability to make any other payment or distribution of cash or other property or assets in respect of Stock; (b) any payment on account of the purchase, redemption, defeasance, sinking fund or other retirement of such Credit Party's Stock or any other payment or distribution made in respect thereof, either directly or indirectly; (c) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to, any Subordinated Debt; (d) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire Stock of such Credit Party now or hereafter outstanding; (e) any payment of a claim for the rescission of the purchase or sale of, or for material damages arising from the purchase or sale of, any shares of such Credit Party's Stock or of a claim for reimbursement, indemnification or contribution arising out of or related to any such claim for damages or rescission; (f) any payment, loan, contribution, or other transfer of funds or other property to any Stockholder of such Credit Party other than payment of compensation in the ordinary course of business to Stockholders who are employees of such Credit Party; and (g) any payment of management fees (or other fees of a similar nature) by such Credit Party to any Stockholder of such Credit Party or its Affiliates.

"RETIREE WELFARE PLAN" means, at any time, a Welfare Plan that provides for continuing coverage or benefits for any participant or any beneficiary of a participant after such participant's termination of employment, other than continuation coverage provided pursuant to Section 4980B of the IRC and at the sole expense of the participant or the beneficiary of the participant.

"REVOLVING CREDIT ADVANCE" has the meaning ascribed to it in SECTION 1.1(a)(i).

"REVOLVING LOAN" means, at any time, the sum of (i) the aggregate amount of Revolving Credit Advances outstanding to Borrower PLUS (ii) the aggregate Letter of Credit Obligations incurred on behalf of Borrower. Unless the context otherwise requires, references to the outstanding principal balance of the Revolving Loan shall include the outstanding balance of Letter of Credit Obligations.

"REVOLVING LOAN COMMITMENT" means (a) as to any Lender, the aggregate commitment of such Lender to make Revolving Credit Advances or incur Letter of Credit Obligations as set forth on ANNEX J to the Agreement or in the most recent Assignment Agreement executed by such Lender and (b) as to all Lenders, the aggregate commitment of all Lenders to make Revolving Credit Advances or incur Letter of Credit Obligations, which aggregate commitment shall be Two Hundred and Ninety Million Dollars (\$290,000,000) on the Closing Date, as such amount may be adjusted, if at all, from time to time in accordance with the Agreement.

"REVOLVING NOTE" has the meaning ascribed to it in SECTION 1.1(a)(ii).

"SECURED OBLIGATIONS" shall mean, collectively, the Obligations and obligations of Borrower to any Lender under Hedging Agreements expressly permitted under the terms of the Agreement, including, without limitation, SECTION 6.3(a)(xiv).

"SECURITY AGREEMENT" means, collectively, the Security Agreement of even date herewith entered into by and among Agent, on behalf of itself and Lenders, and each domestic Credit Party that is a signatory thereto and the Security Agreement of even date herewith entered into by and among Agent, on behalf of itself and Lenders, and each Canadian Credit Party that is a signatory thereto.

"SOFTWARE" means all "software" as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, other than software embedded in any category of goods, including all computer programs and all supporting information provided in connection with a transaction related to any program.

"SOLVENT" means, (1) with respect to any Person, other than with respect to Canada, a Person subject to Insolvency Law, on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person; (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person does not intend to, and



does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that can be reasonably be expected to become an actual or matured liability and (2) with respect to Canada, any Person that is subject to Insolvency Law on a particular date, that on such date (a) the property of such Person is, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process, sufficient to enable payment of all its obligations, due and accruing due, (b) such Person is able, in all circumstances, to meet its obligations as they generally become due; and (c) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due.

"STOCK" means all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"STOCKHOLDER" means, with respect to any Person, each holder of Stock of such Person.

"SUBORDINATED DEBT" means the Indebtedness of Borrower evidenced by the Subordinated Notes and any other Indebtedness of any Credit Party subordinated to the Obligations in a manner and form satisfactory to Agent and Lenders in their sole discretion, as to right and time of payment and as to any other rights and remedies thereunder.

"SUBORDINATED NOTES" means those certain 9 1/8% Subordinated Notes due 2008 issued by Borrower in an aggregate original principal amount of \$300,000,000, together with those certain 9 1/8% Subordinated Notes due 2008 issued by Borrower in an aggregate original principal amount of \$100,000,000.

"SUBSIDIARY" means, with respect to any Person, (a) any corporation of which an aggregate of more than 50% of the outstanding Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of 50% or more of such Stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than 50% or of which any such Person is a general partner or may exercise the powers of a

general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of the Borrower.

"SUBSIDIARY GUARANTY" means the Subsidiary Guaranty of even date herewith executed by WESCO Financial and each Subsidiary of Borrower party thereto in favor of Agent, on behalf of itself and Lenders.

"SUPERMAJORITY LENDERS" means Lenders having (a) 75% or more of the Revolving Loan Commitments of all Lenders, or (b) if the Revolving Loan Commitments have been terminated, 75% or more of the aggregate outstanding amount of the Revolving Loan (with the Swing Line Loan being attributed to the Lender making such Loan) and Letter of Credit Obligations.

"SUPPORTING OBLIGATIONS" means all supporting obligations as such term is defined in the Code, including letters of credit and guaranties issued in support of Accounts, Chattel Paper, Documents, General Intangibles, Instruments, or Investment Property.

"SWAP AGREEMENTS" means that certain ISDA Master Agreement (Multicurrency - Cross Border) with Lehman Brothers, and all confirmations and other documents executed in connection therewith, and that certain ISDA Master Agreement with Bank of New York, and all confirmations and other documents executed in connection therewith.

"SWING LINE ADVANCE" has the meaning ascribed to it in SECTION 1.1(b)(i).

"SWING LINE AVAILABILITY" has the meaning ascribed to it in SECTION 1.1(b)(i).

"SWING LINE COMMITMENT" means, as to the Swing Line Lender, the commitment of the Swing Line Lender to make Swing Line Advances as set forth on ANNEX J to the Agreement, which commitment constitutes a subfacility of the Revolving Loan Commitment of the Swing Line Lender.

"SWING LINE LENDER" means GE Capital.

"SWING LINE LOAN" means at any time, the aggregate amount of Swing Line Advances outstanding to Borrower.

"SWING LINE NOTE" has the meaning ascribed to it in SECTION 1.1(b)(ii).

"TAXES" means taxes, levies, imposts, deductions, Charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on or measured by the net income or capital of the Agent or a Lender by the jurisdictions under the laws of which Agent and Lenders are organized or conduct business or any political subdivision thereof.

"TERMINATION DATE" means the date on which (a) the Loans have been indefeasibly repaid in full, (b) all other Obligations under the Agreement and the other Loan Documents have been completely discharged, (c) all Letter of Credit Obligations have been cash collateralized,

cancelled or backed by standby letters of credit in accordance with ANNEX B, and (d) Borrower shall not have any further right to borrow any monies under the Agreement.

"TITLE IV PLAN" means a Pension Plan (other than a Multiemployer Plan), that is covered by Title IV of ERISA, and that any Credit Party or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"TRADEMARK SECURITY AGREEMENTS" means the Trademark Security Agreements made in favor of Agent, on behalf of Lenders, by each applicable Credit Party.

"TRADEMARK LICENSE" means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right to use any Trademark.

"TRADEMARKS" means all of the following now owned or hereafter adopted or acquired by any Credit Party: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.

"TRI-CITY" means Tri-City Electric Supply Company, Inc., a Mississippi corporation.

"UNFUNDED PENSION LIABILITY" means, at any time, the aggregate amount, if any, of the sum of (a) the amount by which the present value of all accrued benefits under each Title IV Plan exceeds the fair market value of all assets of such Title IV Plan allocable to such benefits in accordance with Title IV of ERISA, all determined as of the most recent valuation date for each such Title IV Plan using the actuarial assumptions for funding purposes in effect under such Title IV Plan, and (b) for a period of 5 years following a transaction which might reasonably be expected to be covered by Section 4069 of ERISA, the liabilities (whether or not accrued) that could be avoided by any Credit Party or any ERISA Affiliate as a result of such transaction.

"UNIFORM COMMERCIAL CODE JURISDICTION" means any jurisdiction that had adopted all or substantially all of Article 9 as contained in the 2000 Official Text of the Uniform Commercial Code, as recommended by the National Conference of Commissioners on Uniform State Laws and the American Law Institute, together with any subsequent amendments or modifications to the Official Text.

"WELFARE PLAN" means a Plan described in Section 3(i) of ERISA.

Rules of construction with respect to accounting terms used in the Agreement or the other Loan Documents shall be as set forth in ANNEX G. All other undefined terms contained

in any of the Loan Documents shall, unless the context indicates otherwise, have the meanings provided for by the Code as in effect in the State of New York to the extent the same are used or defined therein. Unless otherwise specified, references in the Agreement or any of the Appendices to a Section, subsection or clause refer to such Section, subsection or clause as contained in the Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import refer to the Agreement as a whole, including all Annexes, Exhibits and Schedules, as the same may from time to time be amended, restated, modified or supplemented, and not to any particular section, subsection or clause contained in the Agreement or any such Annex, Exhibit or Schedule.

Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; the word "or" is not exclusive; references to Persons include their respective successors and assigns (to the extent and only to the extent permitted by the Loan Documents) or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations. Whenever any provision in any Loan Document refers to the knowledge (or an analogous phrase) of any Credit Party, such words are intended to signify that such Credit Party has actual knowledge or awareness of a particular fact or circumstance or that such Credit Party, if it had exercised reasonable diligence, would have known or been aware of such fact or circumstance.

ANNEX B (SECTION 1.2)  
TO  
CREDIT AGREEMENT  
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LETTERS OF CREDIT  
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(a) ISSUANCE. Subject to the terms and conditions of the Agreement, Agent and Lenders agree to incur, from time to time prior to the Commitment Termination Date, upon the request of Borrower and for Borrower's account, Letter of Credit Obligations by causing Letters of Credit to be issued by GE Capital or a Subsidiary thereof or a bank or other legally authorized Person selected by or acceptable to Agent in its sole discretion (each, an "L/C ISSUER") for Borrower's account and guaranteed by Agent; PROVIDED, that if the L/C Issuer is a Lender, then such Letters of Credit shall not be guaranteed by Agent but rather each Lender shall, subject to the terms and conditions hereinafter set forth, purchase (or be deemed to have purchased) risk participations in all such Letters of Credit issued with the written consent of Agent, as more fully described in paragraph (b)(ii) below. The aggregate amount of all such Letter of Credit Obligations shall not at any time exceed the least of (i) Twenty-five Million Dollars (\$25,000,000) (the "L/C SUBLIMIT"), and (ii) the Maximum Amount less the aggregate outstanding principal balance of the Revolving Credit Advances and the Swing Line Loan, and (iii) the Borrowing Base less the aggregate outstanding principal balance of the Revolving Credit Advances and the Swing Line Loan. No such Letter of Credit shall have an expiry date that is more than one year following the date of issuance thereof, unless otherwise determined by Agent in its sole discretion, and neither Agent nor Lenders shall be under any obligation to incur Letter of Credit Obligations in respect of, or purchase risk participations in, any Letter of Credit having an expiry date that is later than the Commitment Termination Date.

(b)(i) ADVANCES AUTOMATIC; PARTICIPATIONS. In the event that Agent or any Lender shall make any payment on or pursuant to any Letter of Credit Obligation, such payment shall then be deemed automatically to constitute a Revolving Credit Advance under SECTION 1.1(A) of the Agreement regardless of whether a Default or Event of Default has occurred and is continuing and notwithstanding Borrower's failure to satisfy the conditions precedent set forth in SECTION 2, and each Lender shall be obligated to pay its Pro Rata Share thereof in accordance with the Agreement. The failure of any Lender to make available to Agent for Agent's own account its Pro Rata Share of any such Revolving Credit Advance or payment by Agent under or in respect of a Letter of Credit shall not relieve any other Lender of its obligation hereunder to make available to Agent its Pro Rata Share thereof, but no Lender shall be responsible for the failure of any other Lender to make available such other Lender's Pro Rata Share of any such payment.

(ii) If it shall be illegal or unlawful for Borrower to incur Revolving Credit Advances as contemplated by paragraph (b)(i) above because of an Event of Default described in SECTIONS 8.1(h) OR (i) or otherwise or if it shall be illegal or unlawful for any Lender to be deemed to have assumed a ratable share of the reimbursement obligations owed to an L/C Issuer, or if the L/C Issuer is a Lender, then (i) immediately and without further action whatsoever, each Lender shall be deemed to have irrevocably and unconditionally purchased

from Agent (or such L/C Issuer, as the case may be) an undivided interest and participation equal to such Lender's Pro Rata Share (based on the Revolving Loan Commitments) of the Letter of Credit Obligations in respect of all Letters of Credit then outstanding and (ii) thereafter, immediately upon issuance of any Letter of Credit, each Lender shall be deemed to have irrevocably and unconditionally purchased from Agent (or such L/C Issuer, as the case may be) an undivided interest and participation in such Lender's Pro Rata Share (based on the Revolving Loan Commitments) of the Letter of Credit Obligations with respect to such Letter of Credit on the date of such issuance. Each Lender shall fund its participation in all payments or disbursements made under the Letters of Credit in the same manner as provided in the Agreement with respect to Revolving Credit Advances.

(c) CASH COLLATERAL. (i) If Borrower is required to provide cash collateral for any Letter of Credit Obligations pursuant to the Agreement prior to the Commitment Termination Date, Borrower will pay to Agent for the ratable benefit of itself and Lenders cash or cash equivalents acceptable to Agent ("CASH EQUIVALENTS") in an amount equal to 105% of the maximum amount then available to be drawn under each applicable Letter of Credit outstanding. Such funds or Cash Equivalents shall be held by Agent in a cash collateral account (the "CASH COLLATERAL ACCOUNT") maintained at a bank or financial institution acceptable to Agent. The Cash Collateral Account shall be in the name of Borrower and shall be pledged to, and subject to the control of, Agent, for the benefit of Agent and Lenders, in a manner satisfactory to Agent. Borrower hereby pledges and grants to Agent, on behalf of itself and Lenders, a security interest in all such funds and Cash Equivalents held in the Cash Collateral Account from time to time and all proceeds thereof, as security for the payment of all amounts due in respect of the Letter of Credit Obligations and other Obligations, whether or not then due. The Agreement, including this ANNEX B, shall constitute a security agreement under applicable law.

(ii) If any Letter of Credit Obligations, whether or not then due and payable, shall for any reason be outstanding on the Commitment Termination Date, Borrower shall either (A) provide cash collateral therefor in the manner described above, or (B) cause all such Letters of Credit and guaranties thereof, if any, to be canceled and returned, or (C) deliver a stand-by letter (or letters) of credit in guarantee of such Letter of Credit Obligations, which stand-by letter (or letters) of credit shall be of like tenor and duration (plus 30 additional days) as, and in an amount equal to 105% of the aggregate maximum amount then available to be drawn under, the Letters of Credit to which such outstanding Letter of Credit Obligations relate and shall be issued by a Person, and shall be subject to such terms and conditions, as are be satisfactory to Agent in its sole discretion.

(iii) From time to time after funds are deposited in the Cash Collateral Account by Borrower, whether before or after the Commitment Termination Date, Agent may apply such funds or Cash Equivalents then held in the Cash Collateral Account to the payment of any amounts, and in such order as Agent may elect, as shall be or shall become due and payable by Borrower to Agent and Lenders with respect to such Letter of Credit Obligations of Borrower and, upon the satisfaction in full of all Letter of Credit Obligations of Borrower, to any other Obligations then due and payable.

(iv) Neither Borrower nor any Person claiming on behalf of or through Borrower shall have any right to withdraw any of the funds or Cash Equivalents held in the Cash Collateral Account, except that upon the termination of all Letter of Credit Obligations and the payment of all amounts payable by Borrower to Agent and Lenders in respect thereof, any funds remaining in the Cash Collateral Account shall be applied to other Obligations then due and owing and upon payment in full of such Obligations, any remaining amount shall be paid to Borrower or as otherwise required by law. Interest earned on deposits in the Cash Collateral Account shall be for the account of Agent.

(d) FEES AND EXPENSES. Borrower agrees to pay to Agent for the benefit of Lenders, as compensation to such Lenders for Letter of Credit Obligations incurred hereunder, (i) all costs and expenses incurred by Agent or any Lender on account of such Letter of Credit Obligations, and (ii) for each month during which any Letter of Credit Obligation shall remain outstanding, a fee (the "LETTER OF CREDIT FEE") in an amount equal to the Applicable L/C Margin from time to time in effect multiplied by the maximum amount available from time to time to be drawn under the applicable Letter of Credit. Such fee shall be paid to Agent for the benefit of the Lenders in arrears, on the first day of each month and on the Commitment Termination Date. In addition, Borrower shall pay to any L/C Issuer, on demand, such fees (including all per annum fees), charges and expenses of such L/C Issuer in respect of the issuance, negotiation, acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued.

(e) REQUEST FOR INCURRENCE OF LETTER OF CREDIT OBLIGATIONS. Borrower shall give Agent at least 2 Business Days' prior written notice requesting the incurrence of any Letter of Credit Obligation. The notice shall be accompanied by the form of the Letter of Credit (which shall be acceptable to the L/C Issuer) and a completed Application for Standby Letter of Credit or Application and Agreement for Documentary Letter of Credit or Application for Documentary Letter of Credit as applicable in the form Exhibit B-1 or B-2 or B-3 attached hereto. Notwithstanding anything contained herein to the contrary, Letter of Credit applications by Borrower and approvals by Agent and the L/C Issuer may be made and transmitted pursuant to electronic codes and security measures mutually agreed upon and established by and among Borrower, Agent and the L/C Issuer.

(f) OBLIGATION ABSOLUTE. The obligation of Borrower to reimburse Agent and Lenders for payments made with respect to any Letter of Credit Obligation shall be absolute, unconditional and irrevocable, without necessity of presentment, demand, protest or other formalities, and the obligations of each Lender to make payments to Agent with respect to Letters of Credit shall be unconditional and irrevocable. Such obligations of Borrower and Lenders shall be paid strictly in accordance with the terms hereof under all circumstances including the following:

(i) any lack of validity or enforceability of any Letter of Credit or the Agreement or the other Loan Documents or any other agreement;

(ii) the existence of any claim, setoff, defense or other right that Borrower or any of its Affiliates or any Lender may at any time have against a beneficiary or any

transferee of any Letter of Credit (or any Persons or entities for whom any such transferee may be acting), Agent, any Lender, or any other Person, whether in connection with the Agreement, the Letter of Credit, the transactions contemplated herein or therein or any unrelated transaction (including any underlying transaction between Borrower or any of its Affiliates and the beneficiary for which the Letter of Credit was procured);

(iii) any draft, demand, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) payment by Agent (except as otherwise expressly provided in paragraph (g)(ii)(C) below) or any L/C Issuer under any Letter of Credit or guaranty thereof against presentation of a demand, draft or certificate or other document that does not comply with the terms of such Letter of Credit or such guaranty;

(v) any other circumstance or event whatsoever, that is similar to any of the foregoing; or

(vi) the fact that a Default or an Event of Default has occurred and is continuing.

(g) INDEMNIFICATION; NATURE OF LENDERS' DUTIES. (i) In addition to amounts payable as elsewhere provided in the Agreement, Borrower hereby agrees to pay and to protect, indemnify, and save harmless Agent and each Lender from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees and allocated costs of internal counsel) that Agent or any Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Letter of Credit or guaranty thereof, or (B) the failure of Agent or any Lender seeking indemnification or of any L/C Issuer to honor a demand for payment under any Letter of Credit or guaranty thereof as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority, in each case other than to the extent solely as a result of the gross negligence or willful misconduct of Agent or such Lender (as finally determined by a court of competent jurisdiction).

(ii) As between Agent and any Lender and Borrower, Borrower assumes all risks of the acts and omissions of, or misuse of any Letter of Credit by beneficiaries of any Letter of Credit. In furtherance and not in limitation of the foregoing, to the fullest extent permitted by law neither Agent nor any Lender shall be responsible for: (A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document issued by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (C) failure of the beneficiary of any Letter of Credit to comply fully with conditions required in order to demand payment under such Letter of Credit; PROVIDED, that in the case of any payment by Agent under any Letter of Credit or guaranty



thereof, Agent shall be liable to the extent such payment was made solely as a result of its gross negligence or willful misconduct (as finally determined by a court of competent jurisdiction) in determining that the demand for payment under such Letter of Credit or guaranty thereof complies on its face with any applicable requirements for a demand for payment under such Letter of Credit or guaranty thereof; (D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they may be in cipher; (E) errors in interpretation of technical terms; (F) any loss or delay in the transmission or otherwise of any document required in order to make a payment under any Letter of Credit or guaranty thereof or of the proceeds thereof; (G) the credit of the proceeds of any drawing under any Letter of Credit or guaranty thereof; and (H) any consequences arising from causes beyond the control of Agent or any Lender. None of the above shall affect, impair, or prevent the vesting of any of Agent's or any Lender's rights or powers hereunder or under the Agreement.

(iii) Nothing contained herein shall be deemed to limit or to expand any waivers, covenants or indemnities made by Borrower in favor of any L/C Issuer in any letter of credit application, reimbursement agreement or similar document, instrument or agreement between Borrower and such L/C Issuer, including an Application and Agreement for Documentary Letter of Credit or a Master Documentary Agreement and a Master Standby Agreement entered into with Agent.

ANNEX C (SECTION 1.8)  
TO  
CREDIT AGREEMENT  
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CASH MANAGEMENT SYSTEM  
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I. DOMESTIC CASH MANAGEMENT

Borrower, WESCO Finance and WESCO Finance Canada shall, and shall cause each of Borrower's domestic Subsidiaries to, establish and maintain the Cash Management Systems described below:

(a) On or before the Closing Date and until the Termination Date, Borrower shall (i) at Agent's discretion, following consultation with Borrower, establish lock boxes ("LOCK BOXES") or blocked accounts ("BLOCKED ACCOUNTS") at one or more of the banks set forth in DISCLOSURE SCHEDULE (3.19), and (ii) deposit and cause WESCO Finance, WESCO Finance Canada and Borrower's domestic Subsidiaries to deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all Collateral (but specifically excluding Accounts sold in a true sale by Borrower or one of Borrower's domestic Subsidiaries pursuant to the Permitted Receivables Financing and all proceeds and products of such Accounts) into one or more Blocked Accounts in Borrower's, WESCO Finance's, WESCO Finance Canada's or any such Subsidiary's name, as appropriate, and at a bank identified in DISCLOSURE SCHEDULE (3.19) (each, a "RELATIONSHIP BANK"). On or before the Closing Date, Borrower shall have established a concentration account in its name (the "CONCENTRATION ACCOUNT") at the bank that shall be designated as the Concentration Account bank for Borrower in DISCLOSURE SCHEDULE (3.19) (the "CONCENTRATION ACCOUNT BANK") which bank shall be reasonably satisfactory to Agent.

(b) Borrower, WESCO Finance and WESCO Finance Canada may maintain, in their respective own names, an account (each a "DISBURSEMENT ACCOUNT" and, collectively, the "DISBURSEMENT ACCOUNTS") at a bank acceptable to Agent. Agent shall, from time to time, deposit proceeds of Revolving Credit Advances and Swing Line Advances made to Borrower pursuant to SECTION 1.1 for use by Borrower in accordance with the provisions of SECTION 1.4 into Borrower's Disbursement Account. WESCO Finance shall, from time to time, deposit proceeds of loans made to it by Borrower in accordance with SECTION 6.3(ix) into WESCO Finance's Disbursement Account pending WESCO Finance's lending of such amounts to WESCO Finance Canada. WESCO Finance Canada shall, from time to time, deposit proceeds of loans made to it by WESCO Finance in accordance with Section 6.3(ix) into a WESCO Finance Canada Disbursement Account pending WESCO Finance Canada's lending of such amounts to WESCO Canada.

(c) On or before the Closing Date, the Concentration Account Bank, each bank where a Disbursement Account is maintained and all other Relationship Banks, shall have

entered into tri-party blocked account agreements with Agent, for the benefit of itself and Lenders, and Borrower, WESCO Finance, WESCO Finance Canada and Borrower's domestic Subsidiaries, as applicable, in form and substance reasonably acceptable to Agent, which shall become operative on or prior to the Closing Date. Each such blocked account agreement shall provide, among other things, that (i) all items of payment deposited in such account and proceeds thereof deposited in the Concentration Account are held by such bank as agent or bailee-in-possession for Agent, on behalf of itself and Lenders, (ii) the bank executing such agreement has no rights of setoff or recoupment or any other claim against such account, as the case may be, other than for payment of its service fees and other charges directly related to the administration of such account and for returned checks or other items of payment, and (iii) from and after the Closing Date (A) with respect to banks at which a Blocked Account is maintained, such bank agrees, from and after the receipt of a notice (an "ACTIVATION NOTICE") from Agent (which Activation Notice may be given by Agent at any time at which a Default or Event of Default has occurred and is continuing (an "ACTIVATION Event")), to forward immediately all amounts in each Blocked Account to the Concentration Account Bank and to commence the process of daily sweeps from each such Blocked Account into the Concentration Account and (B) with respect to the Concentration Account Bank, such bank agrees from and after the receipt of an Activation Notice from Agent upon the occurrence of an Activation Event, to immediately forward all amounts received in the Concentration Account to the Collection Account through daily sweeps from such Concentration Account into the Collection Account. From and after the date Agent has delivered an Activation Notice to any bank with respect to any Blocked Account(s), neither Borrower nor WESCO Finance nor WESCO Finance Canada shall, and shall not cause or permit any domestic Subsidiary of Borrower to, accumulate or maintain cash in Disbursement Accounts or payroll accounts as of any date of determination in excess of checks outstanding against such accounts as of that date and amounts necessary to meet minimum balance requirements. In addition, following delivery of an Activation Notice, all amounts received in the Concentration Account from the Canadian Concentration Account (as such term is defined below) shall immediately be forwarded by the Borrower into the Collection Account through daily sweeps from the Concentration Account into the Collection Account.

(d) Notwithstanding any other provision of this ANNEX C, until such time as the Permitted Receivables Financing has been terminated and all obligations thereunder repaid, each of Agent, Lenders, Borrower and the other Credit Parties acknowledges and agrees that, except as set forth in the Intercreditor Agreement, neither Agent nor any Lender shall have any interest in any lock box or bank account or other asset or property of WESCO Receivables Corp. and shall not take any action whatsoever with respect to any lockbox or bank account of WESCO Receivables Corp. or impose any requirements to create any new lock box or bank account for WESCO Receivables Corp.

(e) So long as no Default or Event of Default has occurred and is continuing, Borrower may amend DISCLOSURE SCHEDULE (3.19) to add or replace a Relationship Bank, Lock Box or Blocked Account or to replace the Concentration Account or any Disbursement Account; PROVIDED, that (i) Agent shall have consented in writing in advance to the opening of such account or Lock Box with the relevant bank and (ii) prior to the time of the opening of such account or Lock Box, Borrower, WESCO Finance, WESCO Finance Canada or Borrower's

domestic Subsidiary, as applicable, and such bank shall have executed and delivered to Agent a tri-party blocked account agreement, in form and substance reasonably satisfactory to Agent. Each of Borrower, WESCO Finance, WESCO Finance Canada and Borrower's domestic Subsidiaries shall close any of its accounts (and establish replacement accounts in accordance with the foregoing sentence) promptly and in any event within 30 days following notice from Agent that the creditworthiness of any bank holding an account is no longer acceptable in Agent's reasonable judgment, or as promptly as practicable and in any event within 60 days following notice from Agent that the operating performance, funds transfer or availability procedures or performance with respect to accounts or Lock Boxes of the bank holding such accounts or Agent's liability under any tri-party blocked account agreement with such bank is no longer acceptable in Agent's reasonable judgment.

(f) The Lock Boxes, Blocked Accounts, Disbursement Accounts and the Concentration Account shall be cash collateral accounts, with all cash, checks and other similar items of payment in such accounts securing payment of the Loans and all other Obligations, and in which Borrower, WESCO Finance, WESCO Finance Canada and each domestic Subsidiary of Borrower party to the Security Agreement shall have granted a Lien to Agent, on behalf of itself and Lenders, pursuant to the Security Agreement.

(g) All amounts deposited in the Collection Account shall be deemed received by Agent in accordance with SECTION 1.10.

(h) Borrower and each other Credit Party shall and shall cause its Affiliates, officers, employees, agents, directors or other Persons acting for or in concert with Borrower, WESCO Finance, WESCO Finance Canada or any domestic Subsidiary of Borrower (each a "RELATED PERSON"), to hold in trust for Agent, for the benefit of itself and Lenders, all checks, cash and other items of payment received by Borrower, WESCO Finance, WESCO Finance Canada, any domestic Subsidiary of Borrower or any such Related Person. Borrower, WESCO Finance, WESCO Finance Canada, each domestic Subsidiary of Borrower and each Related Person thereof acknowledges and agrees that all cash, checks or other items of payment constituting proceeds of Collateral are part of the Collateral. All proceeds of the sale or other disposition of any Collateral, shall be deposited directly into Blocked Accounts. Notwithstanding the foregoing or any other provision of this ANNEX C, proceeds of Accounts sold in a true sale by Borrower or one of Borrower's domestic Subsidiaries pursuant to the Permitted Receivables Financing shall not be deposited and applied in a Blocked Account, but rather shall be deposited and applied in accordance with the terms of the Permitted Receivables Financing (subject to the terms of the Intercreditor Agreement).

## II. CANADIAN CASH MANAGEMENT

WESCO-Canada shall, and shall cause its Canadian Subsidiaries, if any, to, establish and maintain the Cash Management Systems described below:

(a) On or before the Closing Date and until the Termination Date, WESCO-Canada shall (i) at Agent's discretion following consultation with Borrower, establish lock boxes ("CANADIAN LOCK BOXES") or blocked accounts ("CANADIAN BLOCKED ACCOUNTS") at one or more of

the banks set forth in DISCLOSURE SCHEDULE (3.19), and (ii) deposit and cause its Canadian Subsidiaries, if any, to deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all Collateral (whether or not otherwise delivered to a Lock Box) into one or more Blocked Accounts in WESCO-Canada's or any such Canadian Subsidiary's name, as appropriate, and at a bank identified in DISCLOSURE SCHEDULE (3.19) (each, a "CANADIAN RELATIONSHIP BANK"). On or before the Closing Date, WESCO-Canada shall have established a concentration account in its name (the "CANADIAN CONCENTRATION ACCOUNT") at the bank that shall be designated as the Concentration Account bank for WESCO-Canada in DISCLOSURE SCHEDULE (3.19) (the "CANADIAN CONCENTRATION ACCOUNT BANK") which bank shall be reasonably satisfactory to Agent.

(b) WESCO-Canada may maintain, in its name, accounts (each a "Canadian Disbursement Account" and collectively, the "CANADIAN DISBURSEMENT ACCOUNTS") at a bank acceptable to Agent into which WESCO-Canada may deposit proceeds of loans made to it by WESCO Finance Canada in accordance with SECTION 6.3(ix).

(c) On or before the Closing Date (or such later date as Agent shall consent to in writing), the Canadian Concentration Account Bank, each bank where a Canadian Disbursement Account is located, and all other Canadian Relationship Banks, shall have entered into tri-party blocked account agreements with Agent, for the benefit of itself and Lenders, and WESCO-Canada and its Canadian Subsidiaries, if any, as applicable, in form and substance reasonably acceptable to Agent, which shall become operative on or prior to the Closing Date. Each such blocked account agreement shall provide, among other things, that (i) all items of payment deposited in such account and proceeds thereof deposited in the Canadian Concentration Account are held by such bank as agent or bailee-in-possession for Agent, on behalf of itself and Lenders, (ii) the bank executing such agreement has no rights of setoff or recoupment or any other claim against such account, as the case may be, other than for payment of its service fees and other charges directly related to the administration of such account and other accounts of WESCO-Canada maintained with such bank, for the amount of any required adjustments due to clerical or calculation errors directly related to such accounts and for returned checks or other items of payment, and (iii) from and after the Closing Date (A) with respect to banks at which a Canadian Blocked Account is maintained, such bank agrees, from and after the receipt of an Activation Notice from Agent (which Activation Notice may be given by Agent at any time at which an Activation Event has occurred), to forward immediately all amounts in each Canadian Blocked Account to the Canadian Concentration Account Bank and to commence the process of daily sweeps from such Canadian Blocked Account into the Canadian Concentration Account and (B) with respect to the Canadian Concentration Account Bank, such bank agrees from and after the receipt of an Activation Notice from Agent upon the occurrence of an Activation Event, to immediately forward all amounts received in the Canadian Concentration Account to the Concentration Account through daily sweeps from the Canadian Concentration Account into the Concentration Account. From and after the date Agent has delivered an Activation Notice to any bank with respect to any Canadian Blocked Account(s), WESCO-Canada shall not, nor shall it cause or permit any Subsidiary thereof to, accumulate or maintain cash in Canadian Disbursement Accounts or payroll accounts as of any date of determination in

excess of checks outstanding against such accounts as of that date and amounts necessary to meet minimum balance requirements.

(d) So long as no Default or Event of Default has occurred and is continuing, Borrower may amend DISCLOSURE SCHEDULE (3.19) to add or replace a Canadian Relationship Bank, Canadian Lock Box or Canadian Blocked Account or to replace the Canadian Concentration Account or any Canadian Disbursement Account Distribution; PROVIDED, that (i) Agent shall have consented in writing in advance to the opening of such account or Canadian Lock Box with the relevant bank and (ii) prior to the time of the opening of such account or Canadian Lock Box, WESCO-Canada or its Subsidiary, as applicable, and such bank shall have executed and delivered to Agent a tri-party blocked account agreement, in form and substance reasonably satisfactory to Agent. WESCO-Canada and each of its Subsidiaries, if any, shall close any of its accounts (and establish replacement accounts in accordance with the foregoing sentence) promptly and in any event within 30 days following notice from Agent that the creditworthiness of any bank holding an account is no longer acceptable in Agent's reasonable judgment, or as promptly as practicable and in any event within 60 days following notice from Agent that the operating performance, funds transfer or availability procedures or performance with respect to accounts or Canadian Lock Boxes of the bank holding such accounts or Agent's liability under any tri-party blocked account agreement with such bank is no longer acceptable in Agent's reasonable judgment.

(e) The Canadian Lock Boxes, Canadian Blocked Accounts, Canadian Disbursement Accounts and the Canadian Concentration Account shall be cash collateral accounts, with all cash, checks and other similar items of payment in such accounts securing payment of the Loans and all other Obligations, and in which WESCO-Canada and each Subsidiary thereof, if any, shall have granted a Lien to Agent, on behalf of itself and Lenders, pursuant to the Security Agreement.

(f) WESCO-Canada shall and shall cause its Canadian Affiliates, officers, employees, agents, directors or other Canadian Persons acting for or in concert with Borrower (each a "CANADIAN RELATED PERSON") to (i) hold in trust for Agent, for the benefit of itself and Lenders, all checks, cash and other items of payment received by WESCO-Canada, any Canadian Subsidiary or any such Canadian Related Person, and (ii) within 1 Business Day after receipt by WESCO-Canada, any Canadian Subsidiary or any such Related Person of any checks, cash or other items of payment, deposit the same into a Canadian Blocked Account. WESCO-Canada, each Canadian Subsidiary, if any, and each Canadian Related Person acknowledges and agrees that all cash, checks or other items of payment constituting proceeds of Collateral are part of the Collateral. All proceeds of the sale or other disposition of any Canadian Collateral shall be deposited directly into Canadian Blocked Accounts.

ANNEX D (SECTION 2.1(a))

TO  
CREDIT AGREEMENT  
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CLOSING CHECKLIST  
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In addition to, and not in limitation of, the conditions described in SECTION 2.1 of the Agreement, pursuant to SECTION 2.1(a), the following items must be received by Agent in form and substance satisfactory to Agent on or prior to the Closing Date (each capitalized term used but not otherwise defined herein shall have the meaning ascribed thereto in ANNEX A to the Agreement):

A. APPENDICES. All Appendices to the Agreement, in form and substance satisfactory to Agent.

B. REVOLVING NOTES AND SWING LINE NOTE. Duly executed originals of the Revolving Notes and Swing Line Note for each applicable Lender, dated the Closing Date.

C. SECURITY AGREEMENT. Duly executed originals of the Security Agreement, the Canadian Security Agreements, the Deeds of Hypothec, the Debentures and the Pledges of Debentures dated the Closing Date, and all instruments, documents and agreements executed pursuant thereto.

D. INSURANCE. Satisfactory evidence that the insurance policies required by SECTION 5.4 are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements, as requested by Agent, in favor of Agent, on behalf of Lenders.

E. SECURITY INTERESTS AND CODE FILINGS. (a) Evidence satisfactory to Agent that Agent (for the benefit of itself and Lenders) has a valid and perfected first priority security interest (or similar lien under applicable law) in the Collateral, including (i) such documents duly executed by each Credit Party (including financing statements under the Code and other applicable documents under the laws of any jurisdiction with respect to the perfection or publication of Liens) as Agent may request in order to perfect its security interests or, in the case of Quebec, publish its other Liens in the Collateral and (ii) copies of Code search reports listing all effective financing statements (or similar instruments under applicable law) that name any Credit Party as debtor, together with, in the case of searches conducted in the United States, copies of such financing statements, none of which shall cover the Collateral, except for those relating to the Prior Lender Obligations (all of which shall be terminated on the Closing Date), and acknowledgements from those Persons having filed financing statements under the PPSA without adequately limiting the scope of their Collateral acknowledging that their security interests do not cover the Collateral.

(b) Evidence satisfactory to Agent, including copies, of all UCC-1 and other financing statements filed in favor of any Credit Party with respect to each location, if any, at which Inventory may be consigned.

(c) Control Letters from (i) all issuers of uncertificated securities and financial assets held by Borrower, (ii) all securities intermediaries with respect to all securities accounts and securities entitlements of Borrower, and (iii) all futures commission agents and clearing houses with respect to all commodities contracts and commodities accounts held by Borrower.

F. PAYOFF LETTER; TERMINATION STATEMENTS. Copies of a duly executed payoff letter, in form and substance reasonably satisfactory to Agent, by and between all parties to the Prior Lender loan documents evidencing repayment in full of all Prior Lender Obligations, together with (a) UCC-3 or other appropriate termination statements (or similar instruments under applicable law), in form and substance satisfactory to Agent, manually signed by the Prior Lender, or, in the case of UCC-3 termination statements, with written authorization, in form and substance satisfactory to Agent, from the Prior Lender to file all such UCC-3 termination statements, releasing all liens of Prior Lender upon any of the personal property of each Credit Party, and (b) termination of all blocked account agreements, bank agency agreements or other similar agreements or arrangements or arrangements in favor of Prior Lender or relating to the Prior Lender Obligations.

G. INTELLECTUAL PROPERTY SECURITY AGREEMENTS. Duly executed originals of Trademark Security Agreements, Copyright Security Agreements and Patent Security Agreements, each dated the Closing Date and signed by each Credit Party which owns Trademarks, Copyrights and/or Patents, as applicable, all in form and substance reasonably satisfactory to Agent, together with all instruments, documents and agreements executed pursuant thereto.

H. HOLDINGS GUARANTY. Duly executed originals of the Holdings Guaranty, dated the Closing Date, and all documents, instruments and agreements executed pursuant thereto.

I. SUBSIDIARY GUARANTIES. Guaranties executed by each direct and indirect domestic or Canadian Subsidiary of Holdings and Borrower, other than WESCO Receivables, in favor of Agent, for the benefit of Agent and Lenders.

J. INITIAL BORROWING BASE CERTIFICATE. Duly executed originals of an initial Borrowing Base Certificate from Borrower, dated the Closing Date, reflecting information concerning Eligible Accounts, Eligible Inventory and Prior Claims as of a date not more than 35 days prior to the Closing Date.

K. INITIAL NOTICE OF REVOLVING CREDIT ADVANCE. Duly executed originals of a Notice of Revolving Credit Advance, dated the Closing Date, with respect to the initial Revolving Credit Advance to be requested by Borrower on the Closing Date.

L. LETTER OF DIRECTION. Duly executed originals of a letter of direction from Borrower addressed to Agent, on behalf of itself and Lenders, with respect to the disbursement on the Closing Date of the proceeds of the initial Revolving Credit Advance.



M. CASH MANAGEMENT SYSTEM; BLOCKED ACCOUNT AGREEMENTS.

Evidence satisfactory to Agent that, as of the Closing Date, Cash Management Systems complying with ANNEX C to the Agreement have been established and are currently being maintained in the manner set forth in such ANNEX C, together with copies of duly executed tri-party blocked account and lock box agreements, reasonably satisfactory to Agent, with the banks as required by ANNEX C.

N. CHARTER AND GOOD STANDING. For each Credit Party, such

Person's (a) charter or declaration of partnership, as applicable, and all amendments thereto, (b) good standing certificates (or similar certificates under applicable law) (including verification of tax status for all Domestic Credit Parties) in its jurisdiction of formation and (c) good standing certificates (or similar certificates under applicable law) (including verification of tax status for all Domestic Credit Parties) and certificates of qualification to conduct business in each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, each dated a recent date prior to the Closing Date and certified by the applicable Secretary of State or other applicable authorized Governmental Authority.

O. BYLAWS AND RESOLUTIONS. For each Credit Party, (a) such

Person's bylaws, together with all amendments thereto, (b) resolutions of such Person's Board of Directors, approving and authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and the transactions to be consummated in connection therewith, and (c) each such Person's partnership agreement and unanimous shareholder agreement (if any), each certified as of the Closing Date by such Person's corporate secretary or an assistant secretary as being in full force and effect without any modification or amendment.

P. INCUMBENCY CERTIFICATES. For each Credit Party, signature

and incumbency certificates of the officers of each such Person executing any of the Loan Documents, certified as of the Closing Date by such Person's corporate secretary or an assistant secretary as being true, accurate, correct and complete.

Q. OPINIONS OF COUNSEL. Duly executed originals of opinions of

Kirkpatrick & Lockhart LLP and Blake, Cassels & Graydon, LLP, each as counsel for the Credit Parties, together with any local counsel opinions reasonably requested by Agent, each in form and substance reasonably satisfactory to Agent and its counsel, dated the Closing Date, and each accompanied by a letter addressed to such counsel from the Credit Parties, authorizing and directing such counsel to address its opinion to Agent, on behalf of Lenders, and to include in such opinion an express statement to the effect that Agent and Lenders are authorized to rely on such opinion.

R. PLEDGE AGREEMENTS. Duly executed originals of each of the

Pledge Agreements accompanied by (as applicable) (a) share certificates representing all of the outstanding Stock being pledged pursuant to such Pledge Agreement and stock or share transfer powers for such share certificates executed in blank (b) the original Intercompany Notes and other instruments evidencing Indebtedness being pledged pursuant to such Pledge Agreement, duly endorsed in blank and (c) irrevocable shareholder resolutions of Borrower authorizing all

transfers of the shares of WESCO-Canada pursuant to the Pledge Agreement to which Borrower is party.

S. ACCOUNTANTS' LETTER. A letter from the Credit Parties to their independent auditors authorizing the independent certified public accountants of the Credit Parties to communicate with Agent consistent with this Agreement.

T. APPOINTMENT OF AGENT FOR SERVICE. An appointment of CT Corporation as each Credit Party's agent for service of process in the State of New York.

U. SOLVENCY CERTIFICATE. The Credit Parties shall deliver to Agent for the benefit of Lenders a solvency certificate satisfactory in form and substance to Agent and Lenders and issued by their respective chief executive officers and chief financial officers.

V. FEE LETTER. Duly executed originals of the GE Capital Fee Letter.

W. OFFICER'S CERTIFICATE. Agent shall have received duly executed originals of a certificate of the Chief Executive Officer and Chief Financial Officer of Holdings and Borrower, dated the Closing Date, stating that, since November 30, 2001 (a) no event or condition has occurred or is existing which could reasonably be expected to have a Material Adverse Effect; (b) there has been no material adverse change in the industry in which Borrower operates; (c) no Litigation has been commenced which, if successful, would have a Material Adverse Effect or could challenge any of the transactions contemplated by the Agreement and the other Loan Documents; (d) there have been no Restricted Payments made by any Credit Party; and (e) there has been no material increase in liabilities, liquidated or contingent, and no material decrease in assets of Holdings, Borrower or any of their respective Subsidiaries.

X. WAIVERS. Agent, on behalf of Lenders, shall have received landlord waivers and consents, bailee letters and mortgagee agreements in form and substance satisfactory to Agent, in each case as required pursuant to SECTION 5.9.

Y. INTERCREDITOR AGREEMENT. Agent and Lenders shall have received the Intercreditor Agreement, in form and substance satisfactory to Agent, in its sole discretion.

Z. APPRAISALS. Agent and Lenders shall have received the appraisal reports of Hilco Appraisal Services LLC which shall be in form and substance, and contain valuations of Borrower's Inventory, WESCO Equity's Inventory, Herning's Inventory and WESCO-Canada's Inventory, satisfactory to Agent and Lenders.

AA. AUDITED FINANCIALS; FINANCIAL CONDITION. Agent shall have received the Financial Statements, Projections and other materials set forth in SECTION 3.4, certified by Borrower's Chief Financial Officer, in each case in form and substance satisfactory to Agent, and Agent shall be satisfied, in its sole discretion, with all of the foregoing. Agent shall have further received a certificate of the Chief Executive Officer and the Chief Financial Officer of Holdings and Borrower, based on such Pro Forma and Projections, to the effect that (a) Holdings and Borrower will each be Solvent upon the consummation of the transactions contemplated herein; (b) the Pro Forma fairly presents the financial condition of Holdings and Borrower as of the date

thereof after giving effect to the transactions contemplated by the Loan Documents; (c) the Projections are based upon estimates and assumptions stated therein, all of which Holdings and Borrower believe to be reasonable and fair in light of current conditions and current facts known to Holdings and Borrower and, as of the Closing Date, reflect Holdings and Borrower's good faith and reasonable estimates of their respective future financial performance and of the other information projected therein for the period set forth therein; (d) containing such other statements with respect to the solvency of Holdings and Borrower and the other Credit Parties and matters related thereto as Agent shall request.

BB. MASTER STANDBY AGREEMENT. A Master Agreement for Standby Letters of Credit between Borrower and GE Capital.

CC. MASTER DOCUMENTARY AGREEMENT. A Master Agreement for Documentary Letters of Credit between Borrower and GE Capital.

DD. OTHER DOCUMENTS. Such other certificates, documents and agreements respecting any Credit Party as Agent may, in its sole discretion, request.

ANNEX E (SECTION 4.1(a))  
TO  
CREDIT AGREEMENT  
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FINANCIAL STATEMENTS AND PROJECTIONS -- REPORTING  
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Borrower shall deliver or cause to be delivered to Agent or to Agent and Lenders, as indicated, the following:

(a) MONTHLY FINANCIALS. To Agent for distribution to the Lenders, within 30 days after the end of each Fiscal Month, consolidated financial information regarding Holdings and its Subsidiaries, certified by the Chief Financial Officer of Holdings, consisting of consolidated (i) unaudited balance sheets as of the close of such Fiscal Month and the related statements of income and cash flows for that portion of the Fiscal Year ending as of the close of such Fiscal Month; and (ii) unaudited statements of income and cash flows for such Fiscal Month, setting forth in comparative form the figures for the corresponding period in the prior year, all prepared in accordance with GAAP (subject to normal quarterly and year-end adjustments). Such financial information shall be accompanied by the certification of the Chief Financial Officer of Holdings that (i) such financial information presents fairly in accordance with GAAP (subject to normal quarterly and year-end adjustments) the financial position and results of operations of Holdings and its Subsidiaries, on a consolidated basis, in each case as at the end of such Fiscal Month and for that portion of the Fiscal Year then ended and (ii) any other information presented is true, correct and complete in all material respects and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default shall have occurred and be continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default.

(b) QUARTERLY FINANCIALS. To Agent for distribution to the Lenders, within 45 days after the end of each Fiscal Quarter, (unaudited) consolidated and (unaudited) consolidating financial information regarding Holdings and its Subsidiaries, certified by the Chief Financial Officer of Holdings, including (i) unaudited balance sheets as of the close of such Fiscal Quarter and the related statements of income and cash flow for that portion of the Fiscal Year ending as of the close of such Fiscal Quarter; (ii) unaudited statements of income and cash flows for such Fiscal Quarter, in each case setting forth in comparative form the figures for the corresponding period in the prior year and the figures contained in the Projections for such Fiscal Year, all prepared in accordance with GAAP (subject to normal year-end adjustments); and (iii) a summary of the outstanding balance of all Intercompany Notes, all other intercompany loans and advances and all intercompany investments as of the last day of the Fiscal Quarter. Such financial information shall be accompanied by (A) a statement in reasonable detail (each, a "COMPLIANCE CERTIFICATE") showing the calculations used in determining compliance with each of the Financial Covenants that is tested on a quarterly basis, if required, and (B) the certification of the Chief Financial Officer of Borrower that (i) such financial information presents fairly in accordance with GAAP (subject to normal year-end adjustments) the financial position, results of operations and statements of cash flows of Holdings and its Subsidiaries, on both a consolidated and consolidating basis, as at the end of such Fiscal Quarter and for that portion of the Fiscal

Year then ended, (ii) any other information presented is true, correct and complete in all material respects and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default has occurred and is continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default. In addition, Holdings shall deliver to Agent and Lenders, within 45 days after the end of each Fiscal Quarter, a management discussion and analysis as filed by Holdings with the Securities and Exchange Commission.

(c) OPERATING PLAN. To Agent for distribution to the Lenders, as soon as available, but not later than 45 days after the end of each Fiscal Year, an annual operating plan for Holdings, as certified by the Chief Financial Officer of Holdings, for the following Fiscal Year, which (i) includes a statement of all of the material assumptions on which such plan is based, (ii) includes quarterly balance sheets, income statements and statements of cash flow for the following year and (iii) integrates sales, gross profits, operating expenses, operating profit, cash flow projections and Borrowing Availability projections, all prepared on the same basis and in similar detail as that on which operating results are reported (and in the case of cash flow projections, representing management's good faith estimates of future financial performance based on historical performance), and including plans for Capital Expenditures.

(d) ANNUAL AUDITED FINANCIALS. To Agent for distribution to the Lenders, within 90 days after the end of each Fiscal Year, audited Financial Statements for Holdings and its Subsidiaries on a consolidated and (unaudited) consolidating basis, consisting of balance sheets and statements of income and retained earnings and cash flows, setting forth in comparative form in each case the figures for the previous Fiscal Year, which Financial Statements shall be prepared in accordance with GAAP and certified without qualification, by an independent certified public accounting firm of national standing or otherwise acceptable to Agent. Such Financial Statements shall be accompanied by (i) a statement prepared in reasonable detail showing the calculations used in determining compliance with each of the Financial Covenants, if then applicable, (ii) a report from such accounting firm to the effect that, in connection with their audit examination, nothing has come to their attention to cause them to believe that a Default or Event of Default has occurred (or specifying those Defaults and Events of Default that they became aware of), it being understood that such audit examination extended only to accounting matters and that no special investigation was made with respect to the existence of Defaults or Events of Default, (iii) the annual letters to such accountants in connection with their audit examination detailing contingent liabilities and material litigation matters, and (iv) the certification of the Chief Executive Officer or Chief Financial Officer of Holdings that all such Financial Statements present fairly in accordance with GAAP the financial position, results of operations and statements of cash flows of Holdings and its Subsidiaries on a consolidated and consolidating basis, as at the end of such Fiscal Year and for the period then ended, and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default has occurred and is continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default.

(e) MANAGEMENT LETTERS. To Agent for distribution to the Lenders, within 5 Business Days after receipt thereof by any Credit Party, copies of all management letters, exception reports or similar material letters or reports received by such Credit Party from its independent certified public accountants.

(f) DEFAULT NOTICES. To Agent for distribution to the Lenders, as soon as practicable, and in any event within 5 Business Days after an executive officer of Borrower has actual knowledge of the existence of any Default, Event of Default or other event that has had a Material Adverse Effect, telephonic or telecopied notice specifying the nature of such Default or Event of Default or other event, including the anticipated effect thereof, which notice, if given telephonically, shall be promptly confirmed in writing on the next Business Day.

(g) SEC FILINGS AND PRESS RELEASES. To Agent for distribution to the Lenders promptly upon their becoming available, copies of: (i) all Financial Statements, reports, notices and proxy statements made publicly available by any Credit Party to its security holders; (ii) all regular and periodic reports and all registration statements and prospectuses, if any, filed by any Credit Party with any securities exchange or with the Securities and Exchange Commission or any governmental or private regulatory authority; and (iii) all press releases and other statements made available by any Credit Party to the public concerning material changes or developments in the business of any such Person.

(h) SUBORDINATED DEBT, PERMITTED RECEIVABLES FINANCING AND EQUITY NOTICES. To Agent, as soon as practicable, copies of all written notices (including, without limitation, any amendments, waivers or other modifications) given or received by any Credit Party with respect to the Permitted Receivables Financing or any Subordinated Debt or Stock of such Person, and, within 2 Business Days after any Credit Party obtains knowledge of any matured or unmatured breach, default or event of default with respect to a Permitted Receivables Financing or any Subordinated Debt, notice of such breach, default or event of default.

(i) SUPPLEMENTAL SCHEDULES. To Agent, supplemental disclosures, if any, required by SECTION 5.6.

(j) LITIGATION. To Agent in writing, promptly upon learning thereof, notice of any Litigation commenced or threatened against any Credit Party that (i) seeks damages in excess of \$1,000,000, (ii) seeks injunctive relief, (iii) is asserted or instituted against any Plan, its fiduciaries or its assets or against any Credit Party or ERISA Affiliate in connection with any Plan, (iv) alleges criminal misconduct by any Credit Party, (v) alleges the violation of any law regarding, or seeks remedies in connection with, any Environmental Liabilities; or (vi) involves any product recall.

(k) INSURANCE NOTICES. To Agent, disclosure of losses or casualties required by SECTION 5.4.

(l) LEASE DEFAULT NOTICES. To Agent, within 5 Business Days after receipt thereof, copies of (i) any and all payment default and other material default notices received under or with respect to any leased location or public warehouse where Collateral is located, and (ii) such other notices or documents as Agent may reasonably request.

(m) LEASE AMENDMENTS. To Agent, within 5 Business Days after receipt thereof, copies of all material amendments to any real estate leases, but without any requirement to deliver lease renewals entered into in the ordinary course of business.

(n) MANAGEMENT LOAN PROGRAM. To Agent, within 45 days after the end of each Fiscal Quarter, a report, in detail and form and substance satisfactory to Agent, with respect to all guaranties provided by any Credit Party with respect to loans provided to senior management by any Lender in respect of loans so provided to enable senior management to purchase shares of common Stock of Holdings.

(o) OTHER DOCUMENTS. To Agent for distribution to Lenders, such other financial and other information respecting any Credit Party's business or financial condition as Agent or any Lender through Agent shall, from time to time, reasonably request.

ANNEX F (SECTION 4.1(b))  
TO  
CREDIT AGREEMENT

COLLATERAL REPORTS

Borrower shall deliver or cause to be delivered the following:

(a) To Agent, upon its request, and in any event no less frequently than noon New York time, 10 Business Days after the end of each Fiscal Month (together with a copy of all or any part of the following reports requested by any Lender in writing after the Closing Date), each of the following reports, each of which shall be prepared by the Borrower as of the last day of the immediately preceding Fiscal Month or the date 2 days prior to the date of any such request:

(i) a Borrowing Base Certificate with respect to Borrower, WESCO Equity, Herning and WESCO-Canada, accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion;

(ii) with respect to Borrower, WESCO Equity, Herning and WESCO-Canada, a summary of Inventory by location and type with a supporting perpetual Inventory report, in each case accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion; and

(iii) with respect to WESCO-Canada, a monthly trial balance showing Accounts outstanding aged from invoice date as follows: 1 to 30 days, 31 to 60 days, 61 to 90 days and 91 days or more, accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion.

(b) To Agent, on a monthly basis so long as then excess Borrowing Availability is greater than \$25,000,000 and, if then excess Borrowing Availability is \$25,000,000 or less, on a weekly basis, or at such more frequent intervals as Agent may request from time to time (together with a copy of all or any part of such delivery requested by any Lender in writing after the Closing Date), collateral reports with respect to Borrower, WESCO Equity, , Herning and WESCO-Canada, including all additions and reductions (cash and non-cash) with respect to Accounts of WESCO-Canada, in each case accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion each of which shall be prepared by the Borrower as of the last day of the immediately preceding week or the date 2 days prior to the date of any request.

(c) To Agent, at the time of delivery of each of the monthly Financial Statements delivered pursuant to ANNEX E:

(i) a reconciliation of the perpetual inventory to the most recent Borrowing Base Certificate, general ledger and monthly Financial Statements delivered



pursuant to ANNEX E, in each case accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion; and

(ii) at Agent's reasonable request, an aging of accounts payable and a reconciliation of that accounts payable aging to Borrower's, WESCO Equity's, Hernings' and WESCO-Canada's general ledger and monthly Financial Statements delivered pursuant to ANNEX E, in each case accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion;

(d) To Agent, at the time of delivery of each of the quarterly Financial Statements delivered pursuant to ANNEX E, a list of any applications for the registration of any Patent, Trademark or Copyright filed by any Credit Party with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in the prior Fiscal Quarter;

(e) Borrower, at its own expense, shall deliver to Agent the results of each physical verification, if any, that Borrower, WESCO Equity, Herning, WESCO-Canada or any of their Subsidiaries may in their discretion have made, or caused any other Person to have made on their behalf, of all or any portion of their Inventory (and, if a Default or an Event of Default has occurred and be continuing, Borrower shall, upon the request of Agent, conduct, and deliver the results of, all such physical verifications as Agent may require);

(f) Borrower, at its own expense, shall deliver to Agent all such asset appraisals as Agent may request at any time after the occurrence and during the continuance of a Default or an Event of Default, such appraisals to be conducted by an appraiser, and in form and substance reasonably satisfactory to Agent;

(g) Borrower, at its own expense, shall deliver to Agent, at the time of delivery of the quarterly Financial Statements pursuant to ANNEX E, a report detailing any and all outstanding Intercompany Notes, including specifying the parties thereto and amounts outstanding, together with a certification that the borrower under such Intercompany Notes has deducted withholding tax exigible on any payments made in connection therewith, has remitted such amounts when due and payable, and if paid, evidence of payment, or if not yet due and payable, a certification of the amount due, which shall be fully reserved for in the Borrowing Base Certificate; and

(h) Such other reports, statements and reconciliations with respect to the Borrowing Base or Collateral or Obligations of any or all Credit Parties as Agent shall from time to time request in its reasonable discretion.

ANNEX G (SECTION 6.10)  
TO  
CREDIT AGREEMENT  
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FINANCIAL COVENANTS  
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At any time Borrowing Availability is less than \$50,000,000, Borrower shall not breach or fail to comply with any of the following financial covenants, each of which shall be calculated in accordance with GAAP consistently applied:

(a) MAXIMUM CAPITAL EXPENDITURES. Borrower and its Subsidiaries on a consolidated basis shall not make Capital Expenditures during any Fiscal Year that exceed \$25,000,000 in the aggregate; provided, however, that amounts permitted to be expended in any one Fiscal Year that are not expended during such Fiscal Year (not including any amount permitted to be carried forward from a prior Fiscal Year) shall be permitted to be expended in, but only in, the next subsequent Fiscal Year.

(b) MINIMUM FIXED CHARGE COVERAGE RATIO. Holdings and its Subsidiaries shall have on a consolidated basis at the end of each Fiscal Quarter, a Fixed Charge Coverage Ratio for the 12-month period then ended of not less than 1.1 to 1.0.

Unless otherwise specifically provided herein, any accounting term used in the Agreement shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP consistently applied. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. If any "Accounting Changes" (as defined below) occur and such changes result in a change in the calculation of the financial covenants, standards or terms used in the Agreement or any other Loan Document, then Borrower, Agent and Lenders agree to enter into negotiations in order to amend such provisions of the Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating Borrower's and its Subsidiaries' financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made; PROVIDED, however, that the agreement of Requisite Lenders to any required amendments of such provisions shall be sufficient to bind all Lenders. "ACCOUNTING CHANGES" means (i) changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions), (ii) changes in accounting principles concurred in by Borrower's certified public accountants; (iii) purchase accounting adjustments under A.P.B. 16 or 17 and EITF 88-16, and the application of the accounting principles set forth in FASB 109, including the establishment of reserves pursuant thereto and any subsequent reversal (in whole or in part) of such reserves; and (iv) the reversal of any reserves established as a result of purchase accounting adjustments. If Agent, Borrower and Requisite Lenders agree upon the required amendments, then after appropriate amendments have been executed and the underlying Accounting Change with respect thereto has been implemented, any reference to GAAP contained in the Agreement or in any other Loan Document shall, only to the extent of

such Accounting Change, refer to GAAP, consistently applied after giving effect to the implementation of such Accounting Change. If Agent, Borrower and Requisite Lenders cannot agree upon the required amendments within 30 days following the date of implementation of any Accounting Change, then all Financial Statements delivered and all calculations of financial covenants and other standards and terms in accordance with the Agreement and the other Loan Documents shall be prepared, delivered and made without regard to the underlying Accounting Change. For purposes of SECTION 8.1, a breach of a Financial Covenant contained in this ANNEX G shall be deemed to have occurred as of any date of determination by Agent or as of the last day of any specified measurement period, regardless of when the Financial Statements reflecting such breach are delivered to Agent.

ANNEX H (SECTION 1.1(d))  
TO  
CREDIT AGREEMENT  
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LENDERS' WIRE TRANSFER INFORMATION

Name: General Electric Capital Corporation  
Bank: Bankers Trust Company  
New York, New York  
ABA #: 021001033  
Account #: 50232854  
Account Name: GECC/CAF Depository  
Reference: CFC CFN 4657

Name: The CIT Group/Business Credit, Inc.  
Bank: Chase Manhattan Bank, NY  
ABA #: 021000021  
Account #: 144-0-64425  
Account Name: The CIT Group/Business Credit, Inc.  
Reference: Wesco Distribution, Inc.

Name: Fleet Capital Corporation  
Bank: Fleet National Bank  
ABA #: 011900571  
Account #: 9369337536  
Account Name: Fleet Capital Corporation  
Reference: Wesco Distribution, Inc.

Name: Citizens Business Credit Company  
Bank: Citizens Bank  
ABA #: 011500120  
Account #: 1101011812  
Reference: Wesco Distribution

Name: PNC Bank, National Association  
Bank: PNC Bank  
ABA #: 0312076707  
Account #: 196039957830  
Reference: Wesco Distribution

Name: LaSalle Business Credit, Inc.  
Bank: LaSalle National Bank  
ABA #: 071000505  
Account #: 23-2112-2  
Account Name: LaSalle Business Credit, Inc.  
Reference: Wesco Distribution

Name: First Commonwealth Bank t/a NBOC Bank  
Bank: First Commonwealth Bank t/a NBOC Bank  
ABA #: 043306826  
Account #: 1052844-68203  
Account Name: Wesco Distribution, Inc.

ANNEX I (SECTION 11.10)

TO  
CREDIT AGREEMENT  
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NOTICE ADDRESSES  
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(A) If to Agent or GE Capital, at  
General Electric Capital Corporation  
800 Connecticut Avenue, Two North  
Norwalk, Connecticut 06854  
Attention: WESCO Distribution, Account Manager  
Telecopier No.: (203) 852-3660  
Telephone No.: (203) 852-3652

with copies to:

Winston & Strawn  
200 Park Avenue  
New York, New York 10166  
Attention: William D. Brewer, Esq.  
Telecopier No.: (212) 294-4700  
Telephone No.: (212) 294-6700

AND

General Electric Capital Corporation  
201 High Ridge Road  
Stamford, Connecticut 06927-5100  
Attention: Corporate Counsel-Commercial Finance  
Telecopier No.: (203) 316-7889  
Telephone No.: (203) 316-7784

(B) If to Borrower, at  
WESCO Distribution, Inc.  
Commerce Court, Suite 700  
Four Station Square  
Pittsburgh, PA 15219  
Attention: Daniel A. Brailer  
Telecopier No.: (412) 454-2595  
Telephone No.: (412) 454-4220

With a copy to:  
Kirkpatrick & Lockhart LLP  
535 Smithfield Street  
Pittsburgh, PA 15222-2312  
Attention: Charles E. Harris, Esq.

Telecopier No.: (412) 355-6501  
Telephone No.: (412) 355-6730

If to the Lenders:

The CIT Group/Business Credit  
1211 Avenue of the Americas  
New York, New York 10036  
Attention: Marvin Daniel  
Telecopier No.: (212) 536-1329  
Telephone No.: (212) 536-1243

Fleet Capital Corporation  
13109 Knox  
Overland Park, KS 66213  
Attention: Aleen Hartje  
Telecopier No.: (913) 685-2996  
Telephone No.: (913) 585-8780

Citizens Business Credit Company  
Suite 820  
Six PPG Place  
Pittsburgh, PA 15222  
Attention: Bob Beer  
Telecopier: (412) 391-2580  
Telephone: (412) 391-3333

PNC Bank, National Association  
One PNC Plaza - 6th Floor  
249 Fifth Avenue  
Pittsburgh, PA 15222  
Attention: Daniel J. Paull  
Telecopier No.: (412) 768-4369  
Telephone No.: (412) 762-7873

LaSalle Business Credit, Inc.  
565 Fifth Avenue, 27th Floor  
New York, NY 10017  
Attention: Thomas Furst  
Telecopier No.: (212) 986-4205  
Telephone No.: (212) 986-9712

First Commonwealth Bank t/a NBOC Bank  
654 Philadelphia Street  
1st Floor, Corporate Banking  
Indiana, PA 15701

Attention: Paul J. Oris  
Telecopier No.: (724) 463-2568  
Telephone No.: (724) 463-2552



ANNEX J (FROM ANNEX A - COMMITMENT DEFINITION)  
 TO  
 CREDIT AGREEMENT  
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Lenders: -----	Revolving Commitment -----	Swing Line Commitment -----
General Electric Capital Corporation	\$100,000,000	\$20,000,000
The CIT Group/Business Credit, Inc.	\$ 50,000,000	\$0
Fleet Capital Corporation	\$ 50,000,000	\$0
Citizens Business Credit Company	\$ 25,000,000	\$0
PNC Bank, National Association	\$ 25,000,000	\$0
LaSalle Business Credit, Inc.	\$ 25,000,000	\$0
First Commonwealth Bank t/a NBOC Bank	\$ 15,000,000	\$0

INTERCREDITOR AGREEMENT

Dated as of March 19, 2002

by and among

PNC BANK, NATIONAL ASSOCIATION,

as Receivables Agent,

GENERAL ELECTRIC CAPITAL CORPORATION,

as Lenders Agent,

WESCO RECEIVABLES CORP.,

as Receivables Seller,

WESCO DISTRIBUTION, INC.,

as Seller, as Servicer, in its individual capacity and as Borrower,

and

THE OTHER PARTIES HERETO

This INTERCREDITOR AGREEMENT, dated as of March 19, 2002 (as supplemented, amended, restated or otherwise modified from time to time, this "AGREEMENT"), by and among PNC BANK, NATIONAL ASSOCIATION, in its capacity as Administrator under the Receivables Purchase Agreement (as defined below) (the "RECEIVABLES AGENT"), GENERAL ELECTRIC CAPITAL CORPORATION, in its capacity as Agent, for itself and on behalf of the Lenders (as defined below) (the "LENDERS AGENT"), WESCO RECEIVABLES CORP. (the "RECEIVABLES SELLER"), WESCO DISTRIBUTION, INC. ("WESCO"), FIFTH THIRD BANK, N.A., MELLON BANK, N.A., THE BANK OF NOVA SCOTIA, HERNING ENTERPRISES, INC. AND WESCO EQUITY CORPORATION.

RECITALS:

A. WESCO has agreed to sell, transfer and assign to the Receivables Seller, and the Receivables Seller has agreed to purchase or otherwise acquire from WESCO and various of WESCO'S domestic Subsidiaries from time to time party thereto (together with WESCO, the "Originators"), all of the right, title and interest of WESCO in the Receivables (as hereinafter defined) pursuant to a Receivables Purchase and Sale Agreement dated as of June 30, 1999, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of September 28, 1999 (and as may be further supplemented, amended, restated or otherwise modified from time to time, the "RECEIVABLES PURCHASE AND SALE AGREEMENT").

B. The Receivables Seller, as seller, WESCO, in its capacity as servicer and in its individual capacity, the Receivables Agent, and the Receivables Purchasers (as defined below) are parties to an Amended and Restated Receivables Purchase Agreement, dated as of September 28, 1999, as amended by that certain First Amendment to Amended and Restated Receivables Purchase Agreement, dated as of July 24, 2000, that certain Second Amendment to Amended and Restated Receivables Purchase Agreement, dated as of September 26, 2000, that certain Third Amendment to Amended and Restated Receivables Purchase Agreement, dated as of October 31, 2000, that certain Fourth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of February 1, 2001, that certain Fifth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of March 12, 2001, that certain Sixth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of June 29, 2001, and that certain Seventh Amendment to Amended and Restated Receivables Purchase Agreement, dated as of July 27, 2001 (and as may be further supplemented, amended, restated or otherwise modified from time to time, the "RECEIVABLES PURCHASE AGREEMENT") pursuant to which the Receivables Purchasers have agreed, among other things, to purchase from the Receivables Seller from time to time Receivables (or interests therein) purchased by or contributed to the Receivables Seller pursuant to the Receivables Purchase and Sale Agreement and the Receivables Seller has granted a lien on the Receivables to the Receivables Agent.

C. The Receivables Purchase and Sale Agreement and the Receivables Purchase Agreement provide for the filing of UCC financing statements to perfect the ownership and security interest of the parties thereto with respect to the property covered thereby.

D. WESCO, the Lenders Agent and the financial institutions from time to time party thereto (collectively, the "LENDERS") are parties to a Credit Agreement dated as of the

date hereof (as supplemented, amended, restated or otherwise modified from time to time, the "CREDIT AGREEMENT"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Credit Agreement.

E. To secure WESCO's obligations to the Lenders and Lenders Agent under the Credit Agreement and other Loan Documents (as hereinafter defined), WESCO and the other Credit Parties have granted to the Lenders Agent for the benefit of the Lenders Agent and the Lenders a lien over, among other things, certain accounts receivable and certain general intangibles, including the Unsold Receivables (as hereinafter defined), certain inventory and all proceeds of the foregoing.

F. The parties hereto wish to set forth certain agreements with respect to the Receivables Assets (as hereinafter defined) and with respect to the Collateral (as hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

#### ARTICLE 1. DEFINITIONS.

1.1. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"BUSINESS DAY" has the meaning ascribed to such term in the Credit Agreement.

"CLAIM" means the Lenders Claim or the Receivables Claim, as applicable.

"COLLATERAL" means all property and interests in property, now owned or hereafter acquired or created, of WESCO or any of the other Credit Parties in or upon which a Lenders Interest is granted or purported to be granted by WESCO or such other Credit Party to the Lenders or the Lenders Agent under any of the Loan Documents.

"COLLECTIONS" means, for any Receivable as of any date, (i) all amounts, whether in the form of wire transfer, cash, checks, drafts, or other instruments that are received by the Receivables Seller, WESCO or any other Originator in payment of any amounts owed in respect of such Receivable (including purchase price finance charges, interest and other charges), or applied to any amount owed by an Obligor on account of such Receivable, including, without limitation, all amounts received on account of such Receivable (including insurance payments and net proceeds of the sale or disposition of repossessed goods or other collateral of any Person liable for repayment of such Receivable) and all other fees and charges related thereto, (ii) cash proceeds of Returned Goods with respect to such Receivable, (iii) all amounts paid by WESCO in respect of such Receivable pursuant to the Receivables Purchase and Sale Agreement and/or the Receivables Purchase Agreement and (iv) all Proceeds of such Receivable.

"CONTRACT" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"CREDIT PARTY" has the meaning ascribed to such term in the Credit Agreement.

"DISPOSITION" means, with respect to any assets of WESCO, any liquidation of WESCO or its assets, the establishment of any receivership for WESCO or its assets, a Bankruptcy proceeding of WESCO (either voluntary or involuntary), the payment of any insurance, condemnation, confiscation, seizure or other claim upon the condemnation, confiscation, seizure, loss or destruction or thereof, or damage to, or any other sale, transfer, assignment or other disposition of such assets.

"ENFORCEMENT" means collectively or individually, for (a) any of the Receivables Agent or the Receivables Purchasers to (i) declare the Expiration Date under the Receivables Documents or (ii) commence the judicial or nonjudicial enforcement of any of the default rights and remedies under any of the Receivables Documents upon the occurrence of such default and (b) any of the Lenders Agent or the Lenders during the continuance of a Lenders Event of Default (i) to demand payment in full of or accelerate the indebtedness of WESCO to the Lenders and Lenders Agent or (ii) to commence the judicial or nonjudicial enforcement of any of the default rights and remedies under any of the Loan Documents.

"ENFORCEMENT NOTICE" means a written notice delivered in accordance with SECTION 2.5 which notice shall (i) if delivered by the Receivables Agent, state that the Expiration Date has occurred, specify the nature of the Termination Event that has caused the declaration of such Expiration Date, and state that an Enforcement Period has commenced and (ii) if delivered by the Lenders Agent, state that a Lenders Event of Default has occurred and that the payment in full of the Lenders Claim has been demanded or the indebtedness of WESCO to the Lenders has been accelerated, specify the nature of the Lenders Event of Default that caused such demand and acceleration, and state that an Enforcement Period has commenced.

"ENFORCEMENT PERIOD" means the period of time following the receipt by either the Lenders Agent, on the one hand, or the Receivables Agent, on the other, of an Enforcement Notice delivered by any of the others until the earliest of the following: (1) the Receivables Claim has been satisfied in full, none of the Receivables Purchasers have any further obligations under the Receivables Documents and the Receivables Documents have been terminated; (2) the Lenders Claim has been satisfied in full, the Lenders have no further obligations under the Credit Agreement and the other Loan Documents and the Credit Agreement and the other Loan Documents have been terminated; and (3) the parties hereto agree in writing to terminate the Enforcement Period.

"FACILITY TERMINATION DATE" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"LENDERS" shall mean the Lenders from time to time party to the Credit Agreement, the Agent and each other Secured Party (as defined in the Security Agreement).

"LENDERS CLAIM" means all of the indebtedness, obligations and other liabilities of WESCO and the other Credit Parties now or hereafter arising under, or in connection with, the Credit Agreement and the other Loan Documents, including, but not limited to, all sums now or hereafter loaned or advanced to or for the benefit of WESCO, all reimbursement obligations of WESCO with respect to letters of credit and guarantees issued thereunder for its account, all guarantee obligations of the Credit Parties, any interest thereon (including, without limitation, interest accruing after the commencement of a bankruptcy, insolvency or similar proceeding relating to any of the Credit Parties, whether or not such interest is an allowed claim in any such proceeding), any reimbursement obligations, fees or expenses due thereunder, and any costs of collection or enforcement.

"LENDERS COLLATERAL" means all Collateral which does not constitute Receivables Assets.

"LENDERS EVENT OF DEFAULT" has the meaning ascribed to the term "Event of Default" in the Credit Agreement.

"LENDERS INTEREST" means, with respect to any property or interest in property, now owned or hereafter acquired or created, of WESCO or any of the Credit Parties, any lien, claim, encumbrance, security interest or other interest of the Lenders Agent or the Lenders in such property or interests in property.

"LOAN DOCUMENTS" has the meaning ascribed to such term in the Credit Agreement.

"OBLIGOR" has the meaning ascribed to such term in the Receivables Purchase and Sale Agreement.

"OUTSTANDING BALANCE" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"PERSON" means any individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity.

"PROCEEDS" has the meaning ascribed to such term in the UCC.

"PURCHASED RECEIVABLES" means now owned or hereafter existing Receivables sold, purported to be sold, transferred or contributed or purported to be transferred or contributed by WESCO or any other Originator to the Receivables Seller under the Receivables Purchase and Sale Agreement. Without limiting the generality of the foregoing, Purchased Receivables include all Receivables originated or acquired by WESCO or any other Originator.

"PURCHASER AGENTS" means each Person from time to time party to the Receivables Purchase Agreement in the capacity of a "Purchaser Agent."

"RECEIVABLE" means:

(a) indebtedness, right to payment or other obligation of an Obligor (whether constituting an account, chattel, paper, document, instrument or general intangible) arising from the provision of merchandise, goods or services to such Obligor, including all monies due or to become due with respect thereto, including the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto;

(b) all security interests or liens and property subject thereto from time to time securing or purporting to secure any such indebtedness by such Obligor;

(c) all guarantees, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such indebtedness;

(d) all Collections with respect to any of the foregoing;

(e) all Records with respect to any of the foregoing;

(f) when used with respect to a Purchased Receivable, all rights, interests and claims of the Receivables Seller under the Receivables Purchase and Sale Agreement; and

(g) all Proceeds with respect to any of the foregoing.

"RECEIVABLES ASSETS" means (i) the Purchased Receivables, (ii) the Collections related to such Purchased Receivables, (iii) Returned Goods relating to such Purchased Receivables, (iv) each deposit or other bank account to which any Collections of such Purchased Receivables are deposited (but in no event shall Receivables Assets include any Collections or other monies deposited in such accounts which are not Collections related to Purchased Receivables), and (v) all Proceeds with respect to any of the foregoing.

"RECEIVABLES CLAIM" means all indebtedness, obligations and other liabilities of WESCO and the other Originators to the Receivables Seller and of the Originators and the Receivables Seller to the Receivables Agent, the Receivables Purchasers and/or the Purchaser Agents now or hereafter arising under, or in connection with, the Receivables Documents, including, but not limited to, all sums or increases now or hereafter advanced or made to or for the benefit of the Receivables Seller thereunder as the purchase price paid for Purchased Receivables (or any interests therein) or otherwise under the Receivables Purchase Agreement, any yield thereon (including, without limitation, yield accruing after the commencement of a Bankruptcy, insolvency or similar proceeding relating to any Originator or the Receivables Seller, whether or not such yield is an allowed claim in any such proceeding), any repayment obligations, fees or expenses due thereunder, and any costs of collection or enforcement.

"RECEIVABLES DOCUMENTS" means the Receivables Purchase and Sale Agreement, the Receivables Purchase Agreement and any other agreements, instruments or documents (i)

executed by the Originators and delivered to the Receivables Seller, the Receivables Agent, the Purchase Agents or the Receivables Purchaser or (ii) executed by the Receivables Seller and delivered to the Receivables Agent, the Purchaser Agents or the Receivables Purchasers.

"RECEIVABLES INTEREST" means, with respect to any property or interests in property, now owned or hereafter acquired or created, of the Originators (regardless of whether sold or contributed by the Originators to the Receivables Seller), any lien, claim, encumbrance, security interest or other interest of the Receivables Seller and/or the Receivables Agent, the Purchaser Agents or any Receivables Purchaser in such property or interests in property.

"RECEIVABLES PURCHASER" means each Person from time to time party to the Receivables Purchase Agreement in the capacity of a "Conduit Purchaser" or a "Committed Purchaser", as each such term is defined in the Receivables Purchase Agreement.

"RECORDS" means all Contracts and other documents, books, records and other information (including computer programs, tapes, disks, data processing software and related property and rights) maintained with respect to Receivables, the Obligors thereunder and the Receivables Assets.

"RETURNED GOODS" means all right, title and interest of WESCO or any Originator, the Receivables Seller, the Receivables Agent or any Receivables Purchaser, as applicable, in and to returned, repossessed or foreclosed goods and/or merchandise the sale of which gave rise to a Receivable.

"TERMINATION EVENT" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the State of New York.

"UNSOLD RECEIVABLES" means any Receivables other than Purchased Receivables.

1.2. REFERENCES TO TERMS DEFINED IN THE RECEIVABLES DOCUMENTS AND THE LOAN DOCUMENTS. Whenever in SECTION 1.1 a term is defined by reference to the meaning ascribed to such term in any of the Receivables Documents or in any of the Loan Documents, then, unless otherwise specified herein, such term shall have the meaning ascribed to such term in the Receivables Documents or Loan Documents.

## ARTICLE 2. INTERCREDITOR PROVISIONS.

### 2.1. PRIORITIES WITH RESPECT TO RECEIVABLES ASSETS.

Notwithstanding any provision of the UCC, any applicable law, equitable principle or decision or any of the Loan Documents or the Receivables Documents, the Lenders Agent (for itself and on behalf of each Lenders) hereby agrees that, upon the sale or other transfer (including, without limitation, by way of capital contribution) or the purported sale or other purported transfer (including, without limitation, by means of capital contribution) of any Receivable (or interest therein) by WESCO



or any other Originator to the Receivables Seller pursuant to the Receivables Purchase and Sale Agreement, any Lenders Interest of the Lenders or the Lenders Agent solely in such Receivables and all Receivables Assets with respect thereto shall automatically and without further action cease and be forever released and discharged and the Lenders Agent and the Lenders shall have no Lenders Interest therein; PROVIDED, HOWEVER, that nothing in this SECTION 2.1 shall be deemed to constitute a release by the Lenders Agent and the Lenders of: (i) any Lenders Interest in the proceeds received by WESCO or any other Originator from the Receivables Seller for the sale of Receivables pursuant to the Receivables Purchase and Sale Agreement (including, without limitation, cash payments made by the Receivables Seller); (ii) any Lenders Interest or right of Lenders Agent or Lenders in any interest which WESCO or any other Originator may have in Returned Goods; PROVIDED, FURTHER, HOWEVER, that any Lenders Interest in such Returned Goods shall be junior and subject and subordinate to the Receivables Interest therein unless and until WESCO and the Receivables Seller shall have made all payments or adjustments required to be made under the Receivables Documents on account of the reduction of the outstanding balance of any Purchased Receivable related to such Returned Goods; and (iii) any Lenders Interest or right the Lenders or the Lenders Agent have in any Unsold Receivables and the proceeds thereof. If any goods or merchandise, the sale of which has given rise to a Purchased Receivable, are returned to or repossessed by WESCO or any other Originator, on behalf of the Receivables Seller, then, upon payment by WESCO or any other Originator and the Receivables Seller of all adjustments required on account thereof under the Receivables Purchase Agreement and the other Receivable Documents, the Receivables Interest in such Returned Goods shall automatically and without further action cease to exist and be released and extinguished and such Returned Goods shall thereafter not constitute Receivables Assets for purposes of this Agreement unless and until such Returned Goods have been resold so as to give rise to a Receivable and such Receivable has been sold or contributed to the Receivables Seller.

## 2.2. RESPECTIVE INTERESTS IN RECEIVABLES ASSETS AND LENDERS COLLATERAL.

(a) Except for all rights to access to and use of Records granted to the Receivables Agent, the Purchaser Agents and the Receivables Purchasers pursuant to the Receivables Documents and except for the Receivables Interest of the Receivables Agent (for the benefit of the Purchaser Agents and Receivables Purchasers) in Returned Goods, which interest is senior in all respects to any Lenders Interest therein, each of the Receivables Seller and the Receivables Agent (for itself and on behalf of each Receivables Purchaser) agrees that it does not have and shall not have any Receivables Interest in any of the Lenders Collateral. Each of the Receivables Seller and the Receivables Agent (for itself and on behalf of each Receivables Purchaser) agrees that it shall not request or accept, directly or indirectly (by assignment or otherwise) from WESCO or any other Originator any collateral security for payment of any Receivables Claims (other than any such collateral security included in the Receivables Assets and the right of access to and use of Records granted to the Receivables Agent and the Receivables Purchasers pursuant to the Receivables Documents) and hereby releases any Receivables Interest in any such collateral security.

(b) Except for rights in Returned Goods granted to the Lenders Agent and the Lenders, which Lenders Interest is junior and subordinate to any Receivables Interest therein, the

Lenders Agent (for itself and on behalf of each Lender) agrees that neither the Lenders Agent nor the Lenders have, nor shall they have, any Lenders Interest in the Receivables Assets.

2.3. DISTRIBUTION OF PROCEEDS. At all times, all proceeds of Lenders Collateral and Receivables Assets shall be distributed in accordance with the following procedure:

(a) All proceeds of the Lenders Collateral shall be paid to the Lenders Agent for application on the Lenders Claim and other obligations and liabilities owing under the Credit Agreement and other Loan Documents until the Lenders Claim and such other obligations and liabilities have been paid and satisfied in full in cash and each of the Credit Agreement and the other Loan Documents is terminated and, thereafter, any remaining proceeds shall be paid to WESCO or as otherwise required by applicable law. The Receivables Seller and the Receivables Agent (for itself and on behalf of each Receivables Purchaser) agrees that none of the Receivables Seller, the Receivables Agent or the Receivables Purchasers have, nor shall they have, any Receivables Interest in such remaining proceeds. The foregoing shall not, however, impair any claim or any right or remedy which the Receivables Seller, the Receivables Agent, the Purchaser Agents or the Receivables Purchasers may have against WESCO or any other Originator under the Receivables Documents or otherwise.

(b) All proceeds of the Receivables Assets shall be paid to the Receivables Agent for application against the Receivables Claim and for application in accordance with the Receivables Documents until the Receivables Claim has been paid and satisfied in full in cash and the Receivables Documents have terminated and, thereafter, any remaining proceeds shall be paid to the Receivables Seller or as otherwise required by applicable law. The Lenders Agent (for itself and on behalf of the Lenders) agrees that neither the Lenders Agent nor the Lenders have, nor shall they have, any Lenders Interest in such remaining proceeds. The foregoing shall not, however, impair any claim or any right or remedy which the Lenders Agent or the Lenders may have against WESCO or any other Originator under the Loan Documents or otherwise.

(c) In the event that any of the Receivables Seller, the Receivables Agent or the Receivables Purchasers now or hereafter obtains possession of any Lenders Collateral, it shall immediately deliver to the Lenders Agent such Lenders Collateral (and until delivered to the Lenders Agent such Lenders Collateral shall be held in trust for the Lenders Agent). Each of the Receivables Seller, the Receivables Agent (for itself and on behalf of each Receivables Purchaser) further agrees to immediately turn over the proceeds of any Disposition of Lenders Collateral which it (or any Receivables Purchaser) might receive while any Lenders Claim, any other obligations or liabilities under the Credit Agreement, any other Loan Document or any commitment to make financial accommodations thereunder remain outstanding, regardless of whether the Lenders Agent has a perfected and enforceable lien in the assets of WESCO or any other Originator from which the proceeds of any such Disposition have been received.

(d) In the event that any of the Lenders or the Lenders Agent now or hereafter obtains possession of any Receivables Assets, it shall immediately deliver to the Receivables Agent such Receivables Assets (and until delivered to the Receivables Agent such Receivables Assets shall be held in trust for the Receivables Agent). The Lenders Agent (for itself and on behalf of each Lenders) further agrees to immediately turn over the proceeds of any Disposition

of Receivables Assets to the Receivables Agent which it (or the Lenders) might receive while any Receivables Claim, any other obligations or liabilities under the Receivables Documents or any commitment to make financial accommodations thereunder remain outstanding, regardless of whether the Receivables Agent has a perfected and enforceable lien in the assets from which the proceeds of such Disposition have been received.

(e) To the extent that any Inventory of WESCO or any other Originator has been commingled with Returned Goods in which the Receivables Interest continues as provided in SECTION 2.1 above, and the Lenders Agent or any Lenders receives any proceeds on account of such Returned Goods (whether by reason of sale or by reason of insurance payments on account thereof) prior to release of such Receivables Interest, then all proceeds of such Returned Goods shall, promptly upon receipt of such proceeds by Lenders Agent, be paid to the Receivables Agent for application against the Receivables Claim.

#### 2.4. UNSOLD RECEIVABLES.

(a) The Receivables Seller and the Receivables Agent (for itself and on behalf of each Receivables Purchaser) hereby acknowledge that the Lenders Agent on behalf of the Lenders and itself shall be entitled to the Collections of Unsold Receivables.

(b) Each of the parties hereto hereby agrees that all Collections received on account of Receivables Assets shall be paid or delivered to the Receivables Agent for application in accordance with SECTION 2.3(b) and all Collections received on account of Unsold Receivables shall be paid or delivered to the Lenders Agent for application in accordance with SECTION 2.3(a).

(c) The Lenders Agent agrees that it shall not exercise any rights it may have under the Loan Documents to send any notices to Obligors informing them of the Lenders' interest (if any) in the Receivables or directing such Obligors to make payments in any particular manner of any amounts due under the Receivables prior to the payment in full of the Receivables Claim and the termination of the Receivables Documents, except that from and after any date on which (x) a Receivables Termination Notice has been delivered pursuant to Section 2.18, (y) the termination and cessation of transfers of Receivables is required to be effective under the terms of Section 2.18 and (z) the Receivables Claim has been paid in full or the Purchased Receivables giving rise to any unpaid Receivables Claim have been written off in accordance with their terms, the Lenders Agent may inform any Obligors of Unsold Receivables that such Unsold Receivables have been assigned to the Lenders Agent, so long as such notices do not under any circumstances direct that payments on account of such Unsold Receivables be made to any location or account to which payments on account of Purchased Receivables are required to be made pursuant to the terms of the Receivables Documents.

2.5. ENFORCEMENT ACTIONS. Each of the Lenders Agent and the Receivables Agent agrees to use reasonable efforts to give an Enforcement Notice to the others prior to commencement of Enforcement (but failure to do so shall not prevent such Person from commencing Enforcement or affect its rights hereunder nor create any cause of action or liability against such Person). Subject to the foregoing, each of the parties hereto agrees that during an Enforcement Period:

(a) Subject to any applicable restrictions in the Receivables Documents, the Receivables Agent may at its option and without the prior consent of the other parties hereto, take any action to (i) accelerate payment of the Receivables Claim or any other obligations and liabilities under any of the Receivables Documents and (ii) liquidate the Receivables Assets or to foreclose or realize upon or enforce any of its rights with respect to the Receivables Assets; PROVIDED, however, that, subject to Section 2.3(e), the Receivables Agent shall not take any action to foreclose or realize upon or to enforce any rights it may have with respect to any Receivables Assets constituting Returned Goods which have been commingled with the Lenders Collateral without the prior written consent of the Lenders Agent.

(b) Subject to any applicable restrictions in the Loan Documents, the Lenders Agent or the Lenders may, at their option and without the prior consent of the other parties hereto, take any action to accelerate payment of the Lenders Claim or any other obligation or liability arising under the Credit Agreement or any of the other Loan Documents, foreclose or realize upon or enforce any of their rights with respect to the Lenders Collateral, including, except as otherwise provided in SECTION 2.3(e), with respect to any Receivables Assets constituting Returned Goods that have been commingled with the Lenders Collateral, or take any other actions as they deem appropriate; PROVIDED, HOWEVER, that the Lenders Agent shall not otherwise take any action to foreclose or realize upon or to enforce any rights it may have with respect to uncommingled Returned Goods without the Receivables Agent's prior written consent unless the Receivables Claim shall have been first paid and satisfied in full and the Receivables Documents have terminated.

(c) If Returned Goods are commingled with Inventory, the parties agree to cooperate in the disposition of such Returned Goods and Inventory and the application of the proceeds thereof as provided in SECTION 2.3(e).

2.6. ACCESS TO RECORDS. Subject to any applicable restrictions in the Receivables Documents (but without limiting any rights under the Receivables Documents), each of the Receivables Purchasers, the Purchaser Agents and the Receivables Agent may enter one or more premises of WESCO, any other Originator, the Receivables Seller or their respective affiliates, whether leased or owned, at any time during reasonable business hours, without force or process of law and without obligation to pay rent or compensation to WESCO, any other Originator, the Receivables Seller, such affiliates, the Lenders or the Lenders Agent, whether before, during or after an Enforcement Period, and may have access to and use of all Records located thereon and may have access to and use of any other property to which such access and use are granted under the Receivables Documents.

2.7. ACCOUNTINGS. The Lenders Agent agrees to render statements to the Receivables Agent upon reasonable prior written request, which statements shall identify in reasonable detail the Unsold Receivables and shall render an account of the Lenders Claim, giving effect to the application of proceeds of Lenders Collateral as hereinbefore provided. The Receivables Agent agrees to render Purchase Reports (as defined in the Receivables Purchase

Agreement) to the Lenders Agent upon reasonable prior written request. WESCO and the Receivable Seller hereby authorize the Lenders Agent and the Receivables Agent to provide the statements described in this section. The Lenders Agent and the Receivables Agent shall bear no liability if their respective accounts are incorrect.

2.8. AGENCY FOR PERFECTION. The Receivables Agent and the Lenders Agent hereby appoint each other as agent for purposes of perfecting by possession their respective security interests and ownership interests and liens on the Collateral and Receivables Assets described hereunder. In the event that the Receivables Agent obtains possession of any of the Lenders Collateral, the Receivables Agent shall notify the Lenders Agent of such fact, shall hold such Lenders Collateral in trust and shall deliver such Lenders Collateral to the Lenders Agent upon request. In the event that the Lenders Agent obtains possession of any of the Receivables Assets, the Lenders Agent shall notify the Receivables Agent of such fact, shall hold such Receivables Assets in trust and shall deliver such Receivables Assets to the Receivables Agent upon request.

2.9. UCC NOTICES. In the event that any party hereto shall be required by the UCC or any other applicable law to give notice to the other of intended disposition of Receivables Assets or Lenders Collateral, respectively, such notice shall be given in accordance with SECTION 3.1 hereof and ten (10) days' notice shall be deemed to be commercially reasonable.

2.10. INDEPENDENT CREDIT INVESTIGATIONS. Neither the Receivables Purchasers, the Receivables Agent, the Lenders Agent nor the Lenders nor any of their respective directors, officers, agents or employees shall be responsible to the other or to any other person, firm, corporation or entity for the solvency, financial condition or ability of WESCO, any other Originator or the Receivables Seller to repay the Receivables Claim or the Lenders Claim, or for the worth of the Receivables Assets or the Lenders Collateral, or for statements of WESCO, any other Originator, the Receivables Seller or the Credit Parties, oral or written, or for the validity, sufficiency or enforceability of the Receivables Claim, the Lenders Claim, the Receivables Documents, the Loan Documents, the Receivables Agent's interest in the Receivables Assets or the Lenders' or Lenders Agent's interest in the Lenders Collateral. The Lenders and the Receivables Purchasers have entered into their respective agreements with WESCO, the Originators, the Receivables Seller or the Credit Parties, as applicable, based upon their own independent investigations. None of the Lenders, the Receivables Agent or the Receivables Purchasers makes any warranty or representation to the other nor does it rely upon any representation of the other with respect to matters identified or referred to in this SECTION 2.10.

2.11. LIMITATION ON LIABILITY OF PARTIES TO EACH OTHER. Except with respect to liability for breach of an express obligation under this Agreement, no party shall have any liability to any other party except for liability arising from the gross negligence or willful misconduct of such party.

2.12. AMENDMENTS TO FINANCING ARRANGEMENTS OR TO THIS AGREEMENT. The Lenders Agent agrees to use reasonable efforts to give, concurrently with any written amendment, waiver or other modification in the Loan Documents with respect to the Collateral, prompt notice to the Receivables Agent of the same and the Receivables Agent agrees to use

reasonable efforts to give, concurrently with any written amendment, waiver or other modification in the Receivables Documents with respect to the Receivable Assets or the Collateral, prompt notice to the Lenders Agent of the same; PROVIDED, however, that the failure to do so shall not create a cause of action against any party failing to give such notice or create any claim or right on behalf of any third party or affect any such amendment or modification. Each party hereto shall, upon reasonable request of any other party hereto, provide copies of all such modifications or amendments and copies of all other agreements, instruments, filings or documentation relevant to the Receivables Assets or the Lenders Collateral. All modifications or amendments of this Agreement must be in writing and duly executed by an authorized officer of each party hereto to be binding and enforceable.

2.13. MARSHALLING OF ASSETS. Nothing in this Agreement will be deemed to require either the Receivables Agent or the Lenders Agent (i) to proceed against certain property securing the Lenders Claim (or any other obligation or liability under the Credit Agreement or any other Loan Documents) or the Receivables Claim (or any other obligation or liability under the Receivables Documents), as applicable, prior to proceeding against other property securing such Claim or obligations or liabilities or against certain persons guaranteeing any such obligations or (ii) to marshal the Lenders Collateral (or any other collateral) or the Receivables Assets (as applicable) upon the enforcement of the Lenders Agent's or the Receivables Agent's remedies under the Loan Documents or Receivables Documents, as applicable.

#### 2.14. RELATIVE RIGHTS.

(a) The relative rights of the Lenders, each as against the other, shall be determined by agreement among such parties in accordance with the terms of the Credit Agreement and the other Loan Documents. The Receivables Agent and the Receivables Purchasers shall be entitled to rely on the power and authority of the Lenders Agent to act on behalf of all of the Lenders to the extent the provisions hereof have the Lenders Agent so act.

(b) The Lenders Agent and the Lenders shall be entitled to rely on the power and authority of the Receivables Agent to act on behalf of the Purchaser Agents and Receivables Purchasers to the extent the provisions hereof have the Receivables Agent so act.

2.15. EFFECT UPON LOAN DOCUMENTS AND RECEIVABLES DOCUMENTS. By executing this Agreement, WESCO, the other Originators and the Receivables Seller agree to be bound by the provisions hereof (i) as they relate to the relative rights of the Lenders and the Lenders Agent with respect to the property of WESCO; and (ii) as they relate to the relative rights of WESCO, the other Originators, the Receivables Seller, the Receivables Purchasers, the Purchaser Agents and/or the Receivables Agent as creditors of (or purchasers from) WESCO, the other Originators, or the Receivables Seller, as the case may be. Each of WESCO and the other Obligors acknowledges that the provisions of this Agreement shall not give it or any other Credit Party any substantive rights as against the Lenders Agent or the Lenders and that nothing in this Agreement shall (except as expressly provided herein) amend, modify, change or supersede the terms of the Loan Documents as between WESCO, the other Credit Parties, the Lenders Agent and the Lenders. Each of the Receivables Seller, WESCO and the other Obligors acknowledges that the provisions of this Agreement shall not give the Receivables Seller, WESCO, or the other

Originators any substantive rights as against the Receivables Agent, the Purchaser Agents or the Receivables Purchasers and that nothing in this Agreement shall (except as expressly provided herein) amend, modify, change or supersede the terms of the Receivables Documents as among the Receivables Seller, WESCO, the other Originators, the Receivables Agent, the Purchaser Agents or the Receivables Purchasers. WESCO, the other Originators and the Receivables Seller further acknowledge that the provisions of this Agreement shall not give any such party any substantive rights as against the other and that nothing in this Agreement shall amend, modify, change or supersede the terms of the Receivables Documents as among WESCO, the other Originators and the Receivables Seller. To the extent possible, this Agreement, the other Loan Documents and the Receivables Documents shall be read and construed together so as to give full effect to each of them. Notwithstanding the foregoing, each of the Receivables Agent (for itself and on behalf of each Receivables Purchaser), and the Lenders Agent (for itself and on behalf of each Lenders) agrees, that, as between themselves, to the extent the terms and provisions of the other Loan Documents or the Receivables Documents are inconsistent with the terms and provisions of this Agreement, the terms and provisions of this Agreement shall control.

2.16. NATURE OF THE LENDERS CLAIM AND MODIFICATION OF LOAN DOCUMENTS; NATURE OF RECEIVABLES CLAIM. (a) Each of the Receivables Seller and the Receivables Agent (for itself and on behalf of each Receivables Purchaser) acknowledge that the Lenders Claim and other obligations and liabilities owing under the Loan Documents are revolving in nature and that the amount of such revolving indebtedness which may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed. Except as provided in Section 2.12, the terms of the Credit Agreement and the other Loan Documents may be modified, extended or amended from time to time, and the amount thereof may be increased or reduced, all without notice to or consent by any of the Receivables Seller, the Receivables Agent or the Receivables Purchasers and without affecting the provisions of this Agreement. Without in any way limiting the generality of the foregoing, each of the Receivables Seller and the Receivables Agent (for itself and on behalf of each Receivables Purchaser) hereby agrees that the maximum amount of the Lenders Claim and other obligations and liabilities owing under the Loan Documents may be increased at any time and from time to time to any amount.

(b) Except as provided in Section 2.12, the terms of the Receivables Documents may be modified, extended or amended from time to time, and the amount thereof may be increased or reduced, all without notice to or consent by the Lenders Agent and without affecting the provisions of this Agreement. Without in any way limiting the generality of the foregoing, the Lenders Agent (for itself and on behalf of the Lenders) acknowledges that the Receivables Claim and other obligations owing under the Receivables Documents are revolving in nature and the amount of such indebtedness which may be outstanding at any time or from time to time may be increased or reduced in accordance with the terms of the Receivables Documents.

2.17. FURTHER ASSURANCES. Each of the parties agrees to take such actions as may be reasonably requested by any other party, whether before, during or after an Enforcement Period, in order to effect the rules of distribution and allocation set forth above in this ARTICLE 2 and to otherwise effectuate the agreements made in this ARTICLE 2.

2.18. TERMINATION AND CESSATION OF TRANSFER OF RECEIVABLES.

After the occurrence and during the continuance of a Lenders Event of Default and upon written notice thereof by the Lenders Agent to the Receivables Agent (a "Receivables Termination Notice"), (i) WESCO, the other Originators and the Receivables Seller shall terminate and cease all transfers of Receivables from WESCO and the other Originators to the Receivables Seller and (ii) the Receivables Seller and the Receivables Agent, Receivables Purchasers and Purchaser Agents shall terminate and cease, or shall cause the termination and cessation of, all transfers of Receivables from the Receivables Seller to the Receivables Purchasers or the Purchaser Agents (all such termination and cessation to be effective at the close of business on the date such notice is effective in accordance with SECTION 3.1; provided that in the case of a Lenders Event of Default resulting from the commencement of a Bankruptcy, insolvency or similar proceeding relating to WESCO, any Originator or any other Credit Party, all transfers of Receivables by the Originators to the Receivables Seller immediately and automatically shall terminate and cease without notice of any kind; PROVIDED, FURTHER, that neither the Receivables Agent, the Receivables Purchasers nor the Purchaser Agents shall have any responsibility for ensuring compliance by WESCO, the other Originators or the Receivables Seller with the provisions of this SECTION 2.18.). Nothing contained in this Section shall affect the rights of the Receivables Seller, Receivables Agent, Receivables Purchasers or Purchaser Agents with respect to Receivables transferred prior to delivery of such notice.

2.19 BLOCKED ACCOUNTS. The Receivables Agent (for itself and

on behalf of the Receivables Purchasers and Purchaser Agents) hereby consents to the execution of blocked account agreements with respect to bank accounts held in the name of the Receivables Seller (the "Blocked Account Agreements"), in accordance with the terms of the Security Agreement (it being understood that the interest of Lenders Agent, on behalf of itself and Lenders, in such bank accounts and amounts held therein shall extend only to Unsold Receivables and Collections and other proceeds in respect thereof). The Receivable Agent agrees, upon the written request of the Lenders Agent (an "Initial Notification Request"), to provide a written response stating whether or not the Receivables Documents have been terminated and all monetary obligations under the Receivables Documents have been satisfied in full and, if such termination and satisfaction have occurred, to notify the applicable banks under the Blocked Account Agreements (it being understood that the Lenders Agent shall deliver an Initial Notification Request only if it believes in good faith that the Receivables Documents may have been terminated and all monetary obligations thereunder may have been paid, or if the Lenders Agent has been instructed in good faith by the Requisite Lenders to make such Initial Notification Request). If the Receivables Agent does not respond in writing within five (5) Business Days of its receipt of the Initial Notification Request, the Lenders Agent may deliver a second notice (the "Final Notification Request") to the Receivables Agent asking it to provide a written response stating whether or not the Receivables Documents have been terminated and all monetary obligations under the Receivable Documents have been satisfied in full and, if such termination and satisfaction have occurred, to notify the applicable banks under the Blocked Account Agreements. In the event that the Receivables Agent has not responded in writing within three (3) Business Days of its receipt of the Final Notification Request, the Lenders Agent shall be entitled to activate the Blocked Account Agreements. Notwithstanding anything to the contrary in this Section 2.19, if the Receivables Agent responds in writing to an Initial Notification Request or a Final



Notification Request within the respective time periods allowed herein for such response, and such written response states that the Receivables Documents have not terminated or that all monetary obligations in respect thereof have not been satisfied, the Lenders Agent (regardless of whether it disputes the statements set forth in such response) shall not be entitled to activate any of the Blocked Accounts (or otherwise notify the applicable account banks to take other actions with respect to such Blocked Accounts) unless and until the Receivables Agent shall have indicated in writing (or a court of competent jurisdiction shall have determined) that the Receivables Documents have been terminated and all monetary obligations in respect thereof have been satisfied.

2.20 NO PETITION. The Lenders Agent, on behalf of itself and the Lenders, agrees that it shall not institute against or join any other Person in instituting against the Receivables Seller or a Receivables Purchaser any bankruptcy, reorganization, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy, insolvency or similar law until after the payment in full of the Receivable Claims and termination of the Receivable Documents.

### ARTICLE 3. MISCELLANEOUS

3.1. NOTICES. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including communication by facsimile copy) and mailed, telexed, transmitted or delivered, as to each party hereto, at its address set forth under its name on the signature pages hereof or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective upon receipt, or, in the case of notice by mail, five (5) days after being deposited in the mails, postage prepaid, or in the case of notice by facsimile copy, when verbal confirmation of receipt is obtained, in each case addressed as aforesaid.

3.2. AGREEMENT ABSOLUTE. Each of the Receivables Agent and the Receivables Purchasers shall be deemed to have entered into and continued with the Receivables Documents in express reliance upon this Agreement and the Lenders and the Lenders Agent shall be deemed to have entered into and continued with the Loan Documents in express reliance upon this Agreement. This Agreement may not be amended or otherwise modified, unless such amendment or other modification is agreed to in writing by all of the parties hereto. This Agreement shall be applicable both before and after the filing of any petition by or against WESCO, any other Originator or the Receivables Seller or any Credit Party under the U.S. Bankruptcy Code and all references herein to WESCO, any other Originator or the Receivables Seller or any Credit Party shall be deemed to apply to a debtor-in-possession for such party and all allocations of payments between the Lenders and the Receivables Purchasers shall, subject to any court order to the contrary, continue to be made after the filing of such petition on the same basis that the payments were to be applied prior to the date of the petition.

3.3. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns. The successors and assigns for WESCO and the Receivables Seller shall include a debtor-in-possession or trustee of or for such party. The successors and assigns for the Lenders, the

Receivables Purchasers, Purchaser Agents, the Lenders Agent and the Receivables Agent, as the case may be, shall include any successor Lenders, Receivables Purchasers, the Purchaser Agents, Lenders Agent and Receivables Agent, as the case may be, appointed under the terms of the Loan Documents or the Receivables Documents, as applicable. Each of the Lenders Agent (for itself and on behalf of each Lenders) and the Receivables Agent (for itself and on behalf of each Receivables Purchaser), as the case may be, agrees not to transfer any interest it may have in the Loan Documents or the Receivables Documents unless such transferee has been notified of the existence of this Agreement and its terms and conditions. In the event that the financing provided under the Credit Agreement shall be refinanced, replaced, refunded or restated, WESCO, the Receivables Seller and the Receivables Agent hereby agree, at the request of the agent or lenders under the credit facility that so refinances, replaces, refunds or restates, the financing under the Credit Agreement, to execute and deliver a new intercreditor agreement with such agent and/or lenders on substantially the same terms as herein provided. In the event that the financing provided under the Receivables Documents shall be refinanced, replaced, refunded or restated, the Lenders Agent (for itself and on behalf of each Lenders) hereby agrees that, at the request of the agent or purchasers under the facility that so refinances, replaces, refunds or restates the financing under the Receivables Documents, to execute and deliver a new intercreditor agreement with such agent and/or purchasers on substantially the same terms as herein provided.

3.4. BENEFICIARIES. The terms and provisions of this Agreement shall be for the sole benefit of the parties hereto, the Lenders, the Purchaser Agents and the Receivables Purchasers and their respective successors and assigns, and no other Person shall have any right, benefit or priority by reason of this Agreement.

3.5. GOVERNING LAW; JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN NEW YORK COUNTY, CITY OF NEW YORK, NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE PARTIES HERETO PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT.

3.6. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG

THEM IN CONNECTION WITH, THIS AGREEMENT OR THE TRANSACTIONS RELATED THERETO.

3.7. SECTION TITLES. The article and section headings contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

3.8. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

3.9. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed signature page by telecopy machine shall be as effective as delivery of a manually signed, original signature page.

[signature pages follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PNC BANK, NATIONAL ASSOCIATION,  
as Receivables Agent

By: /s/ John T. Smathers

-----  
Name: John T. Smathers  
Title: Vice President

Address: One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, Pennsylvania 15222  
Attention: John T. Smathers  
Telecopy: (412) 762-9184

FIFTH THIRD BANK, N.A.

By: /s/ Christopher S. Helmeçi

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Name: Christopher S. Helmeçi  
Title: Vice President

MELLON BANK, N.A.

By: /s/ Roy W. Hartmann

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Name: Roy W. Hartmann  
Title: First Vice President

THE BANK OF NOVA SCOTIA

By: /s/ J. Alan Edwards

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Name: J. Alan Edwards  
Title: Managing Director

GENERAL ELECTRIC CAPITAL CORPORATION,  
as Lenders Agent

By: /s/ Michael Lustbader

-----  
Name: Michael Lustbader  
Title: Duly Authorized Signatory

Address: 800 Connecticut Avenue  
Norwalk, Connecticut 06854  
Attention: WESCO Distribution - Account  
Manager  
Telecopy: (203) 852-3647



WESCO RECEIVABLES CORP.,  
as Receivables Seller

By: /s/ Daniel A. Brailer

-----  
Name: Daniel A. Brailer  
Title: Treasurer

Address: Commerce Court, Suite 700  
-----  
Four Station Square  
-----  
Pittsburgh, Pa 15219  
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Attention: Daniel A. Brailer  
-----

Telecopy: (412) 454-2555  
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HERNING ENTERPRISES, INC.

By: /s/ Stephen A. Van Oss

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Name: Stephen A. Van Oss  
Title: Vice President

WESCO EQUITY CORPORATION

By: /s/ Daniel A. Brailer

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Name: Daniel A. Brailer  
Title: Treasurer

WESCO DISTRIBUTION, INC.  
as Seller, as Servicer and as Borrower

By: /s/ Daniel A. Brailer

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Name: Daniel A. Brailer  
Title: Treasurer

Address: Commerce Court, Suite 700  
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Four Station Square  
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Pittsburgh, Pa 15219  
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Attention: Daniel A. Brailer  
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Telecopy: (412) 454-2555  
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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-81857, 333-81847, 333-81845, 333-81841 and 333-91187) of WESCO International, Inc. of our reports dated February 12, 2002, except as to the subsequent event described in Note 20 which is as of March 19, 2002, relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

Pittsburgh, Pennsylvania  
March 29, 2002