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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, 2005

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.)
225 West Station Square Drive **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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes☐ No

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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes☐ No

The registrant estimates that the aggregate market value of the voting shares held by non-affiliates of the registrant was approximately $1,264.4 million as of June 30, 2005, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on the New York Stock Exchange for such stock.

As of March 10, 2006, 48,081,786 shares of Common Stock, par value $.01 per share, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this Form 10-K incorporates by reference portions of the registrant's Proxy Statement for its 2006 Annual Meeting of Stockholders.

WESCO INTERNATIONAL, INC.

Annual Report on Form 10-K for the Fiscal Year Ended

December 31, 2005

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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, Co. ("WESCO Canada"), both of which are wholly owned by WESCO.

The Company

With sales of $4.4 billion in 2005, WESCO, incorporated in 1993, is a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as "MRO." We believe we are the largest distributor in terms of sales in the estimated $74 billion* U.S. electrical wholesale distribution industry based upon published industry sources and our assessment of peer company 2005 sales. We believe we are also the largest provider of integrated supply services for MRO goods and services in the United States.

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

Industry Overview

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

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

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

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

Business Strategy

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

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

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

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

- expanding our product and service offerings to existing customers in industries we currently serve;
- targeting new customers in industries we currently serve; and
- targeting markets that provide significant growth opportunities, such as multi-site retail construction, education and healthcare facilities, original equipment manufacturers ("OEM") and regional and national contractors.

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

- offering existing national account customers new products and services and serving additional customer locations;
- extending certain established national account relationships to include our integrated supply services; and
- expanding our customer base by leveraging our existing industry expertise in markets served to enter into new markets.

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

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

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

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

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

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

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

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

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

Competitive Strengths

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

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

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

- *National Accounts* — we coordinate product supply and materials management activities for MRO supplies, project needs and direct material for national and regional customers with multiple locations who seek purchasing leverage through a single electrical products provider. Regional and national contractors and top engineering and construction firms that specialize in major projects such as airport expansions, power plants and oil and gas facilities are also a focus group for our national accounts program;
- *Integrated Supply* — we design and implement programs that enable our customers to significantly reduce the number of MRO suppliers they use through services that include highly automated, proprietary electronic procurement and inventory replenishment systems and on-site materials management and logistics services.

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

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

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

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

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

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

Products and Services

Products

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

Representative products and services that we offer include:

- *Electrical Supplies.* Wiring devices, fuses, terminals, connectors, boxes, enclosures, fittings, lugs, terminations, tape, and splicing and marking equipment;
- *Industrial Supplies.* Tools and testers, safety and security, fall protection, personal protection, consumables, janitorial and other MRO supplies;
- *Power Distribution.* Circuit breakers, transformers, switchboards, panel boards, metering products and busway products;
- *Lighting.* Lamps, fixtures, ballasts and lighting control products; · *Wire and Conduit.* Wire, cable, raceway, metallic and non-metallic conduit;
- *Control, Automation and Motors.* Motor control devices, drives, surge and power protection, relays, timers, pushbuttons and operator interfaces; and
- *Data Communications.* Cables, cable management and connecting hardware.

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

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

Services

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

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

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

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

Markets and Customers

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

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

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

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

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

Utilities. Sales to utilities accounted for approximately 17% of our sales in 2005. This market includes large investor-owned utilities, rural electric cooperatives and municipal power authorities. We provide our utility customers with transmission and distribution products and an extensive range of supplies to meet their MRO and capital projects needs. Full materials management and procurement outsourcing arrangements are also important in this market as cost pressures and deregulation cause utility customers to streamline purchasing and inventory control practices.

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

Distribution Network

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

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

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

Sales Organization

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

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

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

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

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

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

International Operations

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

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

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

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

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

Management Information Systems

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

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

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

The centralized platform facilitates the processing of customer orders, shipping notices, suppliers' purchase orders and funds transfer via EDI. We have long supported standard EDI with many trading partners. Over the years we have added capability to support several other integration vehicles beyond standard EDI to better support our customer's needs. The evolving integration capability allows us to seamlessly connect our information systems platform with those of our customers and suppliers. Our e-commerce purchasing and order fulfillment platform is a user-friendly platform that will be integrated with our legacy systems.

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

Competition

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

Employees

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

Intellectual Property

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

Environmental Matters

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

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

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

Seasonality

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

Website Access

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

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

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," Item 1A, "Risk Factors," 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," "will" 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.

Executive Officers

Our executive officers and their respective ages and positions as of December 31, 2005 are set forth below.

Name	Age	Position
Roy W. Haley	59	Chairman and Chief Executive Officer
John J. Engel	43	Senior Vice President and Chief Operating Officer
Stephen A. Van Oss	51	Senior Vice President, Chief Financial Officer and Administrative Officer
William M. Goodwin	60	Vice President, Operations
Robert B. Rosenbaum	48	Vice President, Operations
Donald H. Thimjon	62	Vice President, Operations
Ronald P. Van, Jr.	45	Vice President, Operations
Daniel A. Brailer	48	Treasurer and Director of Investor Relations
Marcy Smorey-Giger	34	Corporate Counsel and Secretary

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

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

John J. Engel has been Senior Vice President and Chief Operating Officer since July 2004. Mr. Engel served from 2003 to 2004 as Senior Vice President and General Manager of Gateway, Inc. From 1999 to 2002, Mr. Engel served as an Executive Vice President and Senior Vice President of Perkin Elmer, Inc. In addition Mr. Engel was a Vice President and General Manager of Allied Signal from 1994 to 1999 and held various management positions in General Electric from 1985 to 1994.

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

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

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

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

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

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

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

Item 1A. Risk Factors.

The following factors, among others, could cause our actual results to differ materially from the forward-looking statements we make. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified by the following cautionary statements:

Our outstanding indebtedness requires debt service obligations that could adversely affect our ability to fulfill our obligations and could limit our growth and impose restrictions on our business.

As of December 31, 2005, we had $403.6 million of consolidated indebtedness, including $150 million in aggregate principal amount of 7.50% Senior Subordinated Notes due 2017 (the “2017 Notes”) and $150 million in aggregate principal amount of 2.625% Convertible Senior Debentures due 2025 (the “Debentures”), and stockholders’ equity of $491 million. We and our subsidiaries may incur additional indebtedness in the future, subject to certain limitations contained in the instruments governing our indebtedness. These amounts exclude our accounts receivable securitization facility (the “Receivables Facility”), through which we sell up to $400 million of our accounts receivable to a third-party conduit and remove these receivables from our consolidated balance sheet. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates.”

Our debt service obligations have important consequences, including but not limited to 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;
- we may be hindered in our ability to adjust rapidly to changing market conditions; and
- we may be required to incur additional interest due to the contingent interest feature of the Debentures, which is an embedded derivative.

Our ability to make scheduled payments of principal and interest on our debt, refinance our indebtedness, make scheduled payments on our operating leases, fund planned capital expenditures or to 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.

Our Receivables Facility has a three-year term and is subject to renewal in May 2008. There can be no assurance that available funding or any sale of assets or additional financing would be possible at the time of renewal in amounts or terms favorable to us, if at all.

Over the next three years, we are obligated to pay approximately $58.9 million of which $29.0 million is related to our revolving credit facility, $23.4 million in notes payable associated with acquisitions, $4.0 million related to our mortgage credit facility and $2.5 million related to capital leases. Additionally, another acquisition agreement contains contingent consideration for the final acquisition payment which management has estimated will be $5.0 million and is reported as deferred acquisition payable. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.”

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

Our credit facilities and the indenture governing WESCO Distribution’s senior subordinated indebtedness contain, and any of our future debt agreements may contain, certain covenant restrictions that limit our ability to operate our business, including restrictions on our ability to:

- incur additional debt or issue guarantees;
- create liens;
- make certain investments;

- enter into transactions with our affiliates;
- sell certain assets;
- redeem capital stock or make other restricted payments;
- declare or pay dividends or make other distributions to stockholders; and
- merge or consolidate with any person.

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

As a result of these covenants, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. In addition, our failure to comply with these covenants could result in a default under the Debentures, the 2017 Notes and our other debt, which could permit the holders to accelerate such debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt.

We may be unable to repurchase the Debentures or the 2017 Notes for cash when required by the holders, including following a fundamental change.

Holders of the Debentures have the right to require us to repurchase the Debentures on specified dates or upon the occurrence of a fundamental change prior to maturity. The occurrence of a change of control would also constitute an event of default under our credit facilities, requiring repayment of amounts outstanding thereunder, and the occurrence of a change of control would also enable holders of the 2017 Notes to require WESCO Distribution to repurchase such 2017 Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any. Any of our future debt agreements may contain similar provisions. We may not have sufficient funds to make the required repayments and repurchase at such time or the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the Debentures or the 2017 Notes in cash may be limited by law or the terms of other agreements relating to our debt outstanding at the time, including other credit facilities, which will limit our ability to purchase the Debentures or 2017 Notes for cash in certain circumstances. If we fail to repurchase the Debentures or 2017 Notes in cash as required by the respective indentures, it would constitute an event of default under the applicable indenture, which, in turn, would constitute an event of default under our credit facilities and the other indenture.

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

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

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

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

An increase in competition could decrease sales or earnings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There may be future dilution of our common stock.

To the extent options to purchase common stock under our stock option plans are exercised, holders of our common stock will incur dilution. Additionally, our Debentures include a contingent conversion price provision and the option for a settlement in shares which will increase dilution to our stockholders.

There is a risk that the market value of our common stock may decline.

Stock markets have experienced significant price and trading volume fluctuations, and the market prices of companies in our industry have been volatile. It is impossible to predict whether the price of our common stock will rise or fall. Trading prices of our common stock will be influenced by our operating results and prospects and by economic, financial and other factors.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

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

The following table summarizes our distribution centers:

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

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

Item 3. Legal Proceedings.

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

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

Information relating to legal proceedings is included in Note 14, Commitments and Contingencies of the Notes to Consolidated Financial Statements and is incorporated herein by reference.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of our security holders during the fourth quarter of 2005.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange under the symbol "WCC." As of March 10, 2006, there were 48,081,786 shares of common stock outstanding held by approximately 28 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. In addition, our revolving credit facility and the indenture governing the 2017 Notes restrict our ability to pay dividends. 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 prices per share of our common stock, as reported on the New York Stock Exchange, for the periods indicated.

	Sales Prices	
Quarter	High	Low
2004		
First	$16.20	$ 8.87
Second	18.75	13.20
Third	25.75	16.00
Fourth	30.14	20.50
2005		
First	$37.37	$27.12
Second	31.93	23.14
Third	35.35	30.69
Fourth	44.21	33.49

In December 2004, we completed a public offering of 4.0 million shares of our common stock. Certain selling stockholders offered an additional 7.1 million shares of common stock. Our net proceeds, which were approximately $99.9 million after deducting the underwriting discounts and offerings expenses, were used to repurchase a portion of our then outstanding 9.125% Senior Subordinated Notes due 2008 (the "2008 Notes") in the first quarter of 2005.

Item 6. Selected Financial Data.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in millions, except share data)				
Income Statement Data:					
Net sales	$ 4,421.1	$ 3,741.3	$ 3,286.8	$ 3,325.8	$ 3,658.0
Gross profit (1)	840.7	712.1	610.1	590.8	643.5
Selling, general and administrative expenses	612.8	544.5	501.5	494.4	517.2
Depreciation and amortization (2)	18.6	18.1	22.5	19.8	31.0
Income from operations	209.3	149.5	86.1	76.6	95.3
Interest expense, net	30.2	40.8	42.3	43.0	45.1
Loss on debt extinguishment (3)	14.9	2.6	0.2	1.1	—
Other expenses (4)	13.3	6.6	4.5	6.6	16.9
Income before income taxes	150.9	99.5	39.1	25.9	33.3
Provision for income taxes (5)	47.4	34.6	9.1	2.8	13.1
Net income	$ 103.5	$ 64.9	$ 30.0	$ 23.1	$ 20.2
Earnings per common share					
Basic	$ 2.20	$ 1.55	$ 0.67	$ 0.51	$ 0.45
Diluted	$ 2.10	$ 1.47	$ 0.65	$ 0.49	$ 0.43
Weighted average common shares outstanding					
Basic	47,085,524	41,838,034	44,631,459	45,033,964	44,862,087
Diluted	49,238,436	44,109,153	46,349,082	46,820,093	46,901,673
Other Financial Data:					
Capital expenditures	$ 14.2	$ 12.1	$ 8.4	$ 9.3	$ 13.8
Net cash provided by operating activities	295.1	21.9	35.8	20.3	161.3
Net cash used by investing activities	(291.0)	(46.3)	(9.2)	(23.1)	(69.2)
Net cash provided (used) by financing activities	(17.0)	30.7	(22.3)	(49.9)	(38.0)
Balance Sheet Data:					
Total assets	$ 1,651.2	$ 1,356.9	$ 1,161.2	$ 1,019.5	$ 1,170.8
Total long-term debt (including current portion)	403.6	417.6	422.2	418.0	452.0
Long-term obligations (6)	4.3	2.0	53.0	—	—
Stockholders' equity	491.5	353.6	167.7	169.3	144.7

(1) Excludes depreciation and amortization.

(2) Effective for 2002, WESCO adopted Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets,* as described in Note 2 to the consolidated financial statements.

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

(4) Represents costs relating to the sale of accounts receivable pursuant to our Receivables Facility. See Note 4 to the consolidated financial statements.

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

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

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 in Item 8 of this Annual Report on Form 10-K.

Company Overview

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

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

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

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

Interest expense decreased to $30.2 million in 2005 from $40.8 million in 2004 as we refinanced our indebtedness at lower interest rates. We redeemed, over the course of 2005, all of our remaining outstanding 2008 Notes and replaced these 2008 Notes in September 2005 with $150 million in aggregate principal amount of 2017 Notes and with $150 million in aggregate principal amount of Debentures.

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

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

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

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

We have historically financed our working capital requirements, capital expenditures, acquisitions and new branch openings through internally generated cash flow, borrowings under our credit facilities and funding through our Receivables Facility. In 2005, we purchased the assets and business of Fastec Industrial Corp. ("Fastec") for approximately $32 million using cash from operations, borrowing from our revolving credit facility and a $3.3 million promissory note. Our acquisition of Carlton-Bates Corporation in September 2005 for approximately $250 million was financed using our Receivables Facility and proceeds from the sale of 2017 Notes.

Cash Flow

We generated $295.1 million in operating cash flow during 2005. Included in this amount was $189.0 million of cash drawn under our Receivables Facility, whereby we sell, on a continuous basis, an undivided interest in all domestic accounts receivable to WESCO Receivables Corp., a wholly owned, special-purpose entity (“SPE”). Acquisition payments made in 2005 (net of cash acquired) were $248.5 million for the acquisition of Carlton-Bates, $28.8 million (exclusive of a promissory note in favor of the sellers) to acquire Fastec, and $1.6 million in earnout payments arising from prior acquisitions. In June 2005, we paid $30.0 million pursuant to the terms of a note payable relating to our acquisition in 1998 of Bruckner Supply Company, Inc. (“Bruckner”). During 2005, we received gross proceeds from the issuance of 2017 Notes of $150.0 million and from the issuance of our Debentures of $150.0 million. In 2005, we redeemed $323.5 million in aggregate principal amount of 2008 Notes, incurring charges before taxes of $14.9 million.

Financing Availability

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

Outlook

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

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

Gross Profit

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

Allowance for Doubtful Accounts

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

Excess and Obsolete Inventory

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

Supplier Volume Rebates

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

Goodwill

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

Intangible Assets

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

Insurance Programs

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

Income Taxes

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

Accounts Receivable Securitization Facility

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

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

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

Results of Operations

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

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

2005 Compared to 2004

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

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

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

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

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

Interest Expense. Interest expense totaled $30.2 million in 2005, compared with $40.8 million in 2004. The decrease was due primarily to redemptions of the 2008 Notes, which occurred in 2005 and to comparatively lower interest rates on the 2017 Notes and our Debentures.

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

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

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

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

2004 Compared to 2003

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

Total assets were approximately $1.7 billion at December 31, 2005, a $294 million increase from December 31, 2004. The increase was principally attributable to acquisitions, as goodwill increased by $141 million and intangible assets increased by $83 million. Inventories increased by $113 million, about half of which was due to acquisitions. Accounts receivable decreased by approximately $68 million, as we utilized our Receivables Facility. Property, plant and equipment increased by approximately $8 million as a result of increased investments, and other assets increased by approximately $8 million as a result of issuance costs associated with new debt, including 2017 Notes and Debentures. Income taxes receivable increased in 2005 by approximately $6.7 million as a result of an increase in the refunds due the Company, and the net change in all other assets was matched by a corresponding change in ending cash. Stockholders' equity increased by 38.7% to $491 million at December 31, 2005, compared with $354 million at December 31, 2004, as a result of net earnings of $103.5 million, $31 million related to exercises of stock options and $3.8 million from foreign currency translation adjustments.

The following table sets forth our outstanding indebtedness:

	As of December 31,	
	2005	2004
	(In thousands)	
Revolving credit facility	$ 29,000	—
Mortgage financing facility	48,213	49,391
Acquisition related notes:		
Bruckner	20,000	50,000
Fastec	3,329	—
Other	176	36
Capital leases	2,839	840
9.125% Senior Subordinated Notes due 2008(1)	—	317,319
7.50% Senior Subordinated Notes due 2017	150,000	—
2.625% Convertible Senior Debentures due 2025	150,000	—
	403,557	417,586
Less current portion	(36,825)	(31,413)
Less short-term debt	(14,500)	—
	$352,232	$386,173

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

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

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

The following table sets forth details of our Receivables Facility:

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

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

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

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

Revolving Credit Facility

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

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

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

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

Mortgage Financing Facility

In 2003, we finalized a mortgage financing facility of $51.0 million, $48.2 million of which was outstanding as of December 31, 2005. Total borrowings under the mortgage financing facility are subject to a 22-year amortization schedule, with a balloon payment due at the end of the 10-year term. The interest rate on borrowings under this facility is fixed at 6.5%. Proceeds from the borrowings were used primarily to reduce outstanding borrowings under our revolving credit facility.

Bruckner Note Payable

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

9.125% Senior Subordinated Notes due 2008

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

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

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

Interest Rate Swap Agreements

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

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

7.50% Senior Subordinated Notes due 2017

At December 31, 2005, $150 million in aggregate principal amount of the 2017 Notes were outstanding. The 2017 Notes were issued by WESCO Distribution under an indenture dated as of September 27, 2005, with J.P. Morgan Trust Company, National Association, as trustee, and are unconditionally guaranteed on an unsecured senior basis by WESCO International, Inc. The 2017 Notes accrue interest at the rate of 7.50% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006.

At any time on or after October 15, 2010, WESCO Distribution may redeem all or a part of the 2017 Notes. Between October 15, 2010 and October 14, 2011, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 103.750% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 102.500% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 100% of the principal amount.

If WESCO Distribution undergoes a change of control prior to maturity, holders of 2017 Notes will have the right, at their option, to require WESCO Distribution to repurchase for cash some or all of their 2017 Notes at a repurchase price equal to 101% of the principal amount of the 2017 Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

2.625% Convertible Senior Debentures due 2025

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

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

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

Covenant Compliance

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

Cash Flow

An analysis of cash flows for 2005 and 2004 follows:

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

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

Financing Activities. Cash used by financing activities in 2005 was $17.0 million, which included $300 million of cash inflow from the issuance of the 2017 Notes and the Debentures and $343 million from borrowings under our revolving credit facility. We also received $8.2 million from employees for the exercise of equity awards. Uses of cash included $317.3 million of net principal amount for the redemption of our 2008 Notes, payments of $314 million to reduce our revolving credit facility, $30.0 million payment pursuant to the Bruckner note in June 2005 and $1.3 million for payments on mortgages. We also paid $9.0 million for debt issuance costs related to our 2017 Notes and the Debentures. Cash provided by financing activities in 2004 was $30.7 million, primarily from net proceeds related to our stock offering of $99.9 million, net of issuance costs and proceeds from the exercise of stock options of $8.4 million, offset by net debt repayments of $57.4 million and cash payments made to certain employees for the redemption of stock options of $20.1 million.

Contractual Cash Obligations and Other Commercial Commitments

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

	2006	2007 to 2008	2009 to 2010	2010 - After	Total
	(In millions)				
Contractual cash obligations (including interest):					
Revolving credit facility	$ 29.0	$ —	$ —	$ —	$ 29.0
Mortgage financing facility	4.3	8.6	8.6	46.8	68.3
Non-cancelable operating and capital leases	28.9	41.9	20.4	11.7	102.9
Bruckner note	21.6	—	—	—	21.6
Fastec note	—	3.6	—	—	3.6
Acquisition agreements	2.7	4.4	.1	.1	7.3
7.50% Senior Subordinated Notes due 2017	11.3	22.5	22.5	228.7	285.0
2.625% Convertible Senior Debentures due 2025	3.9	7.9	7.9	209.1	228.8
Total contractual cash obligations	$101.7	$88.9	$59.5	$496.4	$746.5

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

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

Off-Balance Sheet Arrangements

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

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

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

Inflation

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

Seasonality

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

Impact of Recently Issued Accounting Standards

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

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*. This statement is a revision of SFAS Statement No. 123, *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25 *Accounting for Stock Issued to Employees*, and its related implementation guidance. SFAS No. 123R addresses all forms of share-based payment ("SBP") awards, including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, SBP awards result in a cost that will be measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest, and will be reflected as compensation expense in the financial statements. In addition, this statement will apply to unvested options granted prior to the effective date. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 regarding the SEC Staff's interpretation of SFAS No. 123R and provides the Staff's view regarding interaction between SFAS No. 123R and certain SEC rules and regulations, and provides interpretation of the valuation of SBP for public companies. In April 2005, the SEC approved a rule that delays the effective date of SFAS No. 123R for annual, rather than interim, reporting periods that begin after June 15, 2005. In January 2006, the FASB approved the release of FASB Staff Position ("FSP") No. FAS 123 (R)-4, *Clarification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement Upon the Occurrence of a Contingent Event.* The FSP addresses certain contingencies we might have incurred related to our stock option plans. We will adopt SFAS No. 123R utilizing a modified prospective method and beginning with the reporting period ending March 31, 2006. The adoption of SFAS No. 123R and the subsequently issued FSP will not produce a material impact on the Company's financial position, results of operations and cash flows.

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

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risks.

Foreign Currency Risks

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

Interest Rate Risk

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

Fixed Rate Borrowings: In 2005 we reduced our borrowing rate on a major portion of our fixed-rate debt, redeeming $323.5 million in aggregate, principal outstanding on our 2008 Notes at 9.125%, and issuing $150 million of our 2017 Notes at 7.5% and $150 million of our Debentures at 2.625%. As these borrowings were issued at fixed rates, interest expense would not be impacted by interest rate fluctuations, although market value would be. Historically, we have used interest swap agreements to mitigate the risk of changes fair value due interest rate fluctuations. At December 31, 2005, interest rates were within 100 basis points of the coupon rate of the 2017 Notes and the Debentures. Fair value exceeded carrying value of these debt instruments (see note 8, “Debt”). Interest expense on our other fixed rate debt also was not impacted due to changes in market interest rates, and fair value approximated carrying value for this debt as well.

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

Item 8. Financial Statements and Supplementary Data.

The information required by this item is set forth in our 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 Registered Public Accounting Firm	33
Consolidated Balance Sheets as of December 31, 2005 and 2004	35
Consolidated Statements of Income for the years ended December 31, 2005, 2004 and 2003	36
Consolidated Statements of Stockholders’ Equity for the years ended December 31, 2005, 2004 and 2003	37
Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003	38
Notes to Consolidated Financial Statements	39

Report of Independent Registered Public Accounting Firm

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

We have completed integrated audits of WESCO International, Inc.'s 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005 and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of WESCO International, Inc. and its subsidiaries at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control-Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Carlton-Bates Company and Fastec Industrial Corp. from its assessment of internal control over financial reporting as of December 31, 2005 because they were acquired by the Company in purchase business combinations during 2005. We have also excluded Carlton-Bates Company and Fastec Industrial Corp. from our audit of internal controls over financial reporting. Carlton-Bates Company is a wholly-owned subsidiary whose total assets and total revenues represent $291.7 million and $76.8 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005. Fastec Industrial Corp. is a wholly-owned subsidiary whose total assets and total revenues represent $44.8 million and $27.7 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005.

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
March 15, 2006

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31 2005	2004
	(Dollars in thousands, except share data)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 22,125	$ 34,523
Trade accounts receivable, net of allowance for doubtful accounts of $12,609 and $12,481 in 2005 and 2004, respectively **(Note 4)**	315,594	383,364
Other accounts receivable	36,235	30,237
Inventories, net	500,798	387,339
Current deferred income taxes **(Note 10)**	13,399	3,920
Income taxes receivable	12,814	6,082
Prepaid expenses and other current assets	7,898	9,451
Total current assets	908,863	854,916
Property, buildings and equipment, net **(Note 7)**	103,083	94,742
Intangible assets, net **(Note 3)**	83,892	537
Goodwill **(Note 3)**	542,217	401,610
Other assets	13,104	5,050
Total assets	$1,651,159	$1,356,855
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 572,467	$ 455,821
Accrued payroll and benefit costs **(Notes 12 and 13)**	51,220	43,350
Short-term debt **(Note 8)**	14,500	—
Current portion of long-term debt **(Note 8)**	36,825	31,413
Deferred acquisition payable **(Note 5)**	2,680	1,014
Bank overdrafts	3,695	—
Other current liabilities	38,499	32,647
Total current liabilities	719,886	564,245
Long-term debt **(Note 8)**	352,232	386,173
Long-term deferred acquisition payable **(Note 5)**	4,346	2,026
Other noncurrent liabilities	9,507	7,904
Deferred income taxes **(Note 10)**	73,738	42,954
Total liabilities	$1,159,709	$1,003,302
Commitments and contingencies **(Note 14)**		
Stockholders' Equity (Note 9):		
Preferred stock, $.01 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $.01 par value; 210,000,000 shares authorized, 51,790,725 and 50,483,970 shares issued in 2005 and 2004, respectively	518	505
Class B nonvoting convertible common stock, $.01 par value; 20,000,000 shares authorized, 4,339,431 shares issued in 2005 and 2004; no shares outstanding in 2005 and 2004	43	43
Additional capital	707,407	676,465
Retained deficit	(168,332)	(271,858)
Treasury stock, at cost; 8,418,607 and 8,407,790 shares in 2005 and 2004, respectively	(61,821)	(61,449)
Accumulated other comprehensive income	13,635	9,847
Total stockholders' equity	491,450	353,553
Total liabilities and stockholders' equity	$1,651,159	$1,356,855

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	2005	**2004**	**2003**
	(In thousands, except share data)		
Net sales	$4,421,103	$3,741,253	$3,286,766
Cost of goods sold (excluding depreciation and amortization below)	3,580,398	3,029,132	2,676,701
Gross profit	840,705	712,121	610,065
Selling, general and administrative expenses	612,780	544,532	501,462
Depreciation and amortization	18,639	18,143	22,558
Income from operations	209,286	149,446	86,045
Interest expense, net	30,183	40,791	42,317
Loss on debt extinguishment, net **(Note 8)**	14,914	2,577	180
Other expenses **(Note 4)**	13,305	6,580	4,457
Income before income taxes	150,884	99,498	39,091
Provision for income taxes **(Note 10)**	47,358	34,566	9,085
Net income	$ 103,526	$ 64,932	$ 30,006
Earnings per share **(Note 11)**			
Basic	$ 2.20	$ 1.55	$ 0.67
Diluted	$ 2.10	$ 1.47	$ 0.65

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

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Comprehensive Income	Common Stock Amount	Common Stock Shares	Class B Common Stock Amount	Class B Common Stock Shares	Additional Capital	Retained Earnings (Deficit)	Treasury Stock Amount	Treasury Stock Shares	Accumulated Other Income (Loss)
Balance, December 31, 2002		$ 445	44,483,513	$ 46	4,653,131	$ 570,923	$(366,796)	$(33,841)	(4,033,020)	$ (1,489)
Exercise of stock options, including tax benefit of $408		2	202,581			937		(234)	(28,048)	
Stock-based compensation expense						605				
Redemption of stock options, including tax benefit						(12,814)				
Repurchase of Class B common stock								(27,295)	(4,339,431)	
Conversion of Class B common stock		3	313,700	(3)	(313,700)					
Net income	$ 30,006						30,006			
Translation adjustment	7,193									7,193
Comprehensive income	$ 37,199									
Balance, December 31, 2003		450	44,999,794	43	4,339,431	559,651	(336,790)	(61,370)	(8,400,499)	5,704
Exercise of stock options, including tax benefit of $5,386		15	1,484,176			13,999		(79)	(7,291)	
Stock-based compensation expense						2,923				
Issuance of common stock, net of capitalized issuance costs		40	4,000,000			99,892				
Net income	$ 64,932						64,932			
Translation adjustment	4,143									4,143
Comprehensive income	$ 69,075									
Balance, December 31, 2004		505	50,483,970	43	4,339,431	676,465	(271,858)	(61,449)	(8,407,790)	9,847
Exercise of stock options, including tax benefit of $13,815		13	1,306,755			22,347		(372)	(10,817)	
Stock-based compensation expense						8,595				
Net income	$ 103,526						103,526			
Translation adjustment	3,788									3,788
Comprehensive income	$ 107,314									
Balance, December 31, 2005		$ 518	51,790,725	$ 43	4,339,431	$ 707,407	$(168,332)	$(61,821)	(8,418,607)	$ 13,635

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		
	2005	2004	2003
		(In thousands)	
Operating Activities:			
Net income	$ 103,526	$ 64,932	$ 30,006
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on debt extinguishment, (net of premium in 2005 of $6,803)	1,446	754	180
Depreciation and amortization	18,639	18,143	22,558
Accretion and amortization of original issue discounts and purchase discounts, respectively	1,218	2,714	2,898
Amortization of gain on interest rate swap	(3,118)	(912)	(533)
Stock option expense	8,595	2,923	605
Amortization of debt issuance costs	1,263	1,426	1,248
Loss (gain) on sale of property, buildings and equipment	(36)	86	(513)
Deferred income taxes	3,560	2,504	3,647
Changes in assets and liabilities:			
Change in receivables facility	189,000	(17,000)	(68,000)
Trade and other account receivables	(83,660)	(107,786)	(5,699)
Inventories	(60,220)	(63,767)	25,238
Prepaid expenses and other current assets	12,386	12,703	1,347
Accounts payable	95,657	85,551	12,405
Accrued payroll and benefit costs	6,700	16,384	6,706
Other current and noncurrent liabilities	141	3,289	3,665
Net cash provided by operating activities	295,097	21,944	35,758
Investing Activities:			
Capital expenditures	(14,154)	(12,149)	(8,379)
Acquisition payments, net of cash acquired	(278,829)	(34,114)	(2,028)
Other investing activities	2,014	—	1,177
Net cash used by investing activities	(290,969)	(46,263)	(9,230)
Financing Activities:			
Proceeds from issuance of long-term debt	643,000	357,600	169,180
Repayments of long-term debt	(662,641)	(415,005)	(166,811)
Proceeds from issuance of common stock	—	105,000	—
Equity issuance costs	—	(5,068)	—
Redemption of stock options	—	(20,144)	—
Proceeds from interest rate swap	—	—	4,563
Debt issuance costs	(9,043)	(112)	(2,389)
Proceeds from exercise of options	8,173	8,422	438
Increase in bank overdrafts	3,695	—	—
Repurchase of Class B common stock	—	—	(27,295)
Payments on capital lease obligations	(215)	—	—
Net cash provided (used) by financing activities	(17,031)	30,693	(22,314)
Effect of exchange rate changes on cash and cash equivalents	505	654	711
Net change in cash and cash equivalents	(12,398)	7,028	4,925
Cash and cash equivalents at the beginning of period	34,523	27,495	22,570
Cash and cash equivalents at the end of period	$ 22,125	$ 34,523	$ 27,495
Supplemental disclosures:			
Cash paid for interest	$ 29,606	$ 36,539	$ 38,814
Cash paid for taxes	28,917	18,271	2,544
Non-cash investing activities:			
Property, plant and equipment acquired through capital leases	2,000	857	—
Deferred acquisition payable related to prior acquisition	5,000	—	—
Note issued in connection with acquisition	3,329	—	—
Conversion of deferred acquisition payable to note	—	50,000	—
Non-cash financing activities:			
Decrease (increase) in fair value of outstanding interest rate swaps	—	583	(135)
Redemption of stock options	—	—	20,144

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

WESCO International, Inc. and its subsidiaries (collectively, "WESCO"), headquartered in Pittsburgh, Pennsylvania, is a full-line distributor of electrical supplies and equipment and is a provider of integrated supply procurement services with operations in the United States, Canada, Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria, United Arab Emirates and Singapore. WESCO currently operates approximately 370 branch locations and eight distribution centers (six in the United States and two in Canada).

2. ACCOUNTING POLICIES

Basis of Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions WESCO may undertake in the future, actual results may ultimately differ from the estimates.

Revenue Recognition

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

Gross Profit

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

Supplier Volume Rebates

WESCO receives rebates from certain suppliers based on contractual arrangements with such suppliers. An asset, included within other accounts receivable on the balance sheet, represents the estimated amounts due to WESCO under the rebate provisions of such contracts. The corresponding rebate income is recorded as a reduction of cost of goods sold. The appropriate level of such income is derived from the level of actual purchases made by WESCO from suppliers, in accordance with the provisions of Emerging Issues Task Force ("EITF") Issue No. 02-16*, Accounting by a Reseller for Cash Consideration Received from a Vendor*. Receivables under the supplier rebate program are within other accounts receivable and were $30.6 million at December 31, 2005 and $26.8 million at December 31, 2004. The total amount recorded as a reduction to cost of goods sold was $47.2 million, $44.5 million and $29.3 million for 2005, 2004 and 2003, respectively.

Shipping and Handling Costs and Fees

WESCO records the majority of costs and fees associated with transporting its products to customers as a component of selling, general and administrative expenses. These costs totaled $44.5 million, $36.6 million and $36.2 million in 2005, 2004 and 2003, respectively.

The remaining shipping and handling costs relate to costs that are billed to our customers. These costs and the related revenue are included in net sales in the consolidated statements of operations.

Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less when purchased. As of December 31, 2005, cash and cash equivalents were $22.1 million, a decrease of $12.4 million from December 31, 2004.

Asset Securitization

WESCO accounts for the securitization of accounts receivable in accordance with Statement of Financial Accounting Standards ("SFAS") No. 140*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* At the time the receivables are sold, the balances are removed from the balance sheet. SFAS No. 140 also requires retained interests in the transferred assets to be measured by allocating the previous carrying amount between the assets sold and retained interests based on their relative fair values at the date of transfer. WESCO estimates fair value based on the present value of expected future cash flows discounted at a rate commensurate with the risks involved.

Allowance for Doubtful Accounts

WESCO maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. WESCO has a systematic procedure using estimates based on historical data and reasonable assumptions of collectibility made at the local branch level and on a consolidated corporate basis to calculate the allowance for doubtful accounts. If the financial condition of WESCO's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for doubtful accounts was $12.6 million at December 31, 2005 and $12.5 million at December 31, 2004, respectively. The total amount recorded as selling, general and administrative expense related to bad debts was $8.6 million, $5.8 million and $10.2 million for 2005, 2004 and 2003, respectively.

Inventories

Inventories primarily consist of merchandise purchased for resale and are stated at the lower of cost or market. Cost is determined principally under the average cost method. WESCO makes provisions for obsolete or slow-moving inventories as necessary to reflect reduction in inventory value. Reserves for excess and obsolete inventories were $12.5 million and $10.1 million at December 31, 2005 and 2004, respectively. The total expense related to excess and obsolete inventories, included in cost of goods sold, was $4.1 million, $5.5 million and $5.0 million for 2005, 2004 and 2003, respectively. WESCO absorbs into the cost of inventory the general and administrative expenses related to inventory such as purchasing, receiving and storage and at December 31, 2005 and 2004 $30.2 million and $27.1, respectively, of these costs were included in the ending inventory.

Other Assets

WESCO amortizes deferred financing fees over the term of the various debt instruments. Deferred financing fees in the amount of $9.6 million related to new and amended financing was incurred during the year ending December 31, 2005. As of December 31, 2005 and 2004, the amount of other assets related to unamortized deferred financing fees was $12.7 million and $4.6 million, respectively.

Property, Buildings and Equipment

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

Computer software is accounted for in accordance with Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. Capitalized computer software costs are amortized using the straight-line method over the estimated useful life, typically two to five years, and are reported at the lower of unamortized cost or net realizable value.

Expenditures for new facilities and improvements that extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When property is retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any related gains or losses are recorded and reported as selling, general and administrative expenses.

The Company assesses its long-lived assets for impairment by reviewing periodically the Company's operating performance by branch and respective utilization of real and tangible assets at such sites; by evaluating utilization of computer hardware and software, which is amortized over 3 to 5 years; utilization and serviceability of all other assets; and by comparing fair values of real properties against market values of similar properties. Upon closure of any branch, asset usefulness and remaining life are evaluated and any charges taken as appropriate. Of our $103.1 million net book value of long-lived assets as of December 31, 2005, of which $7.1 million was the net book value of assets acquired through acquisitions in 2005, $64.6 million consists of land, buildings and leasehold improvements and are geographically dispersed among our 370 branches and eight distribution centers, mitigating the risk of impairment. Approximately $19 million of assets consist of computer equipment and capitalized software and are evaluated for use and serviceability relative to carrying value. The remaining fixed assets, mainly of furniture and fixtures, warehousing equipment and transportation equipment, are similarly evaluated for serviceability and use. As of December 31,2005 the net book value of long-lived assets was estimated to approximate the fair value of fixed assets.

Goodwill

Effective January 1, 2002, WESCO adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. Under SFAS No. 142, goodwill is no longer amortized, but is reduced if impaired. Goodwill is tested for impairment annually during the fourth quarter or more frequently if events or circumstances occur indicating that goodwill might be impaired. This process involves estimating fair value using discounted cash flow analyses. Considerable management judgment is necessary to estimate discounted future cash flows. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. Two primary assumptions were an average long-term revenue growth rate of between 3% and 13% and a discount rate of 8%. Goodwill totaled $542.2 million at December 31, 2005 and $401.6 million at December 31, 2004.

Intangible Assets

Intangible assets are capitalized and amortized over 5 to 19 years when the life is determinable. For intangible assets that have an indefinite life, no amortization is recorded. Intangible assets related to customer relationships are amortized using an accelerated method whereas all other intangible assets subject to amortization use a straight-line method which reflects the pattern in which the economic benefits of the respective assets are consumed or otherwise used. Intangible assets are tested annually for impairment or more frequently if events of circumstances occur indicating that the respective asset might be impaired.

Insurance Programs

WESCO uses commercial insurance for auto, workers' compensation, casualty and health claims as a risk-reduction strategy to minimize catastrophic losses. Our strategy involves large deductibles where WESCO must pay all costs up to the deductible amount. WESCO estimates our reserve based on historical incident rates and costs. The assumptions included in developing this accrual include the period of time from incurrence of a medical claim until the claim is paid by the insurance provider. Presently, this period is estimated to be eight weeks. The total liability related to the insurance programs was $7.5 million at December 31, 2005 and $6.7 million at December 31, 2004.

Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances, if any, are provided when a portion or all of a deferred tax asset may not be realized. WESCO reviews uncertain tax positions and assesses the need and amount of contingency reserves necessary to cover any probable audit adjustments.

Foreign Currency

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

Treasury Stock

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

Stock-Based Compensation

During the year ended December 31, 2003, WESCO adopted the measurement provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. This change in accounting method was applied on a prospective basis in accordance with SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of SFAS No. 123*. Stock options awarded prior to 2003 are accounted for under the intrinsic value method under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*. WESCO recognized $8.6 million and $2.9 million of compensation expense related to equity awards in the years ended December 31, 2005 and 2004, respectively.

The following table presents the pro forma results as if the fair-value-based method of accounting for stock-based awards had been applied to all outstanding options:

	Year Ended December 31		
Dollars in thousands, except per share amounts	2005	2004	2003
Net income reported	$ 103,526	$ 64,932	$ 30,006
Add: Stock-based compensation expense included in reported net income, net of related tax	5,896	1,900	393
Deduct: Stock-based employee compensation expense determined under SFAS No. 123 for all awards net of related tax	(6,404)	(2,672)	(1,876)
Pro forma net income	$ 103,018	$ 64,160	$ 28,523
Earnings per share:			
Basic as reported	$ 2.20	$ 1.55	$ 0.67
Basic pro forma	$ 2.19	$ 1.53	$ 0.64
Diluted as reported	$ 2.10	$ 1.47	$ 0.65
Diluted pro forma	$ 2.09	$ 1.45	$ 0.62

The weighted average fair value per equity award granted was $15.23, $13.84 and $4.00 for the years ended December 31, 2005, 2004 and 2003, respectively.

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

	Year Ended December 31		
	2005	2004	2003
Risk-free interest rate	3.0%	3.9%	4.0%
Expected life (years)	4.0	6.0	7.0
Stock price volatility	59.0%	64.0%	67.0%

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, a revolving line of credit, a mortgage financing facility, notes payable, debentures and other long-term debt. The Company's 2017 Notes and Debentures have a fair value in excess of carrying value based upon market price quotes for these instruments including at December 31, 2005. The carrying value of our mortgage facility and other long-term debt are considered to approximate fair value, based upon market comparisons available for instruments with similar terms and maturities. For all remaining WESCO financial instruments, carrying values are considered to approximate fair value due to their short maturities.

Environmental Expenditures

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

Recent Accounting Pronouncements

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

In December 2004, the FASB issued SFAS No. 123R, *Share — Based Payment*. This statement is a revision of SFAS Statement No. 123, *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and its related implementation guidance. SFAS No. 123R addresses all forms of share-based payment ("SBP") awards, including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, SBP awards result in a cost that will be measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest and will be reflected as compensation expense in the financial statements. In addition, this statement will apply to unvested options granted prior to the effective date. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 regarding the SEC Staff's interpretation of SFAS No. 123R and provides the Staff's view regarding interaction between SFAS No. 123R and certain SEC rules and regulations and provides interpretation of the valuation of SBP for public companies. In April 2005, the SEC approved a rule that delays the effective date of SFAS No. 123R for annual, rather than interim, reporting periods that begin after June 15, 2005. In January 2006, the FASB approved the release of FASB Staff Position ("FSP") FAS No. 123 (R)-4, *Clarification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement Upon the Occurrence of a Contingent Event.* The FSP addresses certain contingencies we might have incurred related to our stock option plans. We will adopt SFAS No. 123R utilizing a modified prospective method and beginning with the 2006 first quarter reporting period ending March 31, 2006. The adoption of SFAS No. 123R and the subsequently issued FSP will not produce a material impact on the Company's financial position, results of operations and cash flows.

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

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

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

During the fourth quarter of 2005, WESCO completed its annual impairment review required by SFAS No. 142. Each of WESCO's seven reporting units was tested for impairment by comparing the implied fair value of each reporting unit with its carrying value using discounted cash flow analyses. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. No impairment losses were identified as a result of this review.

The changes in the carrying amount of goodwill were as follows:

	Year Ended December 31	
	2005	2004
	(In thousands)	
Beginning balance January 1	$ 401,610	$ 398,673
Additions to goodwill for prior acquisitions:		
Herning Enterprise, Inc.	—	422
Avon Electrical Supply, Inc.(1)	5,560	2,989
WR Control Panel, Inc.	—	(600)
Additional goodwill for acquisitions:		
Fastec Industrial Corp.	5,396	—
Carlton-Bates Company	129,588	—
Foreign currency translation	63	126
Ending balance December 31	$ 542,217	$ 401,610

(1) Represents $560 thousand paid for this acquisition and $5.0 million of contingent consideration for the final acquisition payment which management has estimated will be paid between 2006 and 2008 and is reported as deferred acquisition payable.

Intangible Assets

Intangible assets consist of the following:

	Useful Life in years	Year Ended December 31 2005	2004
		(In thousands)	
Trademarks	Indefinite	$18,400	$ —
Non-compete agreements	5	4,787	—
Customer relationships	13-19	54,700	4,309
Distribution agreements	5	12,000	—
		89,887	4,309
Accumulated amortization		(5,995)	(3,772)
Ending balance December 31		$83,892	$ 537

Amortization expense related to intangible assets totaled $2.2 million, $0.2 million and $1.8 million for the years ended December 31, 2005, 2004 and 2003, respectively.

The following table sets forth the estimated amortization expense for intangibles for the next five years (in thousands):

For the year ended December 31,	Estimated Amortization Expenses
2006	$ 7,626
2007	7,752
2008	7,127
2009	7,407
2010	7,449

4. ACCOUNTS RECEIVABLE SECURITIZATION FACILITY

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

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

The key economic assumptions used to measure the retained interest at the date of the securitization completed in 2005 were a discount rate of 3.5% and an estimated life of 1.5 months.

5. ACQUISITIONS

The following table sets forth the consideration paid for acquisitions:

	Year Ended December 31		
	2005	2004	2003
		(In thousands)	
Details of acquisitions:			
Fair value of assets acquired	$331,302	$ —	$ —
Amounts earned under acquisition agreements	5,560	2,811	84,343
Fair value of liabilities assumed	(48,673)	—	—
Deferred acquisition payable	(5,000)	—	(84,343)
Deferred acquisition payment and note conversion	1,013	81,303	2,028
Note issued to seller	(3,329)	(50,000)	—
Cash paid for acquisitions	$280,873	$ 34,114	$ 2,028
Supplemental cash flow disclosure related to acquisitions:			
Cash paid for acquisitions	$280,873	$ 34,114	$ 2,028
Less: cash acquired	(2,044)	—	—
Cash paid for acquisitions, net of cash acquired	$278,829	$ 34,114	$ 2,028

Acquisitions were accounted for under the purchase method of accounting in accordance with SFAS No. 141,*Business Combinations.* Accordingly, the purchase price has been allocated based on an independent appraisal of the fair value of intangible assets and management's estimate of the fair value of tangible assets acquired and liabilities assumed with the excess being recorded primarily as goodwill as of the effective date of the acquisition.

The preliminary allocation of assets acquired and liabilities assumed for the 2005 acquisitions are summarized below.

	Fastec Industrial Corp.	Carlton-Bates Company	TOTAL
		(In thousands)	
Assets Acquired			
Cash and equivalents	$ 281	$ 1,763	$ 2,044
Trade accounts receivable	4,675	37,628	42,303
Inventories	11,944	40,709	52,653
Deferred income taxes short-term	—	1,861	1,861
Other accounts receivable	—	840	840
Prepaid expenses	161	762	923
Income taxes receivable	—	2,789	2,789
Property, buildings and equipment	2,168	5,159	7,327
Intangible assets	11,134	74,444	85,578
Goodwill	5,396	129,588	134,984
Total assets acquired	35,759	295,543	331,302
Liabilities Assumed			
Accounts payable	2,663	16,901	19,564
Accrued and other current liabilities	767	8,599	9,366
Deferred income taxes long-term	—	19,607	19,607
Other noncurrent liabilities	—	136	136
Total liabilities assumed	3,430	45,243	48,673
Fair value of net assets acquired, including intangible assets	$ 32,329	$ 250,300	$282,629

Acquisition of Carlton-Bates Company

On September 29, 2005, WESCO acquired Carlton-Bates Company ("Carlton-Bates"), headquartered in Little Rock, Arkansas. The purchase price was $248.5 million, net of $1.8 million cash acquired, of which $25.0 million of the purchase price was held in escrow to address up to $5.0 million of post-closing adjustments relating to working capital and up to $20.0 million of potential indemnification claims, with all distributions from the escrow to be made by March 2008. Distributions of $2.0 million and $3.0 million were made from the escrow in November 2005 and February 2006, respectively in accordance with terms set forth in the purchase agreement.

Carlton-Bates operates two business divisions: (1) a traditional branch-based distributor and (2) the LADD division, the sole U.S. distributor of engineered connecting devices for the industrial products division of Deutsch Company ECD. Carlton-Bates is a regional distributor of electrical and electronic components with a special emphasis on automation and electromechanical applications and the original equipment manufacturer markets. Carlton-Bates also adds new product categories, new supplier relationships, kitting and light assembly services, and provides opportunities to penetrate further into specialty products and value-added services.

The purchase price allocation resulted in intangible assets of $74.4 million and goodwill of $129.6 million, of which $55.9 million is deductible for tax purposes. The intangible assets include customer relationships of $45.3 million amortized over a range of 13 to 19 years, trademarks of $16.9 million and distribution agreements of $12.0 million and non-compete agreements of $0.2 million, both of which are amortized over five years. Trademarks have an indefinite life and are not being amortized. The intangible assets were valued by American Appraisal Associates, Inc., an independent appraiser. No residual value is estimated for these intangible assets.

The operating results of Carlton-Bates have been included in WESCO's consolidated financial statements since September 29, 2005. Un-audited pro forma results of operations (in thousands, except per share data) for the twelve months ended December 31, 2005 and 2004 are included below as if the acquisition occurred on the first day of the respective periods. This summary of the un-audited pro forma results of operations is not necessarily indicative of what WESCO's results of operations would have been had Carlton-Bates been acquired at the beginning of 2004, nor does it purport to represent results of operations for any future periods. Seasonality of sales is not a significant factor to these pro forma combined results of operations.

	Year Ended December 31	
	2005	2004
	(In thousands, except per share amounts)	
Net sales	$ 4,643,039	$ 4,017,696
Net income	$ 103,940	$ 59,290
Earnings per common share:		
Basic	$ 2.21	$ 1.42
Diluted	$ 2.11	$ 1.34

Acquisition of Fastec Industrial Corp.

On July 29, 2005, WESCO acquired the assets and business of Fastec Industrial Corp. (“Fastec”). Fastec is a nationwide importer and distributor of industrial fasteners, cabinet and locking and latching products. WESCO paid $28.7 million, net of $0.3 million cash acquired, and issued a $3.0 million promissory note to consummate this acquisition. In accordance with the terms of the purchase, a net working capital valuation was performed subsequent to the closing date of the acquisition resulting in an increase to the purchase price and the note payable in the amount of $0.3 million.

The purchase price allocation resulted in intangible assets of $11.1 million and goodwill of $5.4 million, which is expected to be fully deductible for tax purposes. The intangible assets include customer relationships of $9.4 million, trademarks of $1.5 million and non-compete agreements of $0.2 million. Trademarks have an indefinite life and are not being amortized. Non-compete agreements are being amortized over 5 years and customer relationships over 15 years. The intangible assets were valued by American Appraisal Associates, Inc., an independent appraiser. No residual value is estimated for the intangible assets.

The operating results of Fastec have been included in WESCO’s operating results since July 29, 2005. Pro forma comparative results of WESCO, assuming the acquisition of Fastec had been made at the beginning of fiscal 2004, would not have been materially different from the reported results or the pro forma results presented above.

Acquisition of Bruckner Supply Company, Inc.

In 1998, WESCO acquired substantially all the assets and assumed substantially all liabilities and obligations relating to the operations of Bruckner Supply Company, Inc. (“Bruckner”). The terms of the purchase agreement provide for additional contingent consideration to be paid based on achieving certain earnings targets. The amount of earnout proceeds payable in any single year subsequent to achieving the earnings target is capped under this agreement at $30 million per year. As a result of Bruckner’s performance in 2003, WESCO recorded a liability of $80 million as of December 31, 2003 for contingent consideration relating to the Bruckner agreement. In June 2004, WESCO paid $30 million pursuant to this agreement, and the remaining $50 million, including interest at a fixed rate of 10% due under the agreement, was converted into a note payable. In June 2005 WESCO paid $30 million pursuant to the note, and the remaining payment of $20 million under this note is due June 2006. No additional amounts can be earned under this agreement.

Other Acquisition

Another acquisition agreement contains contingent consideration for the final acquisition payment which management has estimated will be $5.0 million and paid between 2006 and 2008 and is reported as deferred acquisition payable. A net payment of $2.0 million ($3.0 million mandatory payment reduced for acquisition related expenses of $1.0 million) was paid in the fourth quarter of 2004 related to this acquisition.

6. CONCENTRATIONS OF CREDIT RISK AND SIGNIFICANT SUPPLIERS

WESCO distributes its products and services and extends credit to a large number of customers in the industrial, construction, utility and manufactured structures markets. In addition, WESCO’s largest supplier accounted for approximately 12%, 12% and 13% of WESCO’s purchases for each of the three years, 2005, 2004 and 2003, respectively, and therefore, WESCO could potentially incur risk due to supplier concentration. Based upon WESCO’s broad customer base, the Company has concluded that it has no credit risk due to customer concentration.

7. PROPERTY, BUILDINGS AND EQUIPMENT

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

	December 31, 2005	December 31, 2004
	(in thousands)	
Buildings and leasehold improvements	$ 73,902	$ 72,778
Furniture, fixtures and equipment	119,623	94,377
Software costs	38,656	38,317
	232,181	205,472
Accumulated depreciation and amortization	(151,448)	(134,678)
	80,733	70,794
Land	19,822	19,222
Construction in progress	2,528	4,726
	$ 103,083	$ 94,742

Depreciation expense was $14.5 million, $12.7 million and $16.0 million, and capitalized software amortization was $4.1 million, $5.4 million and $6.6 million, in 2005, 2004 and 2003, respectively. The unamortized software cost was $6.8 million and $6.7 million as of December 31, 2005 and 2004, respectively. Furniture, fixtures and equipment include capitalized leases of $2.6 million and $0.9 million and related accumulated amortization of $0.4 million and $0.1 million as of December 31, 2005 and 2004, respectively.

8. DEBT

The following table sets forth WESCO's outstanding indebtedness:

	December 31,	
	2005	2004
	(In thousands)	
Revolving credit facility	$ 29,000	$ —
Mortgage financing facility	48,213	49,391
Acquisition related notes:		
Bruckner	20,000	50,000
Fastec	3,329	—
Other	176	36
Capital leases	2,839	840
9.125% Senior Subordinated Notes due 2008(1)	—	317,319
7.50% Senior Subordinated Notes due 2017	150,000	—
2.625% Convertible Senior Debentures due 2025	150,000	—
	403,557	417,586
Less current portion	36,825)	(31,413)
Less short-term debt	(14,500)	—
	$352,232	$386,173

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

Revolving Credit Facility

In March 2002, WESCO entered into a revolving credit agreement ("Revolving Credit Facility") that is collateralized by substantially all personal property owned by WESCO Distribution and its subsidiaries. In 2005, WESCO amended and restated the revolving credit agreement to, among other things, amend the maturity date to June 2010 and to create two separate sub-facilities: (i) a U.S. sub-facility with a borrowing limit of up to $225 million and (ii) a Canadian sub-facility with a borrowing limit of up to $50 million.

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

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

During 2005, WESCO borrowed $343 million in the aggregate under the Revolving Credit Facility and made repayments in the aggregate amount of $314 million. During 2004, aggregate borrowings and repayments each were $357.6 million. At December 31, 2005, WESCO had an outstanding balance under the facility of $29 million, of which $14.5 is classified as short-term debt. WESCO had approximately $228 million available under the facility at December 31, 2005, after giving effect to an outstanding letter of credit, as compared to approximately $172 million at December 31, 2004.

Mortgage Financing Facility

In February 2003, WESCO finalized a mortgage financing facility of $51 million, $48.2 million of which was outstanding as of December 31, 2005. Total borrowings under the mortgage financing facility are subject to a 22-year amortization schedule, with a balloon payment due at the end of the 10-year term. The interest rate on borrowings under this facility is fixed at 6.5%. Proceeds from the borrowings were used primarily to reduce outstanding borrowings under WESCO's revolving credit facility.

Bruckner Note Payable

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

9.125% Senior Subordinated Notes due 2008

In June 1998 and August 2001, WESCO Distribution, Inc. completed offerings of $300 million and $100 million, respectively, in aggregate principal amount of 9.125% Senior Subordinated Notes due 2008 (the "2008 Notes"). The 2008 Notes were issued at an average issue price of 98% of par. The net proceeds received from the 2008 Notes were approximately $376 million. The net proceeds were used to repay outstanding indebtedness. The 2008 Notes are fully and unconditionally guaranteed by WESCO International, Inc.

During 2003 and 2004, WESCO repurchased $21.1 million and $55.3 million, respectively, in aggregate principal amount 2008 Notes. WESCO recorded a net loss of $2.6 million in 2004 and a net gain of $0.6 million in 2003. As of December 31, 2004, WESCO had outstanding $323.5 million in aggregate principal amount of 2008 Notes.

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

Interest Rate Swap Agreements

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

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

7.50% Senior Subordinated Notes due 2017

At December 31, 2005, $150 million in aggregate principal amount of the 7.50% Senior Subordinated Notes due 2017 (the "2017 Notes") was outstanding. The 2017 Notes were issued by WESCO Distribution under an indenture dated as of September 27, 2005 with J.P. Morgan Trust Company, National Association, as trustee, and are unconditionally guaranteed on an unsecured basis by WESCO International, Inc. The 2017 Notes accrue interest at the rate of 7.50% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006.

At any time on or after October 15, 2010, WESCO Distribution may redeem all or a part of the 2017 Notes. Between October 15, 2010 and October 14, 2011, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 103.750% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 102.500% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 100% of the principal amount.

If WESCO Distribution undergoes a change of control prior to maturity, holders of 2017 Notes will have the right, at their option, to require WESCO Distribution to repurchase for cash some or all of their 2017 Notes at a repurchase price equal to 101% of the principal amount of the 2017 Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

2.625% Convertible Senior Debentures due 2025

At December 31, 2005, $150 million in aggregate principle amount of 2.625% Convertible Senior Debentures due 2025 (the "Debentures") was outstanding. The Debentures were issued by WESCO International, Inc. under an indenture dated as of September 27, 2005 with J.P. Morgan Trust Company, National Association, as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The Debentures accrue interest at the rate of 2.625% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15, commencing April 15, 2006. Beginning with the six-month interest period commencing October 15, 2010, WESCO also will pay contingent interest in cash during any six-month interest period in which the trading price of the Debentures for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the Debentures. During any interest period when contingent interest shall be payable, the contingent interest payable per $1,000 principal amount of Debentures will equal 0.25% of the average trading price of $1,000 principal amount of the Debentures during the five trading days immediately preceding the first day of the applicable six-month interest period. As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedge Activities* the contingent interest feature of the Debentures is an embedded derivate that is not considered clearly and closely related to the host contract. The contingent interest component had no value at issuance or at December 31, 2005.

The Convertible Debentures are convertible into cash and, in certain circumstances, shares of WESCO International, Inc.'s common stock, $0.1 par value, at any time on or after October 15, 2023, or prior to October 15, 2023 in certain circumstances. The Convertible Debentures will be convertible based on an initial conversion rate of 23.8872 shares of common stock per $1,000 principal amount of the Debentures (equivalent to an initial conversion price of approximately $41.86 per share). The conversion rate and the conversion price may be adjusted under certain circumstances.

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

Covenant Compliance

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

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

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

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

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

9. CAPITAL STOCK

Preferred Stock

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

Common Stock

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

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

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

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

10. INCOME TAXES

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

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

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

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

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

	Year Ended December 31		
	2005	2004	2003
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	1.8	1.2	0.4
Nondeductible expenses	0.7	1.0	2.3
Domestic tax benefit from foreign operations	(3.1)	(0.4)	(3.9)
Foreign tax rate differences(1)	(3.3)	(2.3)	(1.5)
Favorable impact resulting from prior year tax contingencies(2)	—	—	(6.6)
Section 965 dividend(3)	0.7	—	—
Net operating loss utilization(4)	—	—	(1.4)
Federal tax credits(5)	(0.8)	—	—
Other	0.4	0.2	(1.0)
	31.4%	34.7%	23.3%

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

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

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

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

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

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

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

The following table sets forth deferred tax assets and liabilities:

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

11. EARNINGS PER SHARE

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

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

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

Stock-settled stock appreciation rights of 1.7 million and 0.9 million at a weighted average exercise price of $28.00 and $24.02 per share were outstanding as of December 31, 2005 and 2004, respectively, were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the years ending December 31, 2005 and 2004. In addition, to the extent that the average share price during the three-month period ending December 31, 2005 (first three-month period subsequent to the offering of the Debentures) exceeds the Debentures conversion price of $41.86 per share, an incremental number of up to 3,583,080 shares is included in determining diluted earnings per share using the Treasury method of accounting as represented in the table below. For the year ended December 31, 2005, WESCO's average share price did not exceed the conversion price and hence, there was no effect of the Debentures on diluted earnings per share.

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

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

"TREASURY" METHOD OF ACCOUNTING FOR SHARE DILUTION

Conversion Price:	**$ 41.86**
Number of Underlying Shares:	**0 to 3,583,080**
Principal Amount	**$150,000,000**

Formula: Number of extra dilutive shares created
= (Stock Price * Underlying Shares) – Principal)/Stock Price

Condition: Only applies when share price exceeds $41.86

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

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

12. EMPLOYEE BENEFIT PLANS

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

13. STOCK INCENTIVE PLANS

Stock Purchase Plans

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

Stock Option Plans

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

An initial reserve of 6,936,000 shares of common stock has been authorized for issuance under the LTIP. This reserve automatically increases by (i) the number of shares of common stock covered by unexercised options granted under prior plans that are 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 once criteria based on time or financial performance are achieved. If the financial performance criteria are not met, all the options will vest after nine years and nine months. All options vest immediately in the event of a change in control. Each option terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

During December 2003, in a privately negotiated transaction with 19 employees, WESCO redeemed the net equity value of stock options originally granted in 1994 and 1995, representing approximately 2.9 million shares. The options held by the employees had a weighted average price of $1.75. The options were redeemed at a price of $8.63 per share. The cash payment of $20.1 million was made in January 2004. WESCO recognized a tax benefit of $7.3 million as a result of this transaction.

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

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

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

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

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

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

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

14. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

15. SEGMENTS AND RELATED INFORMATION

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

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

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

16. OTHER FINANCIAL INFORMATION

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

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

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

December 31, 2005 (In thousands)

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

December 31, 2004 (In thousands)

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

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

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

	Year Ended December 31, 2004 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	$ —	$ 3,187,864	$ 553,389	$ —	$3,741,253
Cost of goods sold, excluding depreciation and amortization	—	2,588,682	440,450	—	3,029,132
Selling, general and administrative expenses	5	470,836	73,691	—	544,532
Depreciation and amortization	—	15,057	3,086	—	18,143
Results of affiliates' operations	56,877	37,554	—	(94,431)	—
Interest expense (income), net	(12,396)	52,397	790	—	40,791
Other (income) expense	—	26,001	(16,844)	—	9,157
Provision for income taxes	4,336	15,568	14,662	—	34,566
Net income (loss)	$ 64,932	$ 56,877	$ 37,554	$ (94,431)	$ 64,932

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2003
(In thousands)

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

17. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

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

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

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

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

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

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

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

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

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

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

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

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

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

18. SUBSEQUENT EVENT

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

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

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

None.

Item 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the *Committee of Sponsoring Organizations ("COSO") of the Treadway Commission* Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2005. Management has excluded Carlton-Bates Company and Fastec Industrial Corp. from its assessment of internal control over financial reporting as of December 31, 2005 because they were acquired by the Company in purchase business combinations during 2005. Carlton-Bates Company is a wholly-owned subsidiary whose total assets and total revenues represent $291.7 million and $76.8 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005. Fastec Industrial Corp. is a wholly-owned subsidiary whose total assets and total revenues represent $44.8 million and $27.7 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2005.

Our management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Changes in Internal Control Over Financial Reporting

During the last fiscal quarter of 2005, there were no changes in the Company's internal control over financial reporting identified in connection with management's evaluation of the effectiveness of the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information set forth under the caption "Directors and Executive Officers" in the Proxy Statement is incorporated herein by reference to our definitive Proxy Statement for our 2006 Annual Meeting of Stockholders.

Codes of Ethics and Business Conduct

We have adopted a Code of Ethics and Business Conduct ("Code of Conduct") that applies to our directors, officers and employees that is available on our website at www.wesco.com by selecting the "Investors" tab followed by the "Corporate Governance" heading. Any amendment or waiver of the Code of Conduct for our executive officers or directors will be disclosed promptly at that location on our website.

We also have adopted a Senior Financial Executive Code of Business Ethics and Conduct ("Senior Financial Executive Code") that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing these functions. The Senior Financial Executive Code is also available at that same location on our website. We intend to timely disclose any amendment or waiver of the Senior Financial Executive Code on our website and will retain such information on our website as required by applicable SEC rules.

A copy of the Code of Conduct and/or Senior Financial Executive Code may also be obtained upon request by any stockholder, without charge, by writing to us at WESCO International, Inc., 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania 15219, Attention: Corporate Secretary.

The information required by Item 10 that relates to our directors and executive officers is incorporated by reference from the information appearing under the caption "Corporate Governance" in our definitive proxy statement that is to be filed with the SEC pursuant to the Exchange Act within 120 days of the end of our fiscal year on December 31, 2005.

Information included on our website is not a part of this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information set forth under the caption "Executive Compensation" in the Proxy Statement is incorporated herein by reference to our definitive Proxy Statement for our 2006 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information set forth under the caption "Security Ownership" in the Proxy Statement is incorporated herein by reference to our definitive Proxy Statement for our 2006 Annual Meeting of Stockholders.

The following table provides information as of December 31, 2005 with respect to the shares of our common stock that may be issued under our existing equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	6,303,936	$14.02	4,556,303
Equity compensation plans not approved by security holders	—	—	—
Total	6,303,936	$14.02	4,556,303

Item 13. Certain Relationships and Related Transactions.

The information set forth under the caption "Certain Transactions and Relationships with the Company" in the Proxy Statement is incorporated herein by reference to our definitive Proxy Statement for our 2006 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services.

The information set forth under the caption "Principal Accountant Fees and Services" in the Proxy Statement is incorporated herein by reference to the definitive Proxy Statement for our 2006 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedule.

The financial statements, financial statement schedule 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 Schedule***

Schedule II — Valuation and Qualifying Accounts

(b) ***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 security holders of WESCO International, Inc.	Incorporated by reference to Exhibit 2.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
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 September 22, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to WESCO's Current Report on Form 8-K, dated September 21, 2005
4.2	Form of 2.625% Convertible Senior Debenture due 2025 (included in Exhibit 4.1).	Incorporated by reference to Exhibit 4.3 to WESCO's Current Report on Form 8-K, dated September 21, 2005
4.3	Indenture, dated as of September 22, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.4 to WESCO's Current Report on Form 8-K, dated September 21, 2005
4.4	Form of 7.50% Senior Subordinated Note due 2017, (included in Exhibit 4.3).	Incorporated by reference to Exhibit 4.6 to WESCO's Current Report on Form 8-K, dated September 21, 2005
10.1	CDW Holding Corporation Stock Purchase Plan.	Incorporated by reference 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 to Exhibit 10.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.3	CDW Holding Corporation Stock Option Plan.	Incorporated by reference to Exhibit 10.3 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.4	Amendment to CDW Holding Corporation Stock Option Plan	Incorporated by reference to Exhibit 10.1 to WESCO's Current Report on Form 8-K, dated March 2, 2006
10.5	Form of Stock Option Agreement.	Incorporated by reference to Exhibit 10.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.6	Form of Amendment to Stock Option Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO's Current Report on Form 8-K, dated March 2, 2006
10.7	CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference to Exhibit 10.5 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.8	Amendment to CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference to Exhibit 10.3 to WESCO's Current Report on Form 8-K, dated March 2, 2006
10.9	Form of Branch Stock Option Agreement.	Incorporated by reference to Exhibit 10.6 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.10	Form of Amendment to Branch Stock Option Agreement.	Incorporated by reference to Exhibit 10.4 to WESCO's Current Report on Form 8-K, dated March 2, 2006
10.11	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
10.12	Amendment to WESCO International, Inc. 1998 Stock Option Plan.	Incorporated by reference to Exhibit 10.5 to WESCO's Current Report on Form 8-K dated March 2, 2006
10.13	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
10.14	Form of Amendment to Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.6 to WESCO's Current Report on Form 8-K dated March 2, 1006
10.15	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
10.16	1999 Long-Term Incentive Plan.	Incorporated by reference to Exhibit 10.22 to WESCO's Registration Statement on Form S-1 (No. 333-73299)

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.17	Office Lease Agreement, dated as of May 24, 1995, by and between Commerce Court Property Holding Trust, as Landlord, and WESCO Distribution, Inc., as Tenant, as amended by First Amendment to Lease, dated as of June 1995 and by Second Amendment to Lease, dated as of December 29, 1995.	Incorporated by reference to Exhibit 10.10 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.18	Lease, dated as of April 1, 1992, by and between The E.T. Hermann and Jane D. Hermann 1978 Living Trust and Westinghouse Electric Corporation, as renewed by the renewal letter, dated as of December 13, 1996, from WESCO Distribution, Inc., as successor in interest to Westinghouse Electric Corporation, to Utah State Retirement Fund, as successor in interest to The E.T. Hermann and Jane D. Hermann 1978 Living Trust.	Incorporated by reference to Exhibit 10.11 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.19	Third Amendment to Lease, dated as of December 22, 2004, by and between US Institutional Real Estate Equities, L.P., as successor in interest to Utah State Retirement Fund and The E.T. Hermann and Jane D. Hermann 1978 Living Trust, and WESCO Distribution, Inc., as successor in interest to Westinghouse Electric Corporation.	Filed herewith
10.20	Agreement of Lease, dated as of September 3, 1998, by and between Atlantic Construction, Inc., as landlord, and WESCO Distribution-Canada, Inc., as tenant, as renewed by the Renewal Agreement, dated April 14, 2004, by and between Atlantic Construction, Inc., as landlord, and WESCO Distribution-Canada, Inc., as tenant.	Filed herewith
10.21	Lease dated December 13, 2002 between WESCO Distribution, Inc. and WESCO Real Estate IV, LLC.	Incorporated by reference to Exhibit 10.27 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2002
10.22	Lease Guaranty dated December 13, 2002 by WESCO International, Inc. in favor of WESCO Real Estate IV, LLC.	Incorporated by reference to Exhibit 10.28 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2002
10.23	Amended and Restated Registration and Participation Agreement, dated as of June 5, 1998, among WESCO International, Inc. and certain security holders of WESCO International, Inc. named therein.	Incorporated by reference to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.24	Employment Agreement, dated as of June 5, 1998, between WESCO Distribution, Inc. and Roy W. Haley.	Incorporated by reference to Exhibit 10.20 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.25	Employment Agreement, dated as of July 29, 2004, between WESCO International, Inc. and John Engel.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
10.26	Employment Agreement, dated as of December 15, 2005, between WESCO International, Inc. and Stephen A. Van Oss.	Filed herewith

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.27	Amended and Restated Credit Agreement, dated as of September 28, 2005, by and among WESCO Distribution, Inc., the other credit parties signatory thereto from time to time, General Electric Capital Corporation, as Agent and U.S. Lender, GECC Capital Markets Group, as Lead Arranger, GE Canada Finance Holding Company, as Canadian Agent and a Canadian Lender, Bank of America, N.A., as Syndication Agent, and The CIT Group/Business Credit, Inc. and Citizens Bank of Pennsylvania, as Co-Documentation Agents.	Incorporated by reference to Exhibit 10.1 to WESCO's Current Report on Form 8-K, September 28, 2005
10.28	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, Herning Enterprises, Inc. and WESCO Equity Corporation.	Incorporated by reference to Exhibit 10.21 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2001
10.29	Second Amended and Restated Receivables Purchase Agreement dated as of September 2, 2003 among WESCO Receivables Corp., WESCO Distribution, 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 September 30, 2003
10.30	Second Amendment to Second Amended and Restated Receivables Purchase Agreement and Waiver, dated August 31, 2004.	Incorporated by reference to Exhibit 10.4 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
10.31	Third Amendment to Second Amended and Restated Receivables Purchase Agreement, dated September 23, 2004.	Incorporated by reference to Exhibit 10.5 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
10.32	Sixth Amendment to Second Amended and Restated Receivables Purchase Agreement, dated October 4, 2005.	Incorporated by reference to Exhibit 10.2 to WESCO's Current Report on Form 8-K, September 28, 2005
10.33	Loan Agreement between Bear Stearns Commercial Mortgage, Inc. and WESCO Real Estate IV, LLC, dated December 13, 2002.	Incorporated by reference to Exhibit 10.26 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2002
10.34	Guaranty of Non-Recourse Exceptions Agreement dated December 13, 2002 by WESCO International, Inc. in favor of Bear Stearns Commercial Mortgage, Inc.	Incorporated by reference to Exhibit 10.29 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2002
10.35	Environmental Indemnity Agreement dated December 13, 2002 made by WESCO Real Estate IV, Inc. and WESCO International, Inc. in favor of Bear Stearns Commercial Mortgage, Inc.	Incorporated by reference to Exhibit 10.30 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2002
10.36	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
10.37	Amendment dated March 29, 2002 to Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 10.25 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2002

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.38	Agreement and Plan of Merger, dated August 16, 2005, by and among Carlton-Bates Company, the shareholders of Carlton-Bates Company signatory thereto, the Company Representative (as defined therein), WESCO Distribution, Inc. and C-B WESCO, Inc.	Incorporated by reference to Exhibit 10.3 to WESCO's Current Report on Form 8-K, dated September 28, 2005
10.39	Registration Rights Agreement, dated September 27, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and Lehman Brothers Inc. and Goldman Sachs & Co., as representatives of the initial purchasers named therein.	Incorporated by reference to Exhibit 4.2 to WESCO's Current Report on Form 8-K, September 21, 2005
10.40	Exchange and Registration Rights Agreement, dated September 27, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and Goldman Sachs & Co. and Lehman Brothers Inc., as representatives of the initial purchasers named therein.	Incorporated by reference to Exhibit 4.5 to WESCO's Current Report on Form 8-K, September 21, 2005
21.1	Significant Subsidiaries of WESCO.	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP.	Filed herewith
23.2	Consent of American Appraisal Associates, Inc.	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) promulgated under the Exchange Act.	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) promulgated under the Exchange Act.	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	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. Exhibits will also be furnished without charge by writing to Stephen A. Van Oss, Senior Vice President and Chief Financial and Administrative Officer, 225 West Station Square Drive, 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 15, 2006

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 15, 2006
/s/ STEPHEN A. VAN OSS Stephen A. Van Oss	Senior Vice President and Chief Financial and Administrative Officer (Principal Financial and Accounting Officer)	March 15, 2006
/s/ JAMES L. SINGLETON James L. Singleton	Director	March 14, 2006
/s/ JAMES A. STERN James A. Stern	Director	March 14, 2006
/s/ MICHAEL J. CHESHIRE Michael J. Cheshire	Director	March 14, 2006
/s/ ROBERT J. TARR, JR. Robert J. Tarr, Jr.	Director	March 14, 2006
/s/ KENNETH L. WAY Kenneth L. Way	Director	March 14, 2006
/s/ GERORGE L. MILES, JR. George L. Miles, Jr.	Director	March 14, 2006
/s/ SANDRA BEACH LIN Sandra Beach Lin	Director	March 14, 2006
/s/ WILLIAM J. VARESCHI, JR. William J. Vareschi, Jr.	Director	March 14, 2006
/s/ STEVEN A. RAYMUND Steven A. Raymund	Director	March 14, 2006
/s/ LYNN M. UTTER Lynn M. Utter	Director	March 14, 2006

Schedule II–Valuation and Qualifying Accounts

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

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

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

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

(1) Represents inventory reserves in connection with certain acquisitions.

(2) Includes a reduction in the inventory reserve due to disposal of inventory.

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

EXHIBIT 10.19

THIRD AMENDMENT TO LEASE

This Third Amendment to Lease ("Third Amendment") is entered into effective as of December 22, 2004, by and between US INSTITUTIONAL REAL ESTATE EQUITIES, L.P., a Texas limited partnership ("Lessor"), successor in interest to Utah State Retirement Investment Fund ("USRIF"), successor in interest to E.T. Hermann and Jane D. Hermann 1978 Living Trust ("Hermann Trust") and WESCO DISTRIBUTION, INC., a Delaware corporation ("Lessee"), successor in interest to Westinghouse Electric Supply Company, a former division of Westinghouse Electric Corporation ("WEC").

WHEREAS, under that certain Lease dated April 1, 1992 ("Original Lease"), by and between the Hermann Trust and WEC, as amended by that certain letter dated as of December 13, 1996 whereby Lessee exercised its First Option to Extend and USRIF and Lessee amended the Original Lease to renew the Lease Term as provided therein ("First Amendment") and that certain Second Amendment to Lease dated as of March 22, 2002 ("Second Amendment") by and between Lessee and USRIF, (collectively, the "Lease"), Lessee leases approximately 196,800 square feet located at 1161 E. Glendale Avenue, Sparks, Nevada and designated as Building #8 ("Original Premises");

WHEREAS, Capitalized terms not otherwise defined in this Third Amendment shall have the meanings ascribed to them in the Lease; and

WHEREAS, among other things, Lessor and Lessee desire to extend the Lease Term, to decrease the size of the Original Premises by 66,149 square feet (the "Contraction Premises"), which comprises the portion of the Original Premises depicted on the attached **Exhibit A-1** and to further amend the Lease as set forth below.

NOW THEREFORE, in consideration of the rentals to be paid and the covenants and agreements to be kept and performed by both parties hereto, Lessor and Lessee hereby agree to amend the Lease as follows:

(1) Section 1.1 of the Lease is amended to add the following at the end:

"; provided, however, from and after the Contraction Date (as defined herein), the Premises shall no longer include the Contraction Premises and are stipulated and agreed for all purposes to be 130,651 square feet, regardless of whether the same is actually more or less."

(2) Effective on the Contraction Date, the number of parking spaces shall be reduced to 26, as provided on a site plan delivered to Lessee.

(3) Effective on the Contraction Date, Base Rent set forth in the Second Amendment for the Premises is deleted in its entirety and the following monthly base rent schedule for the Premises is added to the end of Section 1.3 as the definition of base monthly rent for the Premises.

"(a) For the period of the Contraction Date-June 30, 2007: $35,275.77 per month, $423,309.24 per year ($3.24 x 130,651)

(b) For the period of July 1, 2007-June 30, 2010: $37,888.79 per month, $454,665.48 per year ($3.48 x 130,651)

(4) Sections 1.6 and 1.7 are hereby deleted in their entirety.

(5) Section 1.8 of the Lease is amended to reflect that the Lease Term is extended an additional 60 months ("Third Renewed Term") from the expiration of the Second Renewed Term; provided, however that the Lease Termination Date shall be revised to be (i) December 31, 2004 as to the Contraction Premises and (ii) the expiration of the Third Renewed Term on June 30, 2010 as to the remainder of the Premises. Further, the following definition is added to end of Section 1.8:

"**Contraction Date:** The later of (i) January 1, 2005 and (ii) the date that Lessee vacates and surrenders all of the Contraction Premises in accordance with the terms of the Lease."

(6) Section 1.9 is amended to reflect the addition of the Fourth Renewal Option (as defined in Section 7) of the Lease, which is added pursuant to this Third Amendment.

(7) Effective as of the Contraction Date, Section 1.14 is amended to reflect that from and after the Contraction Date the percent of the building occupied by Lessee is 32.32%.

(8) Section 1.17 is amended to add the following new Exhibits: Exhibit A-1 Contraction Premises, Exhibit B Work agreement.

(9) Section 2 is amended to delete Lessor's payment address and insert the following in lieu thereof:

"US Institutional Real Estate Equities, L.P.
P. O. Box 203051
Houston, Texas 77216-3051

Or electronically via ACH to the following:

JP Morgan Chase Bank
San Antonio, Texas
ABA #113000609
To Credit: USAA Institutional Real Estate Equities
Account # 125-0838856"

(10) Section 3 is deleted in its entirety.

(11) Section 7 is deleted and the following is inserted in lieu thereof:

"7. **OPTION TO RENEW**

7.1 Grant of Option and General Terms. Provided that (1) no material adverse change has occurred in Lessee's financial condition, (ii) this Lease is in full force and effect, and (iii) no default shall exist under this Lease, either on the date Lessee exercises its Fourth Renewal Option (as hereinafter defined) or as of the effective date of the Fourth Renewed Term (as hereinafter defined), or would exist but for the pendency of any cure periods provided under **Section 29** herein; Lessee shall have the option to extend the Lease Term with respect to the entire Premises for one (1) additional period (the "Fourth Renewal Option") of five (5) years (the "Fourth Renewed Term"). The Fourth Renewal Option shall be subject to all of the terms and conditions contained in the Lease except that (i) the Renewal Rent (as hereinafter defined) shall be at the then prevailing Market Rate (as defined below) on the commencement date of the Fourth Renewed Term; (ii) Lessor shall have no obligation to improve the Premises; and (iii) there shall be no further option to extend the Lease Term beyond the Fourth Renewed Term.

7.2 Determination of Market Rate. Lessee shall send Lessor a preliminary expression of Lessee's willingness to renew this Lease no earlier than three hundred sixty (360) days or later than two hundred seventy (270) days prior to the Lease Termination Date with respect to the Third Renewed Term. Lessee and Lessor shall negotiate in good faith to determine and mutually agree upon the Market Rate for the Fourth Renewed Term. If Lessor and Lessee are unable to agree upon the Market Rate for the Fourth Renewed Term, on or before two hundred forty (240) days prior to the expiration of the Third Renewed Term of the Lease (the "Negotiation Period"), as evidenced by an amendment to the Lease executed by both Lessor and Lessee, then within ten (10) days after the last day of the Negotiation Period, Lessee may, by written notice to Lessor (the "Notice of Exercise"), irrevocably elect to exercise such Fourth Renewal Option. In order for Lessee to exercise such Fourth Renewal Option, Lessee shall send the Notice of Exercise to Lessor stating (i) that Lessee is irrevocably exercising its right to extend the Lease Term pursuant to **Section 7**; and (ii) Lessor and Lessee shall be irrevocably bound by the determination of Market Rate set forth hereinafter in this **Section 7.2**, and if applicable, **Section 7.4**. If Lessee shall fail to deliver the Notice of Exercise on or before ten (10) days after the last day of the Negotiation period, then Lessee shall have waived any right to exercise the Fourth Renewal Option. In the event any date referenced in this **Section 7.2** falls on a day other than a business day, such date shall be deemed to be the next following business day.

In the event Lessee timely delivers the Notice of Exercise to Lessor, Lessor and Lessee shall each simultaneously present to the other party their final determinations of the Market Rate for the Fourth Renewed Term (the "Final Offers") within fifteen (15) days after the last day of the Negotiation Period. If the Market Rate as determined by the lower of the two (2) proposed Final Offers is not more than ten percent (10%) below the higher, then the Market Rate shall be determined by averaging the two (2) Final Offers.

If the difference between the lower of the two (2) proposed Final Offers is more than ten percent (10%) below the higher, then the Market Rate shall be determined by Baseball Arbitration (as hereinafter defined) in accordance with the procedure set forth in **Section 7.4**.

7.3 Renewal Rent. The Renewal Rent for the Fourth Renewed Term shall be an amount equal to the prevailing Market Rate. As used herein "Market Rate" shall mean the then prevailing market rate for base rent (and with charges for parking, which parking charges shall be in addition to base rent) for tenants of comparable quality for renewal leases in buildings of comparable size, age, use location and quality in the East Sparks Market Area of Sparks, Nevada, taking into consideration the extent of the availability of space as large as the premises in the marketplace and all other economic terms then customarily prevailing in such renewal leases in said marketplace.

7.4 Baseball Arbitration. For all purposes of this Lease, Baseball Arbitration shall follow the following procedures:

(a) Within twenty (20) days after Lessor's receipt of Lessee's Notice of Exercise, Lessee and Lessor shall each select an arbitrator ("Lessee's Arbitrator" and "Lessor's Arbitrator", respectively) who shall be a qualified and impartial person licensed in the State of Nevada as an MAI appraiser with at least five (5) years of experience in appraising the type of matters for which they are called on to appraise hereunder in the East Sparks Market Area of Sparks, Nevada.

(b) Lessor's Arbitrator and Lessee's Arbitrator shall name a third arbitrator, similarly qualified, within ten (10) days after the appointment of Lessor's Arbitrator and Lessee's Arbitrator.

(c) Said third arbitrator shall, after due consideration of the factors to be taken into account under the definition of Market Rate set forth in **Section 7.3** and hearing whatever evidence the arbitrator deems appropriate from Lessor, Lessee and others, and obtaining any other information the arbitrator deems necessary, in good faith, make its own determination of the Market Rate for the Premises as of the commencement of the Fourth Renewed Term (the "Arbitrator's Initial Determination") and thereafter select either Lessor's Final Offer or the Lessee's Final Offer, but no other, whichever is closest to the Arbitrator's Initial Determination (the "Final Determination"), such determination to be made within thirty (30) days after the appointment of the third arbitrator. The Arbitrator's Initial Determination, Final Determination and the market information upon which such determinations are based shall be in writing and counterparts thereof shall be delivered to Lessor and Lessee within said thirty (30) day period. The arbitrator shall have no right or ability to determine the Market Rate in any other manner. The Final Determination shall be binding upon the parties hereto.

(d) The costs and fees of the third arbitrator shall be paid by Lessor if the Final Determination shall be Lessee's Final Offer or by Lessee if the Final Determination shall be Lessor's Final Offer.

(e) If Lessee fails to appoint Lessee's Arbitrator in the manner and within the time specified in **Section 7.4**, then the Market Rate for the Fourth Renewed Term shall be the Market Rate contained in the Lessor's Final Offer. If Lessor fails to appoint Lessor's Arbitrator in the manner and within the time specified in **Section 7.4**, then the Market Rate for the Fourth Renewed Term shall be the Market Rate contained in the Lessee's Final Offer. If Lessee's Arbitrator and Lessor's Arbitrator fail to appoint the third arbitrator within the time and in the manner prescribed in **Section 7.4** then Lessor and Lessee shall jointly and promptly apply to the local office of the American Arbitration Association for the appointment of the third arbitrator.

7.5 Personal Option. This Fourth Renewal Option is personal with respect to WESCO DISTRIBUTION, INC. Any assignment or subletting shall automatically terminate WESCO DISTRIBUTION, INC.'s rights hereunder."

(12) Sections 19 is deleted in its entirety and replaced with the following:

"**19. INSURANCE REQUIRED BY LESSEE.**

19.1 Certain Insurance Risks. Lessee will not do or permit to be done any act or thing upon the Premises or the building of which the Premises are a part which would: (1) jeopardize or be in conflict with fire insurance policies covering the building of which the Premises are a part, and fixtures and property in the building of which the Premises are a part; or (2) increase the rate of fire insurance applicable to the building of which the Premises are a part to an amount higher than it otherwise would be; or (3) subject Lessor to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being conducted upon the Premises.

19.2 Lessee's Insurance. Lessee will carry and maintain, at Lessee's expense, the following insurance, in the minimum amounts specified below or such other amounts as Lessor may from time to time reasonably request (provided that any changes to the amounts specified below are reasonable and consistent with amounts required of other tenants with a similar use in the East Sparks Market Area of Sparks, Nevada):, with insurance companies meeting the requirements of **Section 19.2(7)** and on forms reasonably satisfactory to Lessor:

(1) Commercial general liability insurance, with a combined single occurrence limit and aggregate of not less than $1,000,000. All such insurance will include, without limitation, bodily injury, property damage, personal injury, advertising injury, products and completed operations liability, and contractual liability coverage for the performance by Lessee of the indemnity agreements set forth in this Lease;

(2) All risk property covering all of Lessee's furniture and fixtures, machinery, equipment, stock and any other personal property owned and used in Lessee's business and found in, on or about the building of which the Premises are a part, and any leasehold improvements to the Premises in excess of any initial buildout of the Premises by the Lessor, in an amount not less than the full replacement cost, less Lessee's deductible which shall not exceed $200,000.00;

(3) Worker's compensation insurance insuring against and satisfying Lessee's obligations and liabilities under the worker's compensation laws of the state in which the Premises are located, including employer's liability insurance in the limit of $1,000,000 aggregate;

(4) If Lessee operates owned, hired, or nonowned vehicles at the building of which the Premises are a part, comprehensive automobile liability will be carried at a limit of liability not less than $1,000,000 combined bodily injury and property damage;

(5) Umbrella liability insurance in excess of the underlying coverage listed in **Section 19.2(1), (3) and (4)** above, with limits of not less than $4,000,000 per occurrence/$4,000,000 aggregate;

(6) Loss of income and extra expense insurance and contingent business income insurance in amounts as will reimburse Lessee for direct or indirect loss of earning attributable to all perils insured or attributable to prevention of access to the Premises as a result of such perils. Such insurance shall provide for an extended period of indemnity to be not less than twelve (12) months; and

(7) All insurance required under this **Section 19** shall be issued by such good and reputable insurance companies qualified to do and doing business in the state in which the Premises are located and having a policyholder rating of not less than "A" and a financial rating of "VIII" in the most current copy of Best's Insurance Report in the form customary to this locality.

19.3 Forms of the Policies. Lessor and its affiliates, Lessor's management company, Lessor's mortgagee, and such other parties as Lessor shall reasonably designate to Lessee who have an insurable interest in the Premises or building of which the Premises are a part shall be: (i) named as additional insured (other than for Worker's Compensation) and have waiver of subrogation rights with respect to the coverages provided for under **Section 19.2 (1), (3), (4) and (5)** and (ii) as loss payees as their interest may appear with respect to the coverage provided under **Section 19.2(2)**. Certificates of insurance together with any endorsements providing the required coverage will be delivered to Lessor prior to or contemporaneously with the execution of the Third Amendment and from time to time at least 30 days prior to expiration of the term, material change, reduction in coverage, or other termination thereof. All commercial general liability and property policies herein required to be maintained by Lessee will be written as primary policies, not contributing with and not supplemental to the coverage that Lessor may carry. Commercial general liability insurance required to be maintained by Lessee by this **Section 19** will not be subject to a deductible in excess of $200,000.00.

19.4 Adequacy of Coverage. Lessor makes no representation that the limits of liability specified to be carried by Lessee pursuant to the **Section 19** are adequate to protect Lessee and Lessee should obtain such additional insurance or increased liability limits as Lessee deems appropriate. Furthermore, in no way does the insurance required herein limit the liability of Lessee assumed elsewhere in the Lease.

(13) Section 20 is amended to delete the first sentence and insert the following in lieu thereof:

"At all times during the Term, Lessor will carry and maintain:

(1) Fire and extended coverage insurance covering the building of which the Premises are a part, its equipment and Common Area furnishings, and leasehold improvements in the Premises to the extent of any initial build out of the Premises by the Lessor;

(2) Bodily injury and property damage insurance; and

(3) Such other insurance as Lessor reasonably determines from time to time.

The insurance coverages and amounts in this **Section 20** will be determined by Lessor in an exercise of its reasonable discretion."

(14) Section 21 is amended to add the following at the end:

"(including deductible amounts). Lessee agrees to cause all other occupants of the Premises claiming by, under or through Lessee, to execute and deliver to Lessor and its affiliates, Lessor's management company, and Lessor's mortgagee such a waiver of claims and to obtain such waiver of subrogation rights endorsements."

(15) Section 31 is amended to add the following at the end:

"Lessee shall pay all rent due to and through the Contraction Date specified and shall surrender the Contraction Premises to Lessor on or before Lease Termination Date as to the Contraction Premises in the manner and in the condition provided for in the Lease. Lessee's failure to satisfy its obligation to vacate the Contraction Premises in accordance with this **Section 31** shall constitute a default and a holdover under this Lease, entitling Lessor to any and all remedies under this Lease, at law and/or in equity and to holdover rent commencing on January 1, 2005 pursuant to **Section 36.**"

(16) Section 39 of the Lease and Section 10 of the Second Amendment are hereby deleted in their entirety and replaced with the following:

"All notices or other communications hereunder shall be in writing and shall be deemed duly given if addressed and delivered to the respective parties' addresses, as set forth in this **Section 39**: (i) in person; (ii) by Federal Express or similar overnight carrier service; or (iii) mailed by certified mail; return receipt requested, postage prepaid. Such notices shall be deemed received upon the earlier of receipt or, if mailed by certified mail, 3 days after such mailing. Lessor and Lessee may from time to time by written notice to the other designate another address for receipt of future notices. For purposes of this Lease, Lessor's and Lessee's addressed are as follows:

LESSEE'S ADDRESS:

WESCO DISTRIBUTION, INC.
Suite 700
225 W. Station Square Drive
Pittsburgh, PA 15219
Attention: Real Estate

With a copy at
the same time to:

WESCO DISTRIBUTION
Building 8
1161 East Glendale Ave.
Sparks, Nevada 89431

LESSOR'S ADDRESS:

US INSTITUTIONAL REAL ESTATE EQUITIES, L.P.
9830 Colonnade Boulevard, Suite 600
San Antonio, Texas 78230-2239
Attention: VP Portfolio Management

with a copy at the same time to:	USAA Real Estate Company 9830 Colonnade Boulevard, Suite 600 San Antonio, Texas 78230-2239 Attention: VP Real Estate Counsel
	USAA Realty Company 2201 Dupont Drive, Suite 360 Irvine, California 92612 Attention: AVP/Western Region
	Trammell Crow Company 68980 Sierra Center Parkway Suite 160 Reno, Nevada 89511"

(17) Section 43 is amended to add the following at the end:

"Notwithstanding anything to the contrary in this Lease, Lessee shall permit Lessor, on and after the effective date of the Third Amendment, and without notice or charge therefore to Lessor and without diminution of rent, (i) to enter the Contraction Premises at any time during Lessee's normal business hours as reasonably designated by Lessee to exhibit the same to prospective tenants; and (ii) to enter the Contraction Premises and remaining Premises at any time in order to inspect the Lessee Work set for in **Exhibit B**. Lessee further agrees to reasonably cooperate with Lessor in connection with Lessor's exercise of Lessor's rights of entry under this **Section.**"

(18) Section 44 is amended to add the following at the end:

"On or before the Lease Termination Date as to the Contraction Premises, Lessee shall surrender to Lessor all keys to any locks or doors entering or within the Contraction Premises that are not also used to access the remaining Premises, and give to Lessor the explanation of the combination of all locks for safes, safe cabinets and vault doors, if any, in the Contraction Premises.

(19) Sections 48, 50, 51 and 52 are hereby deleted in their entirety.

(20) Landlord's Lien, Lessee has not granted Lessor a contractual lien or security interest in Lessee's equipment, machinery or other property used in Lessee's operations. Notwithstanding anything to the contrary, Lessor agrees to subordinate any statutory landlord's lien or security interest in Lessee's equipment, machinery or other property used in Lessee's operations at the Premises to any third party lenders of Lessee providing financing for such equipment, machinery and other property and will execute, following Lessee's request, Lessor's standard form of subordination agreement, or such other form acceptable to Lessor, in order to evidence the same.

(21) Condition of the Premises. Lessor and Lessee agree that Lessor has no obligation to construct any improvements to the Premises, and that LESSEE CURRENTLY OCCUPIES AND ACCEPTS THE PREMISES, "AS IS", "WHERE IS" AND WITH ANY AND ALL FAULTS. LESSOR NEITHER MAKES NOR HAS MADE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE QUALITY, SUITABILITY OR FITNESS THEREOF OF THE PREMISES, OR THE CONDITION OR REPAIR THEREOF. LESSEE'S OCCUPYING THE PREMISES SHALL BE CONCLUSIVE EVIDENCE FOR ALL PURPOSES OF LESSEE'S ACCEPTANCE OF THE PREMISES IN GOOD ORDER AND SATISFACTORY CONDITION, AND IN A STATE AND CONDITION SATISFACTORY, ACCEPTABLE AND SUITABLE FOR THE LESSEE'S USE PURSUANT TO THE LEASE.

(22) Brokerage. Except for Trammel Crow Company and Commercial Properties of Nevada (collectively and each a "Broker"), Lessee and Lessor each agree to indemnify and hold the other harmless of and from any and all loss, costs, damages or expenses (including, without limitation, all attorneys' fees and disbursements) by reason of any claim of or liability to any broker or person claiming through the indemnifying party and arising out of or in connection with the negotiation, execution and delivery of this Third Amendment. Each Broker will be compensated by Lessor pursuant to the terms of a separate agreement between Lessor and the respective Broker.

(23) Counterclaims. There exist no offsets, counterclaims or defenses of Lessee under the Lease against Lessor, and there exist no events which would constitute a basis for such offsets, counterclaims, or defenses against Lessor upon the lapse of time or the giving of notice or both. Redress for any claims against Lessor under the Lease, as amended by this Third Amendment, shall only be made against Lessor to the extent of Lessor's interest in the building of which the Premises are a part to which the Premises are a part. Lessee agrees to look solely to Lessor's interest in the building of which the Premises are a part for the recovery of any amount from Lessor, and shall not look to other assets of Lessor nor seek recourse against the assets of the individual or other partners, directors, officers and shareholders of Lessor. Any lien obtained to enforce any such judgment and any levy of execution thereon shall be subject and subordinate to any lien, mortgage or deed of trust on the building of which the Premises are a part.

(24) Continued Effect. Except as otherwise provided in this Third Amendment, all other provisions of the Lease shall remain unmodified and in full force and effect. All terms not defined herein shall be as defined pursuant to the terms of the Lease.

EXECUTED as of the dates indicated below to be effective as of the date indicated above.

LESSOR:

US INSTITUTIONAL REAL ESTATE
EQUITIES, L.P., a Texas limited partnership

By: USAA REAL ESTATE COMPANY,
a Delaware corporation, Its General Partner

By: /s/ TRD
Name: T. PATRICK DUNCAN
Title: Senior Vice President
Date Executed: 12/22/04

LESSEE:

WESCO DISTRIBUTION, INC.
a Delaware corporation

By: /s/ Stephen A. Van Oss
Stephen A. Van Oss, Senior Vice President,
CFO & CAO
Date Executed: 12/06/04

[Exhibits and Schedules have been omitted and will be furnished upon request.]

Exhibit 10.20

AGREEMENT OF LEASE

BETWEEN: ATLANTIC CONSTRUCTION INC., a company duly incorporated under the law, herein acting and represented by David Rosenberg, its President, hereunto duly authorized as he declares,

(hereinafter referred to as "Landlord")

AND: WESCO DISTRIBUTION CANADA INC., a body politic and corporate, duly incorporated under the Law, and having an office in the City of Pittsburgh, State of Pennsylvania, U.S.A., located at Riverfront Center, herein acting and represented by Roy W. Haley, its President and Chief Executive Officer duly authorized as he declares, (hereinafter referred to as "Tenant")

1. DESCRIPTION AND LEASE OF PREMISES

The Landlord in consideration of the rentals and other obligations of the Tenant herein set forth, hereby leases to the Tenant, the latter accepting, the location bearing civic number 1330 Trans Canada Highway, Dorval, Québec, consisting of an area of approximately ninety-seven thousand (97,000) square feet and the land upon which it is erected, the whole as outlined on the plan hereto attached as Schedule "A" (hereinafter referred to as the "Leased Premises").

The building containing the Leased Premises (hereinafter referred to as the "Building") is situated on the emplacement described in Schedule "B" hereto attached.

Landlord will within thirty (30) days after the occupation of the 'Leased Premises by the Tenant, furnish the latter with a certificate of its architect attesting to the area of the Leased Premises. Said certificate shall be based on outside measurements and shall be final and binding upon the parties hereto.

2. TERM OF LEASE

The Term of this Lease shall commence on August 1, 1994 and shall terminate on the last day of July 1999 unless sooner terminated under the provisions hereof (hereinafter referred to as the "Term").

3. USE OF PROPERTY

Tenant covenants that the Leased Premises shall be used solely for the purpose of office space and warehousing and for no other purpose. Storage shall be permitted outside the Leased Premises on the Thirty-five thousand (35,000) square feet of yard space on the south side of the Leased Premises during the Term.

Notwithstanding the foregoing, Landlord shall have the right to reclaim the yard space without financial penalty on thirty (30) days written notice to the Tenant of its need for the yard space. All such storage shall be in conformity with municipal regulations.

4. RENTAL ON NET RETURN BASIS

It is intended that the Base Rent provided for in this Lease shall be an absolute net return to Landlord for the Term of this Lease, free of any and all costs, expenses of any nature whatsoever, taxes and charges with respect to the Leased Premises, other than any income or profit taxes which may be levied against Landlord and any interest or amortization charges of Landlord in respect of any hypothecs and except as otherwise herein stipulated.

5. BASE RENT

Subject to and under reserve of the terms and conditions contained in Article 46.3 and Schedule D hereof, Tenant covenants and agrees to pay to Landlord in lawful money of Canada without deduction, abatement or set off, an annual Base Rent as follows:

a) During the first three (3) years of the Term a sum of Three hundred fifteen thousand dollars ($315,000.00) payable in equal consecutive monthly installments of Twenty-six thousand two hundred and fifty dollars ($26,250.00) each;

b) During the last two (2) years of the Term a sum of Three hundred thirty-seven thousand five hundred dollars ($337,500.00) payable in equal consecutive monthly installments of Twenty-eight thousand one hundred twenty-five dollars ($28,125.00) each, the whole without deduction, abatement or set-off and payable in advance on the first (1st) day of each month during the Term, with the applicable Goods and Services Taxes and Québec Sales Taxes and any other similar taxes which may be levied in the future by any governmental authority (hereinafter referred to as the “Base Rent”).

Such Base Rent has been calculated on an area of Ninety thousand (90,000) square feet which area the parties irrevocably agree to use for the calculation of Base Rent.

The Base Rent and other charges as herein provided shall be paid to Landlord and/or its nominee at the office of the Landlord, 7077 ave. du Parc, Suite 600, Montréal, Québec H3N 1X7, or at such other place in Canada as shall be designated by Landlord in writing to Tenant.

Should the Tenant continue to occupy the Leased Premises after the expiry of the Term without a written agreement, there shall be no tacit renewal and the Tenant shall pay the Landlord Base Rent and other charges for the period of occupancy as set out in this Lease plus fifty percent (50%) thereof, without prejudice to such further damage claims as may be available to the Landlord against the Tenant. However, the Tenant is not to have the right to such occupancy beyond the expiry of the Term.

6. ADDITIONAL RENTAL

Subject to and under reserve of the terms and conditions contained in Article 46.3 and Schedule D hereof and without limiting the obligations of Tenant, the Tenant shall pay its proportionate share of the following items, which Proportionate Share is the product of the fraction of which the area of the Leased Premises is the numerator and the total Leasable area of the Building is the Denominator (hereinafter referred to as the “Proportionate Share”):

a) Taxes

Within thirty (30) days of receipt by Tenant of proof of payment by the Landlord and a written statement of the taxes set out in this paragraph the Tenant will in each and every year during the term of this Lease pay to the Landlord, whether they be special or general, its Proportionate Share of all property taxes, municipal taxes, school taxes, surtax on non-residential immoveables, ecclesiastical taxes, rates including local improvement rates, duties and assessments and any tax on capital pertaining to the Leased Premises that may be levied, rated, charged or assessed against the Building and/or all equipment and facilities thereon or therein, and/or the land and appurtenant land on which the Building is situated and/or any property on or in the Building owned or brought thereon or therein by Landlord or Tenant, and their respective officers, agents, employees, servants, visitors or licencees and/or Tenant in respect thereof, whether such taxes, rates, duties or assessments are charged by a municipal, school or any other body of competent jurisdiction. Upon payment by the Tenant as provided for in this paragraph, the Landlord will pay and will indemnify and keep indemnified the Tenant from and against any and every tax, rate, charge, duty and assessment referred to in this paragraph with respect to the Building and the lands appurtenant thereto.

The Tenant shall be solely responsible to pay its share of municipal surtaxes on non-residential immoveables that may be levied, charged, rated or assessed against the Building. Landlord may from time to time, or at any time, in its reasonable discretion revise its method for charging for such surtax, based either on the proportion allotted by the Municipality or based on the Tenant’s Proportionate Share.

The foregoing taxes in respect of the first and last years of the Term shall be adjusted between Landlord and Tenant.

b) Other Expenses

The Tenant shall pay its Proportionate Share of:

i) the expense required to keep the exterior of the Leased Premises in good order and condition and to keep the sidewalks, curbs, lawns and grounds in and about the Leased Premises in good condition, clean and free of snow and ice and properly landscaped.

ii) the reasonable cost of all goods and services furnished, employed or utilized in the operation, administration, maintenance, repair, supervision and management of the Building and of the common areas;

iii) the salaries, wages and costs related to fringe benefits and pension plan benefits of the employees of the Landlord exclusively engaged in the operation, administration, maintenance, repair, supervision and management of the Building;

iv) the reasonable cost of modifications, improvements and additions to the Building and to the equipment thereof as well as the equipment or specialized services necessary for the establishment, in the Building, of energy conservation measures, when, in the opinion of the Landlord and the Tenant, these costs are likely to reduce the operating expenses of the Building or improve the welfare or the security of the tenants of the Building or when the foregoing are required by law.

v) the capital cost, reasonably calculated according to a method of depreciation reasonably determined by the Landlord, of work or of equipment required for the operation, administration, maintenance, repair, supervision, management, modification or improvement of the Building or the common areas or of energy conservation measures as well as interest as hereinafter stipulated.

vi) the reasonable expenses incurred to redo, improve, modify or increase the insulation of the Building when, in the opinion of an expert in such matters, such expenses may reduce the electricity costs or gas consumed in the Leased Premises;

vii) the sprinkler maintenance and its monitoring alarm connection with a central security company;

viii) the reasonable cost of works, replacements or of repairs made to the Building, except those relating to the structure and roof of the Building which shall be paid by the Landlord, unless caused by the fault or negligence of the Tenant or by those for whom it is in law responsible. The term “structure” means the foundations and the frame of the Building. Tenant shall, also, not be responsible for any repairs of capital nature to the Building which for the purpose hereof shall be repairs of a replacement nature which give significant added value to the Building.

ix) Insurance

During the whole of the Term, the Tenant will pay its Proportionate Share of all premiums with respect to insurance to be placed by Landlord on the Building and described as follows:

i) Fire, Extended Coverage and Malicious Damage insurance for the full replacement cost of the Building, improvements and equipment and in addition upon the full annual rental income thereof.

ii) Broad boiler and Unfired Pressure Vessels insurance, including Repair or Replacement and rental income coverages in an amount reasonably satisfactory to Landlord;

iii) such other insurance as institutional lenders may require or as it may be or may become customary for owners of property to carry as respects loss of or damage to the Leased Premises or liability arising therefrom, specifically including any insurance required by reason of the introduction by or on behalf of Tenant, and/or its sub-tenants of any radioactive materials or substances into the Leased Premises.

All policies of insurance shall contain a provision of cross liability or severability of interest as between the Landlord and the Tenant. All other policies referred to above shall contain a waiver of subrogation rights which the Landlord's insurers may have against the Tenant, the Tenant's insurers and persons under the Tenant's care and control. The Landlord hereby releases and waives any and all claims against the Tenant and those for whom the Tenant is in law responsible with respect to the occurrences insured against by the Landlord hereunder. The Landlord shall from time to time furnish the Tenant with certified copies of all insurance policies and the renewals thereof upon request.

Tenant will pay the amount of any increase in insurance premiums on the whole of the Building of which the Leased Premises form part if such increase is caused by Tenant's operations in the Leased Premises, or anything brought therein by Tenant.

The following shall not be included in the operating expenses, such cost to be assumed by the Landlord exclusively:

i) any repairs to the roof or any structural repairs to the Building;

ii) any repairs of a capital nature to the Building and the land;

iii) any modification or improvement to the Building and the land unless same has been previously approved by the Tenant it being understood that the Tenant may withhold such approval without necessity of justification, and the whole subject to article 6 (v), 6 (vii) and 6 (ix) hereof.

iv) any repairs to the tile floor of the warehouse area;

Items due pursuant to this article 6 hereunder shall also be paid to Landlord by Tenant Thirty (30) days after receipt of Landlord's invoice for same.

7. METHOD OF PAYMENT

Notwithstanding anything to the contrary hereinabove contained, the Landlord may, at its reasonable option, instead of billing individually for taxes and other items to be paid by the Tenant, as hereinabove stipulated, estimate the amounts payable by the Tenant under the provisions of this Lease for such periods as the Landlord may determine, the Tenant hereby agreeing to pay to the Landlord such amounts in monthly instalments in advance during said period together with the rental payments as hereinabove provided. At the expiration of the period of which such estimated payments have been made, the Landlord shall furnish to the Tenant a certified statement showing in reasonable details the actual amount required to be paid under the provisions hereof. If the amounts actually due by the Tenant for such period exceed the amount so collected by the Landlord, the Tenant shall pay same within thirty (30) days after receipt of billings therefore, and if the amounts due by the Tenant for the said period are less than the amount actually collected by the Landlord, then the Landlord shall credit same to the next ensuing payments becoming due by the Tenant to the Landlord.

All sums due by the Tenant to the Landlord in virtue of this Lease will be considered as rent for all legal purpose.

8. DIRECT PAYMENTS

a) PAYMENT FOR BUSINESS TAX, LICENCES ETC.

Tenant shall be responsible for and pay all business taxes, and similar taxes levied with respect to the Leased Premises as well as the costs of any licences and permits required by the Tenant.

b) INSURANCE

Tenant covenants that nothing will be done or omitted to be done whereby any policy shall be cancelled or the Leased Premises rendered uninsurable.

Throughout the term of this Lease and any renewal thereof, the Tenant shall take out and keep in force:

(i) comprehensive general liability insurance with respect to the business carried on in or from the Leased Premises and the use and occupancy thereof for bodily injury and death and damage to the property of others in an amount of at least two million dollars ($2,000,000.00) for each occurrence or such greater amount as the Landlord may from time to time reasonably require;

(ii) all risks insurance including the perils of fire, extended coverage, leakage from sprinkler and other fire protective devices, earthquake, collapse and flood in respect to furniture, equipment, inventory and stock-in-trade, fixtures and leasehold improvements located within the Leased Premises and such other property located in or forming part of the Leased Premises, including all mechanical or electrical systems (or portions thereof) installed by the Tenant in the Leased Premises, the whole for the full replacement cost (without depreciation) in each such instance.

(iii) if any boiler or pressure vessel is operated in the Leased Premises, boiler and pressure vessel insurance with respect thereto;

(iv) glass and plate-glass insurance to the full replacement cost thereof;

(v) such additional insurance as the Landlord, acting reasonably, may from time to time require.

All policies of insurance shall provide that they will not be cancelled or permitted to lapse unless the insurer notifies the Landlord in writing at least thirty (30) days prior to the date of cancellation or lapse. Each such policy shall name the Landlord and any other party reasonably required by the Landlord as an additional insured as its interest may appear. Each comprehensive general liability insurance policy will contain a provision of cross-liability or severability of interest as between the Landlord and the Tenant. All other policies referred to above shall contain a waiver of subrogation rights which the Tenant's insurers may have against the Landlord, the Landlord's insurers and persons under the Landlord's care and control. The Tenant hereby releases and waives any and all claims against the Landlord and those for whom the Landlord is in law responsible with respect to occurrences required to be insured against by the Tenant hereunder. The Tenant shall from time to time furnish the Landlord with certificates of insurance policies and the renewals thereof.

The Landlord hereby releases and waives any and all claims against the Tenant and those for whom the Tenant is in law responsible with respect to occurrences required to be insured against by the Landlord hereunder.

Should the Tenant fail to take out or keep in force such insurance, the Landlord will have the right to do so and to pay the premiums therefore and in such event the Tenant shall repay to the Landlord the amount paid as premiums as additional rent within thirty (30) days after receipt of invoice.

c) UTILITIES

Subject to and under reserve of the terms and conditions contained in Schedule D hereof, the Tenant shall pay for the consumption in the Leased Premises of electricity, water, heat, gas and for telephone, pest control and garbage removal services, and all public utilities with respect to the Leased Premises, directly to the utility companies levying said charges.

The Tenant shall, at its cost, suitably heat the Leased Premises during the customary heating season. The Landlord represents and warrants to the Tenant that all heating equipment presently located in the Leased Premises is in good working order during the Term subject to regular maintenance thereof.

Notwithstanding anything contained in this article 8, should any of the expenses presently billed to the Tenant be invoiced to the Landlord in future the Tenant agrees to immediately reimburse the Landlord for these expenses.

9. FAILURE OF TENANT TO PERFORM

If Tenant fails to pay any taxes, rates, insurance premiums, charges or debts which it owes or has herein covenanted to pay, Landlord may pay the same and shall be entitled to charge the sums so paid to Tenant who shall pay them within thirty (30) days after receipt of invoice and Landlord. In addition to any other rights, Landlord shall have the same remedies and may take the same steps for the recovery of all such sums as it might have and take for the recovery of rent in arrears under the terms of this Lease; all arrears of rent and any monies paid to Landlord hereunder shall bear interest from the date of default at the rate equal to that charged by the Toronto Dominion Bank in Montreal to its most credit worthy commercial customers plus five percent (5%) per annum.

10. DEFAULT

Without prejudice to all of the rights and recourses available to the Landlord, the following shall be considered defaults under the terms of this Lease:

(a) in the event that Tenant shall be in default under any provision of this Lease providing for the payment of Base Rent or additional rent or any other charges, after fifteen (15) days written notice to the Tenant from the Landlord;

(b) in the event that Tenant shall be adjudicated a bankrupt or make any general assignment for the benefit of creditors, or take, or attempt to take, the benefit of any insolvency or Bankruptcy Act, or if a petition in bankruptcy shall be maintained against Tenant, or if a receiver or trustee be appointed to the property of Tenant, or any part thereof, or any execution be issued pursuant to a judgment, rendered against Tenant or pursuant to this Lease in which such event shall not be discharged within thirty (30) days;

(c) in the event that Tenant shall be in default in observing any covenant herein contained and/or performing any of its obligations contained in this Lease (other than a default in the payment of rent or additional rent) and such default shall continue for fifteen (15) days after written notice specifying such default shall have been given to Tenant by Landlord and provided Tenant has not started to remedy such default and to diligently pursue such remedial action within said delay.

In the event of any default under the terms of this Lease, the Landlord without prejudice to any rights or remedies it may have hereunder or by law shall have the right to terminate this Lease forthwith upon written notice given to Tenant by Landlord. Tenant upon such a termination of this Lease shall thereupon quit and surrender the Leased Premises to Landlord and Landlord, its agents and servants may immediately or at any time the re-enter the Leased Premises and dispossess Tenant, and remove any and all persons and any or all property therefrom whether by summary dispossession proceedings or by any suitable action or proceeding at law, or by force or otherwise without being liable to prosecution or damages therefore.

In case of any termination, or in case Tenant, in the absence of such termination, shall be dispossessed by or at the instance of Landlord in any lawful manner, whether by force or otherwise, Base Rent and Additional Rent for the then current month and for the next six (6) months succeeding the date of such termination or dispossession shall immediately become due and payable (as accelerated rent) and this Lease shall immediately, at the reasonable option of the Landlord, become forfeited and terminated, and the Landlord may, without notice of any form of legal process, forthwith re-enter upon and take possession of the Leased Premises and remove the Tenant’s effects therefrom, the whole without prejudice to and under reserve of all of the rights and recourses of the Landlord to claim any and all losses and damages sustained by the Landlord by reason of and arising from any default of the Tenant.

Landlord will use its best efforts to mitigate damages in the event of a default by the Tenant.

11. SIGNS

Landlord shall have the right at all times during the term of this Lease to place upon the Leased Premises a notice of reasonable dimensions and reasonably placed, so as not to interfere with the business of Tenant, stating that the Building is for sale and for six (6) months prior to the termination of this Lease, Landlord shall have the right to place upon the Leased Premises a similar notice that the Leased Premises are for rent and Tenant will not remove such notice or knowingly permit same to be removed.

Tenant shall have the right to place any signs, advertisements, notices or posters inside or outside the Leased Premises for the purposes of Tenant's operations in and from the Leased Premises, the whole subject to Landlord's consent which consent shall not be unreasonably withheld or delayed.

All such signs shall comply with the lawful requirements of municipal and governmental authorities.

Neither the Tenant or anyone other than the Landlord will have the right to place any signs for rent, sublet, etc. on the outside or inside of the Leased Premises or on any adjacent building or property belonging to the Landlord.

The Tenant shall have the right at any time to list the Leased Premises or any part thereof with any broker or agent for purposes of subleasing same.

12. EXHIBITION OF PREMISES

Landlord shall have the right, at any time upon twenty-four (24) hour notice to the Tenant, during business hours, to exhibit the Leased Premises to any prospective lender or purchaser or to any prospective Tenant during the last Nine (9) months of the Term.

13. MAINTENANCE AND REPAIRS

Notwithstanding the provisions of the Civil code of Québec, the Tenant, at its own expense, shall operate, maintain and keep the Leased Premises including all facilities, equipment and services, both inside and outside, available to the Tenant exclusively, in such good order and condition, as they would be kept by a careful owner, and shall promptly , if known, make all needed repairs and replacements to the Leased Premises, which a careful owner would make, including, without limitations, the water, gas, drain and sewer connections, pipes and mains, electrical wiring, water closets, sinks and accessories thereof, and all equipment belonging to or connected with the Leased Premises or used in its operation, including the heating and air conditioning systems therein.

The Tenant undertakes to obtain and pay for such maintenance, repair, and replacement service and/or insurance contracts with respect to the foregoing; the whole without prejudice to the other obligations of the Tenant with respect to same. The Tenant shall forward, upon request, to the Landlord copies of such contracts and evidence of renewals thereof during the continuance of this Lease.

Notwithstanding the other provisions of this article, Tenant shall not be responsible for the execution of and the payment of any repairs to the roof, any structural repairs, any repairs of a capital nature and any repair to the tile floors in the warehouse area unless caused by fault of the Tenant or by those for whom it is in law responsible.

14. SUBLETTING AND ASSIGNMENT

Subject to the provisions hereinafter detailed, the Tenant shall have the right to sublet the Leased Premises or assign its rights in the present Lease with the consent of the Landlord which consent shall not be unreasonably withheld or delayed and provided that the Leased Premises are utilized only for the purposes stipulated in article 3 hereof. Notwithstanding such subletting and assignment, the Tenant shall remain solidarily liable with such sublessee or assignee for the performance of all the terms and conditions of the present Lease.

It is understood and agreed that notwithstanding the terms of Article 1873 of the civil code of Québec any such assignment consented to by the Landlord shall in no way acquit the Tenant of its obligations stipulated in this Lease.

Sales aggregating fifty percent (50%) or more of the capital or issued voting stock of Tenant (if Tenant is a non-public corporation) or transfers aggregating fifty percent (50%) or more of Tenant’s partnership shall be deemed to be an assignment of this Lease. As used in the foregoing sentence, the word “Tenant” shall also mean any entity which has guaranteed Tenant’s obligations under this Lease and the prohibition hereof shall be applicable to any sales or transfers of the stock or partnership interest of said guarantor.

Notwithstanding anything to the contrary in this Section 14, so long as Wesco Distribution Inc. is Tenant under this Lease, is not in default of any of the terms and conditions hereof, and has fully and faithfully performed all of the terms and conditions of the Lease, Tenant shall have the right to assign this Lease without Landlord’s consent, at any time during the Term of this Lease, to the purchaser in connection with the sale by Tenant of all or substantially all of its assets, provided: (i) the net assets of the assignee corporation shall not be less than the net assets of Tenant at the time of the signing of this Lease; (ii) the assignee corporation provides Landlord with audited financial statements certifying such net assets; (iii) such assignment does not adversely affect the quality and type of business operation which Tenant has conducted theretofore; and (iv) such assignee shall assume in writing, on a form acceptable to Landlord, all of Tenant’s obligations hereunder and Tenant shall provide Landlord with a copy of such assumption/assignment document.

Tenant shall remain solidarily liable with any such assignee.

Tenant shall pay Landlord a fee of Three hundred dollars($300.00) in connection with the sublease or assignment hereunder.

15. INSPECTION AND REPAIR

Landlord and its agents shall have the right, at all reasonable times and upon prior reasonable notice save in the event of an emergency during the Term of this Lease to enter the Leased Premises to examine the condition thereof and to ascertain whether Tenant is performing its obligations hereunder, and Tenant shall make any repairs which Landlord deems reasonably necessary as a result of such examination through professional tradesmen approved by the Landlord which approval may not be unreasonably withheld. If Tenant fails to make any such repairs within a maximum of Ten (10) days or less if Landlord deems reasonably necessary after notice from Landlord requesting Tenant to do so, provided that such repairs may reasonably be made within the said period, or Tenant has not diligently commenced to pursue same, Landlord may, without prejudice to any other rights or remedies it may have, make such repairs and charge the cost thereof to Tenant. Nothing in this Clause shall be construed to obligate or require Landlord to make any repairs but Landlord shall have the right at any time to make any emergency repairs without notice to Tenant and charge the reasonable cost thereof to Tenant. Any costs chargeable to Tenant hereunder shall be payable within thirty (30) days after receipt of invoice as additional rent and shall bear interest at the rate herein above mentioned.

16. DESTRUCTION OF PREMISES

Provided, and it is hereby expressly agreed that if and whenever during the Term hereby leased, the Building or the portion of the Building hereby leased shall be destroyed or damaged by fire, lightning or tempest, or any of the other perils insured against under the provisions hereunder, then and in every such event:

(a) If the damage or destruction is such that the portion of the Building hereby leased, or the Building, is rendered wholly or partially unfit for occupancy or it is impossible or unsafe to use and occupy it and if in either event the damage, in the reasonable opinion of Landlord's architect to be given to Tenant within thirty (30) days of the happening of such damage or destruction, cannot be repaired with reasonable diligence within one hundred and twenty (120) days from the happening of such damage or destruction, then either Landlord or Tenant may within Five (5) days next succeeding the giving of the Landlord's architect's opinion as aforesaid, terminate this Lease by giving to the other notice in writing of such termination, in which event this Lease and the term hereby leased shall cease and be at an end as of the date of such destruction or damage and the rent and all other payments for which Tenant is liable under the terms of this Lease shall be apportioned and paid in full to the date of such destruction or damage; in the event that neither Landlord or Tenant so terminate this Lease, the Landlord shall repair the said Building with all reasonable speed and the rent hereby reserved shall abate from the date of the happening of the damage until the damage shall be made good to the extent of enabling Tenant to use and occupy the Leased Premises in Tenant's reasonable opinion;

b) If the damage be such that the portion of the Building hereby leased is wholly unfit for occupancy, or if it is impossible or unsafe to use or occupy it but if in either event the damage, in the reasonable opinion of Landlord's architect, to be given to Tenant within thirty (30) days from the happening of such damage, can be repaired with reasonable diligence within one hundred and twenty (120) days of the happening of such damage, then the rent hereby reserved shall abate from the date of the happening of such damage until the damage shall be made good to the extent of enabling Tenant to use and occupy the Leased Premises and Landlord shall repair the damage with all reasonable speed;

c) If, in the opinion of the Landlord's architect, the damage can be made good, as aforesaid, within one hundred and twenty (120) days of the happening of such destruction or damage and the damage is such that the portion of the Building leased is capable of being partially used for the purposes for which it is hereby leased, then until such damage has been repaired the rent shall abate in the proportion that the part of the portion of the Building leased is rendered unfit for occupancy bears to the whole of the said portion of the Building leased and Landlord shall repair the damage with all reasonable speed.

Should any mortgage creditor who may have an interest in any insurance proceeds refuse to permit the use of such proceeds for the repair, replacement, rebuilding and/or restoration as hereinabove provided and for the payment of amounts expended for such purposes, then the Landlord’s obligation to repair or rebuild as provided for hereinabove shall cease and shall be null and void and the Lease shall be cancelled effective as of the date of the damage, unless, the Landlord, at the Landlord’s sole option, chooses to repair or rebuild.

17. IMPROVEMENTS AND ALTERATIONS

The Tenant shall not make any alterations or repairs to the Leased Premises, or any other part of the Building, or wires, pipes or other services to be run into the Building without first obtaining the written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. Any amounts owing under the terms of this Article shall be payable on demand as additional rent.

However in the event that the Landlord shall grant permission to the Tenant to execute the said work for its own account (which permission shall be reasonably determined by the Landlord), then the said work shall be subject to the following conditions:

(i) Tenant shall furnish to Landlord plans and specifications showing in reasonably complete detail the work proposed to be carried out and the estimated cost thereof and Landlord shall approve or reject such plans and specifications within fifteen (15) days after receipt of the same. If such plans and specifications are approved, all work shall be carried out in compliance therewith.

(ii) The value of the Leased Premises shall not, as a result of any work proposed to be carried out by Tenant, be less than the value of the Leased Premises before the commencement of such work and Landlord shall be the sole judge of such value.

(iii) All work shall be carried out with reasonable dispatch and in a good workmanlike manner and in compliance with all applicable permits, authorizations and building and zoning by-laws and with all regulations and requirements of all competent authorities having jurisdiction over the Leased Premises.

(iv) The Leased Premises and the Building shall at all times be free of all legal hypothecs (construction) and any charges whatsoever.

(v) If the cost of any work shall be in excess of Five thousand dollars ($5,000.00) as reasonably estimated by Tenant, Landlord may require Tenant to furnish security satisfactory to Landlord guaranteeing the completion of the work and the payment of the cost thereof free and clear of all privileges and charges of any nature whatsoever.

(vi) Tenant shall maintain Workmen's Compensation insurance covering all persons employed in connection with the work and shall produce evidence of such insurance to Landlord and shall also maintain such general liability insurance for the protection of Landlord and Tenant as Landlord may require.

All work whether executed by the Landlord or the Tenant, whether structural or not, when completed, shall be comprised in, and form part of the Leased Premises and shall be subject to all the provisions of this Lease and Tenant shall not have any right to claim compensation therefore. At the expiration of this Lease, Tenant shall be required to repair any damage to the Leased Premises caused by removing any of its personal property, reasonable wear and tear and casualty damage excepted.

18. EXPIRATION OF LEASE

The Tenant shall at the expiration or earlier termination of the term of this Lease peaceably surrender and yield up unto the Landlord the Leased Premises together with all buildings, alterations, replacements, additions, erections, and improvements (Leasehold or otherwise), including, but not limited to electrical installations, electric or other fixtures, offices, partitions, divisions, air-conditioning and heating equipment, panelling, built-in furniture, wall-to-wall carpets, carpets or other floor coverings, attached cabinets, or other attached equipment, wiring, switches, meters, meter boxes and transformers, which at any time during the term hereof shall be placed, made, installed, fixed or attached therein or thereon by the Tenant, in good repair and condition, subject to reasonable wear and tear only, and without any compensation whatsoever being allowed to the Tenant for same.

Tenant hereby renounces any right to terminate the Lease in accordance with the terms of article 1605 of the Civil code of Québec.

19. COMPLIANCE WITH LAWS AND REGULATIONS

The Tenant shall, at its own expense, promptly comply with the requirements of every applicable statute, law and ordinance and with every applicable lawful regulation in relation to its use or occupation of the Leased Premises or with respect to any equipment found therein or with respect to any requirements of the Landlord's insurers. The Landlord certifies and warrants to the Tenant that the Leased Premises are in compliance with all applicable laws, ordinances, rules, orders and regulations of any governmental authority or regulatory body with jurisdiction thereof or any applicable insurance rating agency and that there is no pollutant or contaminants in the Building or the land at the commencement of the Term of this Lease and that said Building and land comply with the environmental laws, regulations and policies applicable thereto.

20. INDEMNIFICATION

Except if caused directly by the negligence or negligent acts of the Landlord, its employees, agents and invitees, the Landlord shall not be liable nor responsible in any way for any injury of any nature whatsoever that may be suffered, or sustained by the

Tenant or any employee, agent or customer of the Tenant or any other person who may be upon the Leased Premises or for any loss of or damages to any property belonging to the Tenant or to its employees or to any other person `while such property is on the Leased Premises and in particular (but without limiting the generality of the foregoing) the Landlord shall not be liable for any damage or damages of any nature whatsoever to any such property caused by the failure to supply adequate drainage, snow or ice removal, or by reason of the interruption of any public utility or service or in the event of steam, water, rain or snow which may leak into, issue, or flow from any part of the Building or from the water, steam, sprinkler, or drainage pipes or plumbing works of the same, or from any other place or quarter or for any damage caused by anything done or omitted by any Tenant, but the Landlord shall use all reasonable diligence to remedy such condition, failure or interruption of the service when not directly or indirectly attributable to the Tenant, after notice of same, when it is within its power and obligation to do so. Nor shall the Tenant be entitled to any abatement of Base Rent or Additional Rent in respect of any such condition, failure or interruption of service.

The Tenant will indemnify and save harmless the Landlord from and against all fines, liability, damages, suits, claims, demands and actions of any kind or nature which the Landlord shall or may become liable for or suffer by reason of any breach, violation or non-performance by the Tenant of any covenant, term or provision hereof or by reason of any injury (including death resulting at any time therefrom) or damage to property occasioned to or suffered by any person or persons including the Landlord by reason of any such breach, violation or non-performance or of any wrongful act, neglect or default on the part of the Tenant or any of its employees, officers, agents, or invitees.

21. ASSIGNMENT BY LANDLORD AND SUBORDINATION

Landlord declares that it may assign its rights under this Lease to a lending institution as collateral security for a loan made to Landlord and in the event that such an assignment is given and executed by Landlord and notification thereof is given to Tenant by or on behalf of Landlord, it is expressly agreed between Landlord and Tenant that this Lease shall not be cancelled or modified for any reason whatsoever without the consent in writing of such lending institution.

Tenant hereby covenants and agrees that it will, if and whenever reasonably required by Landlord and at Landlord’s expense, consent to and become a party to any instrument or instruments permitting the Landlord to hypothecate or otherwise encumber the Building of which the Leased Premises form part and to subordinate this Lease to any hypothec or security document, provided Tenant receives satisfactory confirmation of the full respect of its rights under this Lease by anyone benefitting from said subordination.

22. EXPROPRIATION

If the whole or any part of the Building shall be expropriated or taken in any manner for any public or quasi-public use or purpose, Landlord may at its option, terminate this Lease by giving notice in writing to Tenant that the term hereof shall expire upon the day when possession is required for such purpose, and in the event of such expiration, Landlord shall have no liability to Tenant of any nature, without prejudice to Tenant’s claim against the expropriating authority.

23. EXTENSIONS

The Landlord shall have the right at its option and from time to time during the Lease Term to make extensions and/or additions and/or to add one (1) or more additional floors or storeys onto all or part of the Building comprising the ‘Leased Premises.

Notwithstanding anything to the contrary in the foregoing, Landlord shall use its best efforts not to interfere with access or visibility of the Leased Premises during the construction of any such extensions or additions.

In the event the Landlord exercises said option, the Tenant agrees to permit the Landlord to install and/or extend and/or add the required improvements including supports, beams, wiring, piping, stairways, elevators, ramps, vents, ducts, shafts and openings and the like and to close all windows and openings which may be required to be closed as a consequence of such construction, the whole without any claims for disturbance and/or inconveniences and the like which may be caused to the Tenant, provided always that the required work is carried out within a reasonable delay and that this article shall not absolve or release the Landlord from liability in respect for damages or any loss caused to the Tenant as a consequence of any wilful act of the Landlord, its employees or representatives as a consequence of said additions and/or extensions and provided that the Tenant shall be granted a proportionate reduction in rent as compensation for loss of use of its inside floor space (during the period and for the area of loss of use only). All of the foregoing without any other claims by the Tenant against the Landlord for damages and loss of use.

24. PUBLICATION

The Tenant shall have the right to publish the Lease, at its cost, which Summary shall not contain any financial information whatsoever. Tenant shall, prior to publication, furnish Landlord with a draft copy of the text of said Summary, for its approval, which approval shall not be unreasonably withheld.

In addition, Tenant shall, at its own cost, at the expiration of the Term, radiate the publication of the Lease from the Land Register.

25. FLOOR LOADING

Tenant shall not bring upon the Leased Premises or any part thereof any machinery, equipment, article or thing that by reason of its weight or size might damage the Leased Premises and will not at any time overload the floors of the Leased Premises and if any damage is caused to the Leased Premises by any machinery, equipment, article or thing or by overloading or by any act, neglect or misuse on the part of Tenant or any of its invitees, agents or employees or any person having business with Tenant, Tenant will forthwith pay to Landlord any damages incurred by the latter.

26. PERMITS, etc.

Tenant declares that it has and/or will obtain all necessary permits or licenses in connection with the operation of its business in the Leased Premises and further recognizes that it has no claim against the Landlord with respect to the issuance of such permits or licenses.

27. INTERIOR AND EXTERIOR AREAS

The keeping of pets on the Leased Premises is prohibited.

The Tenant shall not use any part-of the exterior parking and loading areas or any other areas outside the Leased Premises for any purpose other than parking, shipping or receiving in the areas designated by the Landlord for same except as defined in Section 3.

28. DISTURBANCE

Notwithstanding anything to the contrary stipulated in the present Lease, the Tenant will not hold the Landlord in any way responsible for any damages or annoyance which the Tenant may sustain through the fault of any tenant who occupies any premises adjacent to, near, above or under the Leased Premises or from any person the Tenant allows to use or have access to the Leased Premises, and renounces any claims it may have against the Landlord pursuant to Articles 1859 and 1861 of the Civil Code of Québec.

29. ODOURS

The Tenant warrants that no noxious odours or dust or noise will emanate from the Leased Premises as a result of the operations conducted by the Tenant therein. Accordingly, the Tenant agrees that should such noxious odour, dust, or noise condition exist, it will at its own cost and expense take such steps as may be necessary to rectify the same after written notice from the Landlord. Should the Tenant fail to commence to do so within seven (7) days or less in an emergency situation and complete the same within a reasonable time, the Landlord shall have the right to take reasonable measures to correct the situation and the Landlord shall be entitled to recover the cost plus fifteen percent (15%) administration thereof from the Tenant within thirty (30) days of receipt of invoice. Such cost shall be considered as additional rental hereunder.

30. ENVIRONMENTAL MATTERS

During the term hereof, Tenant obliges itself to forthwith take, at its cost, all necessary precautions for the purposes of conforming with all laws, by-laws, ordinances and regulations of federal, provincial and municipal authorities relating to environmental matters and more specifically, but without restricting the generality of the foregoing, those relating to the protection of water, air and soil from pollution or contamination of any form whatsoever.

Landlord warrants and declares that it has complied with all laws and regulations related to environmental matters and that no toxic wastes or contaminants are to be found or stored in or about the Leased Premises and shall indemnify and save Tenant harmless in connection with same.

Notwithstanding anything herein contained and without restricting the generality of the preceding paragraph, Tenant obliges itself to indemnify, exonerate and save the Landlord free and harmless with respect to all claims, actions, suits for loss of life, personal and property damages, or for any other losses or injuries which may result in whole or in part from the use, fabrication or presence in the Leased Premises of any substance, product, or contaminant or the exercise of any act or activity exposing the Landlord to a claim in connection with the foregoing provided said substance, product or contaminant is found on the Leased Premises by reason of Tenant's fault or negligence or that of its employees, agents or invitees.

31. BROKERAGE COMMISSION

As part of the consideration for the granting of this Lease, Landlord and Tenant mutually represent and warrant to each other that no broker or agent negotiated or was instrumental in negotiating or consummating this Lease other than Axxa Realties Inc. whose commission shall be paid by Landlord. Any commissions due to another broker shall be paid by the party having retained the services of said other broker.

32. LIQUIDATION SALES ETC.

The Tenant undertakes not to carry out or permit a bankruptcy or liquidation sale or war surplus goods, insurance salvage stock or auction in or from the Leased Premises. The Tenant acknowledges that a violation of the present clause will cause irreparable injury to the Landlord and consents to the Landlord enforcing the present clause by way of interim and interlocutory injunction, without prejudice to such other rights as the Landlord may have under the circumstances.

33. RULES AND REGULATIONS

The rules and regulations attached hereto as Schedule “C” form part hereof and may be reasonably ammended from time to time by the Landlord.

34. WAIVER

The failure of Landlord or Tenant to insist upon the strict performance of any of the agreements, terms, covenants and conditions hereof shall not be deemed a waiver of any rights or remedies that Landlord or Tenant may have and shall not be deemed a waiver of any subsequent breach or default in any such agreements, terms, covenants and conditions.

35. NOTICES AND DEMANDS

Any notice or demand given by Landlord to Tenant shall be deemed to be duly given when served upon Tenant personally or when mailed to Tenant by registered or certified mail or overnight courrier, at the address of the Leased Premises.

Tenant elects domicile at the Leased Premises for the purpose of service of all notices, writ of summons or other legal documents in any suit at law, action or proceeding which Landlord may take under this Lease.

Any notice or demand given by Tenant to, Landlord shall be deemed to be duly given when served upon Landlord personally, or when mailed to Landlord by registered or certified mail or overnight courrier, at the address designated by Landlord for purposes of payment of the rent hereunder.

Copies of any notice or demand hereunder, other than legal proceedings, shall also be sent as aforesaid to Tenant’s head office at:

Wesco Business Unit One
Riverfront Center
Pittsburg, PA, U.S.A. 15222

36. DESCRIPTIVE HEADINGS

The descriptive headings of this Lease are inserted for convenience and reference only and do riot constitute a part of this Lease.

37. INTERPRETATION

This Lease shall be construed and governed by the laws of the Province of Québec. Should any of the provisions of this Lease and/or its conditions be illegal or not enforceable under the laws of the Province of Québec, same shall be considered severable and the Lease and its conditions shall remain in force and be binding upon the parties as though the said provision or provisions had never been included.

Words importing the singular number only shall include the plural and vice-versa and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and unless the contrary intention appears the words “Landlord” and “Tenant” wherever they appear in this Lease shall mean respectively “Landlord, its executors, administrators, successors and/or assigns” and “Tenant”, its executors, administrators, successors and/or assigns” and if there is more than one Tenant or Landlord or the Tenant or Landlord is a female person or a corporation this Lease shall be read with all grammatical changes appropriate by reason thereof; and all covenants, liabilities and obligations shall be solidarity.

38. PRIOR AGREEMENTS

The present Lease cancels and supersedes any and all prior leases and agreements, written or otherwise, entered into by the Landlord and the Tenant regarding the Leased Premises. This Lease, the schedules thereof and such rules and regulations as may be adopted and promulgated by the Landlord from time to time constitute the entire agreement between the parties.

39. CONDITION OF LEASED PREMISES/LANDLORD’S WORK

The Tenant declares having examined the Leased Premises and is satisfied and content therewith, and agrees to take said Leased Premises in their present state and condition that is “AS IS” with the exception of latent defects and the representations and warranties provided herein, save that the Landlord shall execute, at its own cost, the work set forth in Schedule E hereof in the Leased Premises, which shall be executed in accordance with Landlord’s present existing building standards, the whole to be completed by September 16, 1994.

40. SECURITY DEPOSIT

As additional security for the faithful and prompt performance of its obligations hereunder, Tenant has concurrently with the execution of the Lease, paid to Landlord, the sum of Sixty-one thousand nine hundred fifty-three dollars and three cents ($61,953.03) of which Twenty-six thousand two hundred forty dollars ($26,240.00) plus G.S.T. and Q.S.T. thereof shall be applied to Basic Rental due for the month of November 1994 and the balance to constitute a security deposit which may be applied by Landlord for the purpose of curing any default or defaults of Tenant hereunder, in which event, Tenant shall replenish the Security Deposit in full by promptly paying to Landlord the amount so applied. If Tenant has not defaulted hereunder, and Landlord has not applied the Security Deposit to cure a default, or Landlord has applied the Security Deposit to a default and Tenant has replenished the same, then the Security Deposit or any remaining portion thereof, shall be paid to Tenant after the termination of this Lease. The Security Deposit shall not be deemed an advance payment of rent or a measure of Landlord's damages for any default hereunder by Tenant. During the Term, interest shall accrue on the Security Deposit or on any balance thereof not credited to any Base Rent or applied to cure a default hereunder at a rate equal to that paid by the Bank of Montreal on long term deposits as of September 16, 1994 and such interest shall be remitted to the Tenant at the end of the Term.

41. SPECIAL CONDITIONS

41.1 RIGHT OF FIRST REFUSAL

Should the Landlord during the Term receive an offer satisfactory to it, to lease the land adjacent to the Building and consisting of approximately Thirty-five thousand (35,000) square feet, Landlord shall forthwith advise Tenant in writing of same, specifying all terms and conditions contained in said offer and remitting a certified true copy of said offer to Tenant. After receipt of the said notice, Tenant shall have a delay of thirty (30) days to advise Landlord as to whether or not it is prepared to lease the Land in accordance with the terms and conditions contained in the above mentioned notice. In the event the Tenant accepts to lease within the said delay, it shall execute an Addendum to Lease for the Land, within fifteen (15) days after reception by the Landlord of Tenant's acceptance.

41.2 FLOOR TILES

Tenant shall not be responsible for any damages caused to the floor tiles in the warehouse area.

41.3 FREE RENT

The Tenant shall not be obliged to pay any Base Rent for the first three (3) months of the Term and for the last month thereof, however the Tenant shall be responsible for the Additional Rent due to pursuant to Article 6 and the Direct Payments due pursuant to Article 9 hereof, subject to and under reserve of the terms and conditions contained in Schedule D.

42. LANGUAGE

The parties hereto acknowledge and confirm that they have requested that the present agreement and all notices and communication so contemplated hereby be drafted in the English Language.

Les parties aux présentes reconnaissent et confirment qu'ils ont exigé que la présente convention ainsi que tous avis et communications y afférents soient rédigés dans la langue anglaise.

IN WITNESS WHEREOF, LANDLORD AND TENANT HAVE DULY EXECUTED AND SIGNED THESE PRESENTS ON THE DATE AND PLACE HEREINAFTER MENTIONED.

MONTREAL, this 3 day of September 1998.

ATLANTIC CONSTRUCTION INC.
(The "Landlord")

[illegible]
Witness

Per: /s/ David Rosenberg
David Rosenberg
President

[illegible]
Witness

MONTREAL, this ______ day of ___________, 1998.

WESCO DISTRIBUTION CANADA INC.
(the "Tenant")

[illegible]
Witness

Per: [illegible]

[illegible]
Witness

[Schedules have been omitted and will be provided upon request.]

RENEWAL AGREEMENT

BETWEEN: **ATLANTIC CONSTRUCTION, INC,** a body politic and corporate, duly incorporated under the laws of the Province of Quebec, having its head office in the City and District of Montreal, Quebec, herein acting and represented by David Rosenberg, President, hereunto duly authorized (hereinafter called the "Lessor")

PARTY OF THE FIRST PART;

AND: **WESCO DISTRIBUTION-CANADA INC.**, a body politic and corporate, duly and legally incorporated under the laws of the Province of Ontario, having its head office in the City of Markham, herein acting and represented by Gary J. Habsburg, Manager, Real Estate and Assistant Secretary hereunto duly authorized (hereinafter called the "Lessee")

PARTY OF THE SECOND PART.

WHEREAS on September 3, 1998, Lessee executed with the Lessor a Agreement of Lease (hereinafter called the "Original Lease") pursuant to which the Lessee leased premises located at and bearing civic number 1330 TransCanada Highway, in the City of Dorval, Quebec (hereinafter called the "Leased Premises") measuring approximately Ninety Thousand gross square feet *(90,000* sq. ft.) for a term of FIVE (5) years commencing on August 1, 1994 and ending on July 31, 1999; and

WHEREAS on September 18, 1999, the Lessee executed with the Lessor an Lease Renewal agreement (hereinafter called the "Renewal") pursuant to which the Lease was renewed and extended until July 31, 2004; and

WHEREAS the Original Lease and the Renewal shall be hereinafter referred to collectively as the "Lease";

WHEREAS the Lessor and the Lessee wish to renew the Lease upon the terms and conditions hereinafter set forth in this renewal agreement (hereinafter called the "Renewal Agreement").

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, AGREEMENTS, AND OBLIGATIONS OF THE PARTIES HERETO, THE PARTIES HERETO DO HEREBY COVENANT AND AGREE AS FOLLOWS:

SECTION 1 RENEWAL TERM

The Lessor and the Lessee do hereby renew the Lease for a period of Five (5) years commencing on August 1st **2004** and ending on July 31st 2009 (hereinafter called the "Renewal Term").

SECTION 2 BASIC RENT

During the Renewal Term, the Lessee covenants and agrees to pay to the Lessor an annual basic rent of FOUR HUNDRED TWENTY-SEVEN THOUSAND, FIVE HUNDRED AND 00/100 *($427,500.00),* payable in and by even, equal, consecutive, monthly installments of THIRTY-FIVE THOUSAND SIX HUNDRED TWENTY-FIVE DOLLARS AND 00/100 ($35,625.00) each, in advance in lawful money of Canada, on the fifth (5th) day of each month, at the office of the Lessor, without demand, deduction or compensation.

SECTION 3 LESSOR CONSTRUCTION

The Lessor agrees to make certain renovations to the Leased Premises. Such renovations are described on EXHIBIT "A" attached hereto and shall be completed by Lessor at Lessor's sole cost and expense prior to August 1, 2004.

SECTION 4 LESSOR REIMBURSEMENT

During the Renewal Term, the Lessee covenants and agrees to pay to the Lessor reimbursement for construction and a portion of broker fees of TWENTY THOUSAND AND 00/100 *($20,000.00),* per year, payable in and by even, equal, consecutive, monthly installments of ONE THOUSAND SIX HUNDRED SIXTY-SIX DOLLARS AND 67/100 ($1,666.67) each, in advance in lawful money of Canada, on the fifth (5th) day of each month, at the office of the Lessor, without demand, deduction or compensation.

SECTION 5 LESSOR ROOF REIMBURSEMENT

Between January 1, 2001 and the date hereof, Lessor has incurred costs in the amount of One Hundred Twenty Thousand and 00/100 Dollars ($120,000.00) for roof repairs. Lessee acknowledges that the Lessor has provided satisfactory accounting back up for such repairs. Lessor and Lessee hereby confirm that part of the above-mentioned amount of One Hundred Twenty Thousand and 00/100 Dollars ($120,000.00) has been amortized over the current term of the Lease and agree that the remainder will be amortized over the term of this Renewal Agreement. The total amount amortized over the current term of the Lease is Twenty-Seven Thousand Dollars and 00/100 ($27,000.00) plus applicable taxes. Lessor has invoiced Lessee for such amount, which is payable by the Lessee to the Lessor. The remainder in the amount of Ninety-Three Thousand Dollars ($93,000.00) shall be payable as provided in the following paragraph.

During the Renewal Term, the Lessee covenants and agrees to pay the Lessor, as reimbursement for unamortized roof repairs and maintenance, an amount of TWENTY THOUSAND AND 00/100 *($20,000.00)* per year, payable in and by even, equal, consecutive, monthly installments of ONE THOUSAND SIX HUNDRED SIXTY-SIX DOLLARS AND 67/100 ($1,666.67) each, payable in and by even, equal, consecutive, monthly installments of in advance in lawful money of Canada, on the fifth (5th) day of each month, at the office of the Lessor, without demand, deduction or compensation. In the event the Lessor does not incur additional costs for roof repairs and maintenance over the Renewal Term, such payments shall cease upon reimbursement in full of the above-mentioned amount of Ninety-Three Thousand Dollars ($93,000.00). In the event the Lessor does incur additional costs for roof repairs and maintenance over the Renewal Term, such payments shall continue until such additional costs, up to a maximum of Seven Thousand Dollars ($7,000.00), have been paid in full. In the latter case, the Lessor shall provide Lessee with copies of paid invoices for any such future roof repairs and maintenance.

SECTION 6 CAPITAL TAX (TAX ON CAPITAL)

In reference to Clause 6(a) of the original lease. The Lessee shall pay to the Lessor a maximum amount of TWELVE THOUSAND DOLLARS AND 00/100 ($12,000.00) per year for capital tax (tax on capital). However, the amount paid to Lessor may be less, subject to what is charged to the Lessor.

SECTION 7 BROKERAGE

Lessor and Lessee each represent that they have had no dealing with any real estate broker or other person with respect to this Lease in any manner except with Fischer & Company, who shall be compensated by Landlord in the amount of Fifty Thousand and 00/100 ($50,000.00). Said Brokerage fee shall be paid prior to the commencement of this Lease Term. Lessor agrees to indemnify and hold harmless Landlord from any claims for any fees or commissions that are payable to any other broker, individual or entity asserting a claim for a fee or commission with respect to this Lease.

SECTION 8 LEASE

Save and except as modified by this Renewal Agreement, the Renewal Agreement dated September 18, 1998 as Amended and the Original Lease shall remain in full force and effect.

SECTION 9 LANGUAGE

The parties hereto acknowledge and confirm having requested that this agreement and all notices and communications contemplated hereby be drafted in the English Language.

Les parties aux presentes reconnaissent et confirment qu'elles ont exige que la presente convention ainsi que tous avis et communications y affe rents soient redige's en anglais.

SECTION 10 PREAMBLE

The preamble shall form an integral part hereof

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE DULY EXECUTED THIS RENEWAL AGREEMENT.

Signed in the City of Montreal,
This 14th day of April 2004.

	ATLANTIC CONSTRUCTION, INC. Lessor
/s/ Ilena W Witness	Per: /s/ David Rosenberg David Rosenberg

Signed in the City of Pittsburgh, PA USA This 8th day of April, 2004

	WESCO DISTRIBUTON-CANADA INC. Lessee
/s/ Marcy Smorey-Giger Witness	Per: /s/ Gary J. Habsburg Gary J. Habsburg Manager, Real Estate & Assistant Secretary

EXHIBIT “A”

LESSOR CONSTRUCTION

- Demolish the existing cement block wall and toilets in the shipping and receiving area and restore the floor under these structures to a usable state.
- Construct a women’s toilet adjacent to the existing men’s toilet in the office area.
- Install 50 high bay light fixtures in the warehouse, which shall be provided by the Lessee.
- Paint the office areas including toilets.
- Repair damaged asphalt in front of the office areas of the building fronting TransCan.

Exhibit 10.26

EMPLOYMENT AGREEMENT

December 15, 2005

The parties to this Employment Agreement (this "Agreement") are WESCO International, Inc., a Delaware corporation (the "Company"), and Stephen A. Van Oss (the "Executive"). The parties wish to provide for the employment of the Executive as Senior Vice President and Chief Financial and Administrative Officer of the Company as of the date first above written (the "Effective Date").

Accordingly, the parties, intending to be legally bound, agree as follows:

1. Position and Duties.

1.1. Titles; Reporting; Duties. During the Employment Term (as defined in Section 2), the Company shall employ the Executive and the Executive shall serve the Company as its Senior Vice President and Chief Financial and Administrative Officer on an at-will basis. As Senior Vice President and Chief Financial and Administrative Officer of the Company, the Executive shall report to and otherwise shall be subject to the direction and control of the Chief Executive Officer of the Company and shall have such duties, responsibilities and authorities consistent with such position as may be assigned to him by the Chief Executive Officer from time to time. The Executive shall use his best efforts to promote the Company's interests and he shall perform his duties and responsibilities faithfully, diligently and to the best of his ability, consistent with sound business practices. The Executive may be required by the Chief Executive Officer to provide services to, or otherwise serve as an officer or director of, any direct or indirect subsidiary of the Company. The Executive shall comply with the Company's policies applicable to executive officers of the Company.

1.2. Outside Activities. The Executive shall devote substantially all of his full working time to the business and affairs of the Company. Notwithstanding the preceding sentence, the Executive may, with the prior approval of the Chief Executive Officer, engage in such other business and charitable activities that do not violate Section 8, create a conflict of interest or the appearance of a conflict of interest with the Company or materially interfere with the performance of his obligations to the Company under this Agreement.

1.3. Place of Employment. The Executive shall perform his duties under this Agreement at the Company's principal executive offices in Pittsburgh, Pennsylvania with the likelihood of substantial business travel.

2. Term of Employment. The term of the Executive's employment by the Company under this Agreement shall be for a period of two (2) years commencing on the Effective Date (the "Employment Term"). The Employment Term shall be subject to earlier termination under Section 5 or Section 6 or extension as described in the next sentence. The Employment Term shall be extended automatically for an additional year as of the first anniversary of the Effective Date and as of each subsequent annual anniversary of the Effective Date (each such anniversary is referred to herein as an "Anniversary Date") unless at least ninety (90) days prior to any such Anniversary Date either party shall have given notice to the other party that the Employment Term shall not be so extended.

3. Compensation.

3.1. Base Salary. During the Employment Term, the Executive shall be entitled to receive a base salary ("Base Salary") at the annual rate of $450,000 for services rendered to the Company or any of its direct or indirect subsidiaries, payable semi-monthly in accordance with the Company's regular payroll practices. The Executive's Base Salary will be reviewed annually by the Compensation Committee Board of Directors of the Company (the "Board") and may be adjusted in the Compensation Committee's discretion.

3.2. Annual Bonus Compensation. During the Employment Term, the Executive also shall be entitled to receive incentive compensation ("Bonus") in such amounts, ranging from 0% to 100% of Base Salary, and at such times as the Compensation Committee of the Board may determine in its discretion to award to him under any incentive compensation or other bonus plan or plans for senior executives of the Company as may be established by the Company from time to time (collectively, the "Executive Bonus Plan"). Such Bonus amounts shall be based upon the degree of achievement of Company earnings, sales growth and return on investment or other performance criteria established by the Compensation Committee of the Board. For any partial year, the Bonus opportunity shall be prorated based upon the number of days worked during such year.

3.3. Equity Awards. Future grants of stock appreciation rights or other forms of equity awards to the Executive shall be based upon performance and award guidelines established periodically by the Compensation Committee of the Board.

4. Expenses and Other Benefits.

4.1. Reimbursement of Expenses. During the Employment Term, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him (in accordance with the policies and practices presently followed by the Company or as may be established by the Board for its senior executive officers) in performing services under this Agreement, provided that the Executive properly accounts for such expenses in accordance with the Company's policies.

4.2. Employee Benefits. During the Employment Term, the Executive shall be entitled to participate in and to receive benefits as a senior executive under all of the Company's employee benefit plans, programs and arrangements available to senior executives, subject to the eligibility criteria and other terms and conditions thereof, as such plans, programs and arrangements may be duly amended, terminated, approved or adopted by the Board from time to time.

4.3. Automobile Allowance. During the Employment Term, the Executive shall be entitled to an automobile allowance of $1,000 per month.

5. Termination of Employment.

5.1. Death. The Executive's employment under this Agreement shall terminate upon his death.

5.2. Termination by the Company. The Executive's employment under this Agreement shall be employment-at-will. The Company may terminate the Executive's employment under this Agreement at any time with or without Cause (as defined below). For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment under this Agreement and may complete such termination within 30 days after the Company gives notice to the Executive that it believes it has cause to terminate his employment by reason of any of the following: (a) a material breach of this Agreement by the Executive; (b) the Executive engaging in a felony or engaging in conduct which is in the good faith judgment of the Board, applying reasonable standards of personal and professional conduct, injurious to the Company, its customers, employees, suppliers, or shareholders; (c) the Executive's failure to timely and adequately perform his duties under the Agreement; or (d) the Executive's material breach of any manual or written policy, code or procedure of the Company.

5.3. Termination by the Executive. The Executive may terminate his employment under this Agreement with or without Good Reason (as defined below). If such termination is with Good Reason, the Executive shall give the Company written notice, which shall identify with reasonable specificity the grounds for the Executive's resignation and provide the Company with thirty (30) days from the day such notice is given to cure the alleged grounds for resignation contained in the notice. A termination shall not be for Good Reason if such notice is given by the Executive to the Company more than sixty (60) days after the occurrence of the event that the Executive alleges is Good Reason for his termination hereunder. For purposes of this Agreement, "Good Reason" shall mean any of the following to which the Executive shall not consent in writing: (a) a reduction in the Executive's Base Salary, excluding any reduction that occurs in connection with an across-the-board reduction of the salaries of the entire senior management team; (b) a relocation of the Executive's primary place of employment to a location more than 50 miles from Pittsburgh, Pennsylvania without the consent of the Executive; or (c) any material reduction in the Executive's offices, titles, authority, duties or responsibilities without the consent of the Executive.

5.4. Date of Termination. "Date of Termination" shall mean the earlier of (a) the date of expiration of the Employment Term (as set forth in Section 2) and (b) if the Executive's employment is terminated (i) by his death, the date of his death, or (ii) pursuant to the provisions of Section 5.2, Section 5.3 or Section 6, as the case may be, the date on which the Executive's employment with the Company actually terminates.

6. Disability. The Executive shall be determined to be "Disabled" (and the provisions of this Section 6 shall be applicable) if the Executive is unable to perform his duties under this Agreement on essentially a full-time basis for six (6) consecutive months by reason of a physical or mental condition (a "Disability") and, within thirty (30) days after the Company gives notice to the Executive that it intends to replace him due to his Disability, the Executive shall not have returned to the performance of his duties on essentially a full-time basis. Upon a determination that the Executive is Disabled, the Company may replace the Executive without breaching this Agreement.

7. Compensation of the Executive upon Termination.

7.1. Death. If the Executive's employment under this Agreement is terminated by reason of his death, the Company shall pay to the person or persons designated by the Executive for that purpose in a notice filed with the Company, or, if no such person shall have been so designated, to his estate, the amount of (a) the Executive's accrued but unpaid Base Salary through the Date of Termination, (b) any accrued but unpaid Bonus; provided that such Bonus is determined to have been earned under the terms of the Executive Bonus Plan and provided that such Bonus shall be payable at such time as the bonuses of other senior executives are payable by the Company and (c) any other amounts that may be reimbursable by the Company to the Executive as expressly provided under this Agreement. Any amounts payable under this Section 7.1 shall be exclusive of and in addition to any payments which the Executive's widow, beneficiaries or estate may be entitled to receive pursuant to any employee benefit plan or program maintained by the Company.

7.2. Disability. In the event of the Executive's termination by reason of Disability pursuant to Section 6, the Executive shall continue to receive his Base Salary as well as all welfare benefits (on an equivalent basis to Section 7.4(a)(v) below) through the Date of Termination; provided, however, that such Base Salary payments and continued benefits shall be offset dollar-for-dollar by the amount of any disability income payments provided to the Executive under any Company disability policy to the extent that such disability insurance was funded by the Company.

7.3. By the Company for Cause or the Executive Without Good Reason. If the Executive's employment is terminated by the Company for Cause, or if the Executive terminates his employment other than for Good Reason, the Company shall pay to the Executive, within thirty (30) days of the Date of Termination, the amount of any accrued but unpaid Base Salary through the Date of Termination and the Company thereafter shall have no further obligation to the Executive under this Agreement, other than for payment of any amounts accrued and vested under any employee benefit plans or programs of the Company.

7.4. By the Executive for Good Reason or the Company other than for Cause.

(a) Severance Benefits on Non-Change in Control Termination. Subject to the provisions of Section 7.4(b) and Section 7.4(d), if prior to the occurrence of a Change in Control or more than one (1) year after the occurrence of a Change in Control the Company terminates the Executive's employment without Cause, or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to the following benefits (the "Severance Benefits"):

(i) the sum of his accrued but unpaid Base Salary through the Date of Termination, that amount being payable in a single lump sum cash payment within thirty (30) days of the Date of Termination;

(ii) a cash amount equal to the Executive's pro rata Bonus for the fiscal year in which the Date of Termination occurs, if such Bonus is deemed earned under the Executive Bonus Plan, payable at such time as bonuses for the annual period are paid to other executive officers of the Company (such pro rata Bonus shall be based on a fraction, the numerator of which is the number of days from the first day of the fiscal year of the Company in which such termination occurs through and including the Date of Termination and the denominator of which is 365);

(iii) a cash amount equal to 1.5 times the Executive's monthly Base Salary in effect at the Date of Termination that amount being payable in monthly installments for eighteen (18) months following the Date of Termination;

(iv) the Executive shall be fully vested in his stock options, stock appreciation rights and other equity awards except for any such stock options, stock appreciation rights and other equity awards that will remain unvested and be forfeited if their vesting is specifically conditioned on the achievement of operational and/or financial performance criteria that have not been met. Any and all vested stock options, stock appreciation rights and other equity awards will remain exercisable for a period of 60 days following the date of termination; and

(v) the Company shall pay the full cost of the Executive's COBRA continuation coverage as such coverage is required to be continued under applicable law; provided, however, that, notwithstanding the foregoing, the benefits described in this Section 7.4(a)(v) may be discontinued prior to the end of the period provided in this subsection (v) to the extent, but only to the extent, that the Executive receives substantially similar benefits from a subsequent employer.

(b) Change in Control Benefits. Subject to the provisions of Section 7.4(b) and Section 7.4(d), if within the one (1)-year period following the occurrence of a Change in Control the Company terminates the Executive's employment without Cause, or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to the following Severance Benefits:

(i) the sum of his accrued but unpaid Base Salary through the Date of Termination, that amount being payable in a single lump sum cash payment within thirty (30) days of the Date of Termination;

(ii) a cash amount equal to the Executive's pro rata Bonus for the fiscal year in which the Date of Termination occurs, if such Bonus is deemed earned under the Executive Bonus Plan, payable at such time as bonuses for the annual period are paid to other executive officers of the Company (such pro rata Bonus shall be based on a fraction, the numerator of which is the number of days from the first day of the fiscal year of the Company in which such termination occurs through and including the Date of Termination and the denominator of which is 365);

(iii) a cash amount equal to 1.5 times the Executive's monthly Base Salary in effect at the Date of Termination that amount being payable in monthly installments for twenty-four (24) months following the Date of Termination;

(iv) the Executive shall be fully vested in his stock options, stock appreciation rights and other equity awards, and vested stock options, stock appreciation rights and other equity awards shall remain exercisable by the Executive for one year following the Date of Termination unless the transaction documents relating to the Change in Control provide for the earlier expiration of such stock options, stock appreciation rights and other equity awards; and

(v) the Company shall pay the full cost of the Executive's COBRA continuation coverage as such coverage is required to be continued under applicable law; provided, however, that, notwithstanding the foregoing, the benefits described in this Section 7.4(b)(v) may be discontinued prior to the end of the period provided in this subsection (v) to the extent, but only to the extent, that the Executive receives substantially similar benefits from a subsequent employer.

(c) Definition of Change in Control. For purposes of this Agreement, a "Change in Control" shall have the meaning given to such term in the Company's Long-Term Incentive Plan.

(d) Conditions to Receipt of Severance Benefits under Section 7.4(a).

(i) Release. As a condition to receiving any Severance Benefits to which the Executive may otherwise be entitled under Section 7.4(a) or (b), the Executive shall execute a release (the "Release"), which shall include an affirmation of the restrictive covenants set forth in Section 8 and a non-disparagement provision, in a form and substance satisfactory to the Company, of any claims, whether arising under federal, state or local statute, common law or otherwise, against the Company and its direct or indirect subsidiaries which arise or may have arisen on or before the date of the Release, other than any claims under this Agreement or any rights to indemnification from the Company and its direct or indirect subsidiaries pursuant to any provisions of the Company's (or any of its subsidiaries') articles of incorporation or by-laws or any directors and officers liability insurance policies maintained by the Company. If the Executive fails or otherwise refuses to execute a Release within a reasonable time after the Company's request to do so, the Executive shall not be entitled to any Severance Benefits, or any other benefits provided under this Agreement and the Company shall have no further obligations with respect to the payment of those benefits except as may be required by law.

(ii) Limitation on Benefits. If, following a termination of employment that gives the Executive a right to the payment of Severance Benefits under Section 7.4(a) or (b) the Executive violates in any material respect any of the covenants in Section 8 or as otherwise set forth in the Release, the Executive shall have no further right or claim to any payments or other benefits to which the Executive may otherwise be entitled under Section 7.4(a) or (b) from and after the date on which the Executive engages in such activities and the Company shall have no further obligations with respect to such payments or benefits; provided, however, that the covenants in Section 8 shall continue in full force and effect.

7.5. Severance Benefits Not Includable for Employee Benefits Purposes. Except to the extent the terms of any applicable benefit plan, policy or program provide otherwise, any benefit programs of the Company that takes into account the Executive's income shall exclude any and all severance payments and benefits provided under this Agreement.

7.6. Exclusive Benefits. The Severance Benefits payable under Section 7.4(a) and (b) if they become applicable under the terms of this Agreement, shall be in lieu of any other severance or similar benefits that would otherwise be payable under any other agreement, plan, program or policy of the Company.

7.7. Certain Additional Payments by the Company.

(a) Calculation of Gross-Up Payment. Notwithstanding anything in this Agreement to the contrary, the Company's regular outside independent public accounting firm or its regular outside law firm (the "Professional Firm") shall determine, promptly following the occurrence of a Change in Control, whether any economic benefit, payment or distribution by the Company to or for the benefit of the Executive, whether paid, payable, distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), (such excise tax referred to in this Agreement as the "Excise Tax"). In the event it is determined that any Payments would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (a "Gross-Up-Payment") in an amount such that after payment by the Executive of all applicable federal, state and local income and excise taxes, the Executive retains an amount equal to the amount he would have retained had one-half (1/2) of the Excise Tax been imposed upon the Payment; provided, however, that the foregoing gross-up provision shall not apply in the event that the Professional Firm determines that the benefits to the Executive under this Agreement on an after-tax basis (i.e., after federal, state and local income and excise taxes) if such provision is not applied would exceed the after-tax benefits to the Executive if Payments were reduced (but not below zero) such that the value of the aggregate Payments were one dollar ($1) less than the maximum amount of Payments which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code. The initial Gross-Up Payment, if any, as determined pursuant to this Section 7.7(a), shall be paid to the Executive within thirty (30) days of the Date of Termination or, if later, within five (5) business days of the receipt of the Professional Firm's determination. With respect to all determinations made by the Professional Firm under this Section 7.7, the Professional Firm shall provide detailed supporting calculations both to the Company and the Executive within thirty (30) business days of the Date of Termination, if applicable, or such earlier time as is requested by the Company. All determinations by the Professional Firm under this Agreement shall be binding upon the Company and the Executive.

(b) Underpayment. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Firm, it is possible that Gross-Up Payments that have not been made by the Company should have been made ("Underpayment"). In the event that the Executive is required to make a payment of any Excise Tax, the Professional Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

7.8. Consulting and Cooperation. In connection with the Executive's termination of employment, at the Company's request, the Executive shall enter into an agreement with the Company under which, for a period of up to twenty-four (24) months following the Date of Termination, the Executive shall consult and cooperate with the Company and its representatives with respect to such matters, and for such compensation, as the parties may mutually agree.

8. Restrictive Covenants.

8.1. Confidential Information. The Executive hereby acknowledges that in connection with his employment by the Company he will be exposed to and may obtain certain information (including, without limitation, procedures, memoranda, notes, records and customer and supplier lists whether such information has been or is made, developed or compiled by the Executive or otherwise has been or is made available to him) regarding the business and operations of the Company and its subsidiaries or affiliates. The Executive further acknowledges that such information and procedures are unique, valuable, considered trade secrets and deemed proprietary by the Company. For purposes of this Agreement, such information and procedures shall be referred to as “Confidential Information.” The Executive agrees that all Confidential Information is and shall remain the property of the Company. The Executive further agrees, except as otherwise required by law and for disclosures occurring in the good faith performance of his duties for the Company, while employed by the Company hereunder and thereafter, to hold in the strictest confidence all Confidential Information, and not to, directly or indirectly, duplicate, sell, use, lease, commercialize, disclose or otherwise divulge to any person or entity any portion of the Confidential Information or use any Confidential Information for his own benefit or profit or allow any person, entity or third party, other than the Company and authorized executives of the same, to use or otherwise gain access to any Confidential Information.

8.2. Return of Property. Upon the termination of his employment with the Company or upon the request of the Company at any time, the Executive shall promptly deliver to the Company, and shall retain no copies of, any written materials, records and documents made by the Executive or coming into his possession concerning the business or affairs of the Company or its direct or indirect subsidiaries; provided, however, that the Executive shall be permitted to retain copies of any documents or materials of a personal nature or otherwise related to the Executive’s rights under this Agreement.

8.3. Non Competition. During the Employment Term and for a period of twenty-four (24) months after the Date of Termination, the Executive shall not, unless he receives the prior written consent of the Company, directly or indirectly, own an interest in, manage, operate, join, control, lend money or render financial or other assistance to, participate in or be connected with, as an officer, employee, partner, stockholder, consultant or otherwise, or engage in any activity or capacity (collectively, the “Competitive Activities”) with respect to any individual, partnership, limited liability company, firm, corporation or other business organization or entity (each, a “Person”), that is engaged directly or indirectly in the distribution of electrical construction products or electrical and industrial maintenance, repair and operating supplies, or the provision of integrated supply services, or that is in competition with any of the business activities of the Company or its direct or indirect subsidiaries anywhere in the world; provided, however, that the foregoing (a) shall not apply with respect to any line-of-business in which the Company or its direct or indirect subsidiaries was not engaged on or before the Date of Termination, and (b) shall not prohibit the Executive from owning, or otherwise having an interest in, less than one percent (1%) of any publicly-owned entity or three percent (3%) of any private equity fund or similar investment fund that invests in companies engaged in the distribution of electrical construction products or electrical and industrial maintenance, repair and operating supplies, or the provision of integrated supply services, provided the Executive has no active role with respect to any investment by such fund in any Person referred to in this Section 8.3.

8.4. Non-Solicitation. During the Employment Term and for a period of twenty-four (24) months after the Date of Termination, the Executive shall not, whether for his own account or for the account of any other Person (other than the Company or its direct or indirect subsidiaries), intentionally solicit, endeavor to entice away from the Company or its direct or indirect subsidiaries, or otherwise interfere with the relationship of the Company or its direct or indirect subsidiaries with, (a) any person who is employed by the Company or its direct or indirect subsidiaries (including any independent sales representatives or organizations), or (b) any client or customer of the Company or its direct or indirect subsidiaries.

8.5. Assignment of Developments. If at any time or times during the Executive’s employment, whether during work hours or off-duty hours, the Executive shall (either alone or with others) make, conceive, create, discover, invent or reduce to practice any Development (as defined below) that (i) relates to the business of the Company or any customer of or supplier to the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith; or (ii) results from tasks assigned to the Executive by the Company; or (iii) results from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, then all such Developments and the benefits thereof are and shall immediately become the sole and absolute property of the Company and its assigns, as works made for hire or otherwise. The term “Development” shall mean any invention, modification, discovery, design, development, improvement, process, software program, work of authorship, documentation, technique, know-how, trade secret or intellectual property right whatsoever or any interest therein (whether or not patentable or registerable under copyright, trademark or similar statutes or subject to analogous protection). The Executive shall promptly disclose to the Company (or any persons designated by it) each such Development. The Executive hereby assign all rights (including, but not limited to, rights to inventions, patentable subject matter, copyrights and trademarks) the Executive may have or may acquire in the Developments and all benefits and/or rights resulting therefrom to the Company and its assigns without further compensation and shall communicate, without cost or delay, and without disclosing to others the same, all available information relating thereto (with all necessary plans and models) to the Company.

8.6. Injunctive Relief. The Executive acknowledges that a breach of any of the covenants contained in this Section 8 may result in material, irreparable injury to the Company for which there is no adequate remedy at law, that it shall not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat of breach, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining the Executive from engaging in activities prohibited by this Section 8 or such other relief as may be required to specifically enforce any of the covenants in this Section 8. To the extent that the Company seeks a temporary restraining order (but not a preliminary or permanent injunction), the Executive agrees that a temporary restraining order may be obtained *ex parte*.

8.7. Adjustment of Covenants. The parties consider the covenants and restrictions contained in this Section 8 to be reasonable. However, if and when any such covenant or restriction is found to be void or unenforceable and would have been valid had some part of it been deleted or had its scope of application been modified, such covenant or restriction shall be deemed to have been applied with such modification as would be necessary and consistent with the intent of the parties to have made it valid, enforceable and effective.

9. Miscellaneous.

9.1 Assignment; Successors; Binding Agreement. This Agreement may not be assigned by either party, whether by operation of law or otherwise, without the prior written consent of the other party, except that any right, title or interest of the Company arising out of this Agreement may be assigned to any corporation or entity controlling, controlled by, or under common control with the Company, or succeeding to the business and substantially all of the assets of the Company or any affiliates for which the Executive performs substantial services. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, legatees, devisees, personal representatives, successors and assigns.

9.2. Modification and Waiver. Except as otherwise provided below, no provision of this Agreement may be modified, waived, or discharged unless such waiver, modification or discharge is duly approved by the Board and is agreed to in writing by the Executive and such officer(s) as may be specifically authorized by the Board to effect it. Notwithstanding the foregoing, in the event that the provisions of the Company's Corporate Governance Guidelines related to executive employment agreements are revised during the Employment Term, the Company may make changes to this Agreement, without the consent of the Executive, in order to conform this Agreement with such revised Guidelines. No waiver by any party of any breach by any other party of, or of compliance with, any term or condition of this Agreement to be performed by any other party, at any time, shall constitute a waiver of similar or dissimilar terms or conditions at that time or at any prior or subsequent time.

9.3. Entire Agreement. This Agreement embodies the entire understanding of the parties hereof, and supersedes all other oral or written agreements or understandings between them regarding the subject matter hereof. No agreement or representation, oral or otherwise, express or implied, with respect to the subject matter of this Agreement, has been made by either party which is not set forth expressly in this Agreement.

9.4. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania other than the conflict of laws provision thereof.

9.5. Consent to Jurisdiction and Service of Process.

(a) Disputes Other Than Those Under Section 8. In the event of any dispute relating to this Agreement, other than a dispute relating solely to Section 8, the parties shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If such a dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration, litigation, or some other dispute resolution procedure. If the parties do not reach such solution through negotiation or mediation within a period of sixty (60) days, then, upon notice by either party to the other, all disputes, claims, questions, or differences shall be finally settled by arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules. The arbitrator shall be selected by agreement of the parties or, if they do not agree on an arbitrator within thirty (30) days after either party has notified the other of his or its desire to have the question settled by arbitration, then the arbitrator shall be selected pursuant to the procedures of the American Arbitration Association (the "AAA") in Pittsburgh, Pennsylvania. The determination reached in such arbitration shall be final and binding on all parties. Enforcement of the determination by such arbitrator may be sought in any court of competent jurisdiction. Unless otherwise agreed by the parties, any such arbitration shall take place in Pittsburgh, Pennsylvania, and shall be conducted in accordance with the Commercial Arbitration Rules of the AAA.

(b) Disputes Under Section 8. In the event of any dispute, controversy or claim between the Company and the Executive arising out of or relating to the interpretation, application or enforcement of the provisions of Section 8, the Company and the Executive agree and consent to the personal jurisdiction of the County Courts in Allegheny County, Pennsylvania and/or the United States District Court for the Western District of Pennsylvania for resolution of the dispute, controversy or claim, and that those courts, and only those courts, shall have exclusive jurisdiction to determine any dispute, controversy or claim related to, arising under or in connection with Section 8 of this Agreement. The Company and the Executive also agree that those courts are convenient forums for the parties to any such dispute, controversy or claim and for any potential witnesses and that process issued out of any such court or in accordance with the rules of practice of that court may be served by mail or other forms of substituted service to the Company at the address of its principal executive offices and to the Executive at his last known address as reflected in the Company's records.

9.6. Withholding of Taxes. The Company shall withhold from any amounts payable under the Agreement all federal, state, local or other taxes as legally shall be required to be withheld.

9.7. Notice. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, mailed within the continental United States by first class certified mail, return receipt requested, postage prepaid or sent via a nationally-recognized overnight courier or by facsimile transmission, addressed as follows:

(a) to the Company, to:

WESCO International, Inc.
Suite 700
225 West Station Square Drive
Pittsburgh, PA 15219
Attention: Law Department

(b) to the Executive, to:

Stephen A. Van Oss
111 Drake Drive
Wexford, PA 15090

Addresses may be changed by written notice sent to the other party at the last recorded address of that party.

9.8. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

9.10. Headings. The headings used in this Agreement are for convenience only, do not constitute a part of the Agreement, and shall not be deemed to limit, characterize, or affect in any way the provisions of the Agreement, and all provisions of the Agreement shall be construed as if no headings had been used in the Agreement.

9.11. Construction. As used in this Agreement, unless the context otherwise requires: (a) the terms defined herein shall have the meanings set forth herein for all purposes; (b) references to "Section" are to a section hereof; (c) "include," "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; (d) "writing," "written" and comparable terms refer to printing, typing, lithography and other means of reproducing words in a visible form; (e) "hereof," "herein," "hereunder" and comparable terms refer to the entirety of this Agreement and not to any particular section or other subdivision hereof or attachment hereto; (f) references to any gender include references to all genders; and (g) references to any agreement or other instrument or statute or regulation are referred to as amended or supplemented from time to time (and, in the case of a statute or regulation, to any successor provision).

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date and year first above written.

WESCO INTERNATIONAL, INC

By: /s/ ROY W. HALEY

Title: Chairman and CEO

EXECUTIVE

/s/ STEPHEN A. VAN OSS

Stephen A. Van Oss

Exhibit 21.1

Significant Subsidiaries of
WESCO International, Inc.

CDW Holdco, LLC
WDC Holding, Inc.
WESCO Distribution, Inc.
WESCO Distribution Canada Co.
WESCO Distribution Canada LP
WESCO Equity Corporation
WESCO Finance Corporation
WESCO Receivables Corporation
Carlton-Bates Company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-81857, 333-81847, 333-81845, 333-81841 and 333-91187) and Form S-3 (No. 333-119909) of WESCO International, Inc. of our report dated March 15, 2006 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
March 15, 2006

Exhibit 23.2

CONSENT OF INDEPENDENT APPRAISER

American Appraisal Associates, Inc. ("AAA") hereby consents to the incorporation by reference of the summary of its conclusions of value in the Annual Report on Form 10-K of WESCO International, Inc. ("WESCO") for the year ended December 31, 2005. Specifically, AAA consents to WESCO's disclosure of AAA as its valuation expert and of AAA's opinions of value of the trademarks, purchased customer relationships, non-compete agreements and a strategic supply agreement that were performed by AAA in connection with WESCO's acquisitions of Carlton-Bates Company and Fastec Industrial Corp. and to the incorporation of such summaries by reference in Note 5 located on pages 46 and 47 of WESCO's 2006 Form 10-K filing. In giving this consent AAA does not hereby admit that it comes within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or as an expert as defined by the rules and regulations of the Securities and Exchange Commission.

/s/ T. Michael Rathburn

T. Michael Rathburn
Associate General Counsel
American Appraisal Associates, Inc.
Milwaukee, Wisconsin
March 14, 2006

Exhibit 31.1

CERTIFICATION

I, Roy W. Haley, certify that:

1. I have reviewed this annual report on Form 10-K of WESCO International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2006

By: /s/ Roy W. Haley
Roy W. Haley
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stephen A. Van Oss, certify that:

1. I have reviewed this annual report on Form 10-K of WESCO International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2006

By: /s/ Stephen A. Van Oss
Stephen A. Van Oss
Senior Vice President and Chief Financial and Administrative Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of WESCO International, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 15, 2006

By: /s/ Roy W. Haley
Roy W. Haley
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of WESCO International, Inc. (the "Company") on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 15, 2006

By: /s/ Stephen A. Van Oss
Stephen A. Van Oss
Senior Vice President and Chief Financial
and Administrative Officer