

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	5063 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	25-1723345 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
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COMMERCE COURT, SUITE 700  
FOUR STATION SQUARE  
PITTSBURGH, PENNSYLVANIA 15219  
(412) 454-2200  
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER OF REGISTRANT'S PRINCIPAL  
EXECUTIVE OFFICES)

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

COPIES TO:

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425 Lexington Avenue  
New York, New York 10017  
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Approximate date of commencement of proposed sale to the public: AS SOON  
AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

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

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

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

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

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)(2)	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$0.01 per share.....	\$	\$201,250,000	\$55,948

(1) Estimated solely for the purpose of calculating the registration fee; based  
on a bona fide estimate of the maximum offering price of the securities  
being registered in accordance with Rule 457(a).  
(2) Includes shares subject to the Underwriter's over-allotment option.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR  
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL  
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION

STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED MARCH 3, 1999

PROSPECTUS

SHARES

WESCO INTL. LOGO

WESCO INTERNATIONAL, INC.

COMMON STOCK

THIS IS OUR INITIAL PUBLIC OFFERING (THE "OFFERING") OF SHARES OF COMMON STOCK (OUR "COMMON STOCK"). WE ARE OFFERING SHARES. SHARES ARE INITIALLY BEING OFFERED IN THE UNITED STATES AND SHARES ARE INITIALLY BEING OFFERED IN CANADA AND OUTSIDE THE UNITED STATES. NO PUBLIC MARKET CURRENTLY EXISTS FOR OUR SHARES.

WE PROPOSE TO LIST THE SHARES ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL " " ANTICIPATED PRICE RANGE \$ TO \$ PER SHARE.

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

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

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

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

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

LEHMAN BROTHERS

BEAR, STEARNS & CO. INC.

DONALDSON, LUFKIN & JENRETTE

GOLDMAN, SACHS & CO.

ROBERT W. BAIRD & CO.  
INCORPORATED

ING BARING FURMAN SELZ LLC

, 1999

## TABLE OF CONTENTS

	PAGE
	----
Prospectus Summary.....	2
Risk Factors.....	10
Use of Proceeds.....	15
Dividend Policy.....	15
Capitalization.....	16
Dilution.....	17
Unaudited Pro Forma Financial Information.....	18
Selected Historical Consolidated Financial Data.....	23
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	27
Our Business.....	35

	PAGE
	----
Management.....	49
Certain Relationships and Related Transactions.....	59
Principal Stockholders.....	62
Description of Capital Stock.....	63
Description of Certain Indebtedness.....	65
Shares Eligible For Future Sale.....	72
Certain United States Federal Tax Considerations.....	73
Underwriting.....	75
Legal Matters.....	78
Experts.....	79
Additional Information.....	79
Index to Financial Statements.....	F-1

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ABOUT THIS PROSPECTUS

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

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

In this prospectus, "WESCO" refers to WESCO International, Inc., and its subsidiaries and its predecessors unless the context otherwise requires. References to "we," "us," "our" and the "Company" refer to WESCO and its subsidiaries. Our subsidiaries include WESCO Distribution, Inc. ("WESCO Distribution") and WESCO Distribution -- Canada, Inc. ("WESCO Canada"), both of which are wholly-owned by WESCO. We acquired our business, formerly the Westinghouse Electric Supply division (the "Predecessor"), from Westinghouse Electric Corporation, now known as CBS Corporation ("Westinghouse") in February 1994. In June 1998, we completed a recapitalization (the "Recapitalization"), as more fully described in "Management's Discussion and Analysis of Financial Condition and Results of Operations." In September 1998, we acquired Bruckner Supply Company, Inc. ("Bruckner"), our most significant acquisition in 1998. Unless we otherwise indicate, all information appearing in this prospectus gives effect to a \_\_\_\_\_ to one stock split in the form of a stock dividend of our Common Stock to occur prior to the Offering.

See the section of this prospectus entitled "Risk Factors" for a discussion of certain factors that you should consider before investing in the Common Stock offered in this prospectus. All trademarks and trade names appearing in this prospectus are the property of their respective holders.

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

## PROSPECTUS SUMMARY

This is only a summary and it does not contain all the information that may be important to you. You should read the following summary together with the more detailed information about our Company and the Common Stock being sold in this Offering and our historical and pro forma financial statements and notes to those statements appearing elsewhere in this prospectus.

## OUR COMPANY

With sales of over \$3 billion in 1998, we are a leading provider of electrical products and other industrial maintenance, repair and operating ("MRO") supplies and related value-added services in North America. We are the second largest distributor in the \$72 billion U.S. electrical distribution industry, which has grown at a compounded annual rate of 7% over the last 15 years. We have capitalized on our leadership position in electrical distribution to become the largest provider of integrated supply services in the United States. Our Integrated Supply solutions and outsourcing services fulfill all of a customer's industrial MRO procurement needs through a highly automated, proprietary electronic procurement and inventory replenishment system. Demand for Integrated Supply services has increased approximately 90% annually since 1994, and the total U.S. market potential, measured as all purchases of industrial MRO supplies and services, is estimated to be \$250 billion.

We have over 330 branches and five distribution centers strategically located in 48 states, nine Canadian provinces, Puerto Rico, Guam, Mexico, the United Kingdom and Singapore. We serve over 130,000 customers worldwide, offering over 1,000,000 products from over 23,000 suppliers. Our diverse customer base includes a wide variety of industrial companies; contractors for industrial, commercial, and residential projects; utility companies; and commercial, institutional and governmental customers.

We are the leading consolidator in our industry, having acquired 18 companies since August 1995, representing annual sales of over \$1.1 billion. Combining strong internal growth with acquisitions, our sales and EBITDA increased at a compounded annual growth rate ("CAGR") of over 16% and over 42%, respectively, since 1994, as shown below:

SALES (\$MILLIONS)		EBITDA (\$MILLIONS)	
1994	\$1,636.00	1994	\$ 30.00
1995	\$1,857.00	1995	\$ 63.00
1996	\$2,275.00	1996	\$ 79.00
1997	\$2,595.00	1997	\$ 91.00
1998	\$3,025.00	1998	\$123.00

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 For information concerning sales and EBITDA for 1994, see Notes 1 and 7 to "Selected Historical Consolidated Financial Data."

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

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

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

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

#### INDUSTRY OVERVIEW

##### ELECTRICAL DISTRIBUTION

With 1998 sales estimated at \$72 billion, the U.S. industry is large and growing. The industry is also stable with compounded annual growth of 7% since 1982, and it is projected to grow another 7% in 1999. The U.S. electrical distribution industry is also highly fragmented. In 1997, the latest year for which data is available, the four national distributors, including WESCO, accounted for less than 15% of estimated total industry sales.

##### INTEGRATED SUPPLY

Demand for Integrated Supply services is growing rapidly, as more companies realize they can lower costs by outsourcing their MRO procurement and related services. Since a customer's costs of procuring MRO supplies can be over 50% of the cost of the products, the opportunity for savings is significant. The total market for MRO industrial supplies is approximately \$250 billion. Within that market, Integrated Supply is projected to grow from approximately \$5 billion in sales in 1997 to \$11 billion in 2000, or 30% per year.

#### OUR BUSINESS STRATEGY

Our objective is to be the leading provider of electrical products and other MRO supplies and services to companies in North America and selected international markets. In achieving this leadership position, our goal is to grow earnings at a faster rate than sales by focusing on continuous

productivity improvement. Our growth strategy leverages our existing strengths and focuses on developing new initiatives and programs.

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

**GROW NATIONAL PROGRAMS.** Since 1994, revenue from our National Accounts program has increased in excess of 20% annually. We will continue to invest in the expansion of this program. Through our National Accounts program, we coordinate electrical MRO procurement and purchasing activities primarily for large industrial companies across multiple locations. We have well established relationships with over 300 of these companies, providing us with recurring revenues through multi-year agreements.

**EXTEND OUR LEADERSHIP POSITION IN INTEGRATED SUPPLY.** We intend to build upon our position as the largest provider of Integrated Supply services for MRO goods and services in the United States. Our Integrated Supply and outsourcing services replace the traditional multi-vendor, resource-intensive procurement process with a single fully automated process capable of managing all MRO and related service requirements. Our solutions range from just-in-time fulfillment to taking over the entire procurement function. We believe we are advantaged as an Integrated Supply provider due to our national branch system and low cost structure. Our customers include some of the largest industrial companies in the United States.

**GAIN SHARE IN KEY LOCAL MARKETS.** Significant opportunities exist to gain local market share, since many local markets are highly fragmented. We intend to increase our market share in key geographic markets through a combination of increased sales and marketing efforts at existing branches, acquisitions to expand our product and customer base and new branch openings.

**ACTIVELY PURSUE STRATEGIC ACQUISITIONS.** We are the industry's leading consolidator, having completed 18 acquisitions since August 1995, which represent annual sales of over \$1.1 billion. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will provide us with a significant number of acquisition opportunities. We utilize a disciplined approach toward acquisitions which includes well-defined strategic criteria and established targets for return on investment and earnings accretion.

**LEVERAGE OUR E-COMMERCE AND INFORMATION SYSTEM CAPABILITIES.** We conduct a significant amount of business electronically. For example, 95% of our Integrated Supply transactions are completed through EDI. We will continue to make significant investments in information technology in order to conduct more business electronically. Our e-commerce applications, including EDI, the internet, CD-ROM catalogs and direct customer access, create tighter linkages with both customers and suppliers and provide low cost, highly functional processing of a full range of business transactions.

**CONTINUE TO IMPROVE PROFIT MARGINS.** We have more than doubled our EBITDA margins since 1994 and are committed to seeking continuous improvement in productivity and profitability. We use innovative and disciplined techniques to manage our business processes and to improve employee productivity and return on capital. We operate with one of the lowest cost structures in our industry and will utilize this low cost advantage to continue to offer our customers competitive pricing while improving our overall profitability.

**EXPAND OUR INTERNATIONAL OPERATIONS.** Our international sales, the majority of which are in Canada, accounted for 10% of sales in 1998. We believe there is significant additional demand for our products and services outside the U.S. and Canada. Many of our multinational domestic customers are seeking distribution, Integrated Supply and construction project management solutions globally.

## OWNERSHIP

Upon completion of the Offering, management will own approximately % of our Common Stock on a fully diluted basis. The Cypress Group L.L.C. ("Cypress") will own approximately % of our Common Stock on a fully diluted basis. None of management, Cypress or its affiliates will sell any shares in the Offering.

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

## RISK FACTORS

See the section of this prospectus entitled "Risk Factors" for a discussion of certain factors that you should consider before investing in the Common Stock offered in this prospectus. These risk factors include factors related to competition, our substantial debt and related restrictions, general economic conditions, growth strategy, our product supply, the importance of our information systems and our year 2000 compliance, environmental matters, the significant influence of our controlling stockholders, the lack of a prior public market for and possible volatility in the price of our Common Stock, shares eligible for future sale and dilution.



## THE OFFERING

Common Stock Offered by WESCO.....	shares
U.S. Offering.....	shares
International Offering.....	shares
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Total.....	
Common Stock Outstanding after the Offering.....	shares (1)
Use of Proceeds.....	We intend to use net proceeds of \$            from this Offering to retire all of the outstanding 11 1/8% Senior Discount Notes due 2008, \$            to repay all of the existing indebtedness under our Revolving Credit Facility, and the remaining balance to repay a portion of the Tranche B Term Loan. See "Use of Proceeds."
Proposed NYSE Symbol.....	
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(1) Based on            shares outstanding as of            , 1999, after giving effect to the            to one stock split in the form of a stock dividend and the conversion of certain outstanding notes in an aggregate principal amount of \$37 million into            shares of Common Stock at the Offering price. Currently, the Company also has authorized and issued Class B (non-voting) Common Stock, which is identical to the Common Stock except that it has no voting rights other than as required by law. The Common Stock to be outstanding after this Offering also reflects the possible future conversion of outstanding shares of Class B Common Stock, at any time at the option of the holders, on a share for share basis into Common Stock and the termination concurrent with this Offering of the rights of certain employee holders of Common Stock to require us under certain limited circumstances to repurchase all of their shares. See "Description of Capital Stock."

## SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth summary historical consolidated financial data of WESCO as of and for the four years ended December 31, 1998, which have been derived from WESCO's audited financial statements. For information concerning the period ended December 31, 1994, see Note 1 to the "Selected Historical Consolidated Financial Data."

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

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

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

	YEAR ENDED DECEMBER 31,					
	1994(1)	1995	1996	1997	1998	1998 (PRO FORMA)
<b>INCOME STATEMENT DATA:</b>						
Sales, net.....	\$1,635.8	\$ 1,857.0	\$ 2,274.6	\$ 2,594.8	\$3,025.4	\$3,205.3
Gross profit.....	262.5	321.0	405.0	463.9	537.6	556.4
Selling, general and administrative expenses.....	232.6	258.0	326.0	372.5	415.0	421.8
Depreciation and amortization.....	8.7	7.3	10.8	11.3	14.8	16.8
Recapitalization costs.....	--	--	--	--	51.8(2)	51.8(2)
Income from operations.....	21.2	55.7	68.2	80.1	56.0	66.0
Interest expense, net.....	20.0	15.8	17.4	20.1	45.1	40.5
Other expense.....	--	--	--	--	10.1(3)	15.3(3)
Income before income taxes.....	1.2	39.9	50.8	60.0	0.8	10.2
Provision for income taxes.....	1.7	14.8	18.3	23.8	8.5(4)	12.2(4)
Income (loss) before extraordinary charge, net of taxes.....	(0.5)	25.1	32.5	36.2	(7.7)	(2.0)
Extraordinary charge, net of applicable taxes.....	--	8.1(5)	--	--	--	--
Net income (loss).....	\$ (0.5)	\$ 17.0	\$ 32.5	\$ 36.2	\$ (7.7)(2)	\$ (2.0)(2)
<b>Earnings (loss) per common share</b>						
(2), (6)						
Basic before extraordinary charge, net of taxes.....						
Basic.....						
Diluted before extraordinary charge, net of taxes.....						
Diluted.....						
<b>Weighted average common shares outstanding</b>						
Basic.....						
Diluted.....						
<b>OTHER FINANCIAL DATA:</b>						
EBITDA (7).....	\$ 29.9	\$ 63.0	\$ 79.0	\$ 91.4	\$ 122.6	\$ 134.6
Capital expenditures.....	--	6.5	9.3	11.6	10.7	--
Net cash provided by (used for) operating activities.....	--	25.7	15.1	(12.0)	276.9	--
Net cash provided by (used for) investing activities.....	--	(12.0)	(110.9)	(21.5)	(184.1)	--
Net cash provided by (used for) financing activities.....	--	(9.8)	87.2	41.1	(92.3)	--
<b>BALANCE SHEET DATA:</b>						
Adjusted working capital (8).....	\$ 196.5	\$ 222.5	\$ 291.6	\$ 338.8	\$ 146.7(9)	\$ 146.7(9)
Total assets.....	533.7	581.3	773.5	870.9	950.5	952.3
Total long-term debt (including current portion).....	180.6	177.9	262.2	295.2	595.8	406.7
Redeemable common stock (10).....	5.5	7.7	8.9	9.0	21.5	--
Stockholders' equity (deficit).....	99.5	116.4	148.7	184.5	(142.6)	70.4
<b>OTHER DATA:</b>						
Sales growth.....		13.5%	22.5%	14.1%	16.6%	23.5%
EBITDA growth (7).....		110.7%	25.4%	15.6%	34.1%	47.3%

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- (1) Our business was part of Westinghouse for the first two months of 1994. The results of operations and financial data for that period have been combined with the results of the Company for the ten months ended December 31, 1994. See "Selected Historical Consolidated Financial Data."
  - (2) Represents a one time charge primarily related to noncapitalized financing expenses, professional and legal fees and management compensation costs. Excluding the effects of this charge, net income would have been \$30.6 million and diluted earnings per share would have been \$     and pro forma net income would have been \$36.3 million and pro forma diluted earnings per share would have been \$     .
  - (3) Represents costs relating to the sale of accounts receivable pursuant to the Receivables Facility (as defined).
  - (4) Certain nondeductible recapitalization costs and other permanent differences significantly exceeded income before income taxes and resulted in an unusually high provision for income taxes.
  - (5) Represents a charge, net of taxes, relating to the writeoff of unamortized debt issuance and other costs associated with the early extinguishment of debt.
  - (6) For a description of the calculation of basic and diluted earnings per common share, see Notes 2 and 13 to the Consolidated Financial Statements included elsewhere in this prospectus. For the year ended December 31, 1998, \$1.3 million of the interest on convertible debt and     common share equivalents have not been included, since the impact was anti-dilutive.
  - (7) EBITDA represents income from operations plus depreciation, amortization and recapitalization costs. EBITDA is presented since management believes that such information is considered by certain investors to be an additional basis for evaluating the Company's ability to pay interest and repay debt. EBITDA should not be considered an alternative to measures of operating performance as determined in accordance with generally accepted accounting principles or as a measure of the Company's operating results and cash flows or as a measure of the Company's liquidity. Since EBITDA is not calculated identically by all companies, the presentation herein may not be comparable to other similarly titled measures of other companies.
  - (8) Defined as trade accounts receivable plus inventories less accounts payable.
  - (9) Excludes \$274.2 million of accounts receivable pursuant to the sale in 1998 of such receivables in connection with the Receivables Facility.
  - (10) Represents redeemable common stock as described in Note 11 to the Consolidated Financial Statements. Under certain limited circumstances, the holders thereof have the right to require us to repurchase all of the redeemable shares and the exercisable portion of the options. These repurchase rights terminate upon consummation of the Offering. The redemption value of the shares and exercisable portion of the options at December 31, 1996, 1997 and 1998 was approximately \$24.5 million, \$68.6 million and \$130.3 million, respectively. See "Certain Relationships and Related Transactions -- Management Stockholders."

## RISK FACTORS

You should carefully consider the following factors and other information contained in this prospectus in evaluating our business before deciding to invest in the shares of our Common Stock. This prospectus also contains certain forward-looking statements regarding our business. When used in this prospectus, the words "anticipates," "plans," "believes," "estimates," "intends," "expects," "projects" and similar expressions may identify forward-looking statements, although not all forward-looking statements contain such words. Such statements, including, but not limited to, our statements regarding business strategy, growth strategy, productivity and profitability enhancement, new product and service introductions and liquidity and capital resources are based on management's beliefs, as well as on assumptions made by, and information currently available to, management, and involve various risks and uncertainties, certain of which are beyond our control. Our actual results could differ materially from those expressed in any forward-looking statement made by or on our behalf. In light of these risks and uncertainties there can be no assurance that the forward-looking information will in fact prove to be accurate. Factors that might cause actual results to differ from such forward-looking statements include, but are not limited to, those discussed in "Risk Factors." 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.

## WE OPERATE IN A COMPETITIVE INDUSTRY

The distribution industry for electrical products and other industrial MRO supplies and services is very competitive. We compete directly with national and regional broad-based companies, niche companies carrying only specialized products, and small, local companies with one or a few locations. Another source of competition in this industry is buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. Outside this industry, manufacturers employ, and may increase the use of, direct sales representatives. In addition, some manufacturers with sufficient size, geographic scope and financial and marketing resources may be in a position to offer customers their national accounts services. Finally, the development of alternative distribution channels, such as internet-based catalogs, do-it-yourself retail outlets, or a shift to direct sales and service by manufacturers, could have a material adverse effect on our markets and, as a result, our operating performance.

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

## WE HAVE A SUBSTANTIAL AMOUNT OF DEBT WHICH IMPOSES CERTAIN RESTRICTIONS

We have a significant amount of debt as of December 31, 1998. Before giving effect to the Offering, we had \$595.8 million of indebtedness, and on a pro forma basis after giving effect to the use of net proceeds in the Offering, we would have had \$406.7 million of indebtedness. See "Capitalization," "Use of Proceeds" and "Unaudited Pro Forma Financial Information." Accordingly, we will continue to have significant debt service obligations. We may incur additional indebtedness in the future to fund our growth strategy and for general corporate purposes, subject to certain limitations contained in the instruments governing our indebtedness.

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

distributions, to repay our obligations, to enter into sale and leaseback transactions, to create liens or other encumbrances, to make certain payments and investments, to engage in certain transactions with affiliates, to sell or otherwise dispose of assets and to merge or consolidate with other entities and will otherwise restrict corporate activities.

Our debt agreements also require that we meet certain financial ratios and tests. Our ability to comply with these and other provisions may be affected by changes in economic or business conditions or other events beyond our control. A failure to comply with our debt obligations could result in an event of default which could result in acceleration of the related debt and the acceleration of debt under other instruments evidencing indebtedness that may contain cross-acceleration or cross-default provisions. If outstanding debt were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full such indebtedness. Our obligations under the bank credit facilities are collateralized by a first priority pledge of and security interest in substantially all of our assets, except for accounts receivable which are subject to our Receivables Facility. See "Description of the Certain Indebtedness."

#### WE ARE SUBJECT TO RISKS ASSOCIATED WITH GENERAL ECONOMIC CONDITIONS

Changes in economic conditions outside our control, including international, national, regional and local declines in industrial and construction activity, can affect projected growth rates and our operating results may be adversely affected. Increases in interest rates may lead to a decline in economic activity and may also result in higher interest payments under our bank credit facilities. In addition, during periods of reduced economic activity our credit losses could increase significantly. Adverse economic conditions or cyclical trends in certain customer markets could have a material adverse effect on our operating results and financial condition.

#### OUR GROWTH STRATEGY INVOLVES CERTAIN RISKS

A principal component of our strategy is to continue to expand through additional acquisitions that complement our operations in new or existing markets. Our acquisitions will involve risks, including the successful integration and management of acquired operations and personnel. The integration of acquired businesses may also lead to the loss of key employees of the acquired companies and diversion of management attention from ongoing business concerns. We cannot assure that we will be able to identify businesses that meet our strategic criteria and acquire them on satisfactory price and other terms, or that we will have sufficient capital resources to realize our acquisition strategy. Future acquisitions may not prove advantageous and could have a material adverse effect on our operating results. We are also building our international presence. Significant expansion into international markets could involve risks relating to operating in foreign countries, including those relating to currency exchange rates, new and different legal, tax, accounting and regulatory requirements. See "Our Business -- Acquisition and Integration Programs" and "--International Operations."

Depending on the size and number of future acquisitions, we may require additional funding. Future acquisitions could be financed by internally generated cash flow or additional indebtedness, including increased borrowings under our bank credit facilities or the issuance of debt or equity securities. Our high degree of debt, among other things, could constrain our ability to obtain financing. We cannot assure that adequate funding will be available, or if available, will be on terms satisfactory to us. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources," and "Our Business -- Our Business Strategy," and "-- Acquisition and Integration Programs."

#### MAINTENANCE OF OUR PRODUCT SUPPLY PRESENTS CERTAIN RISKS

Consistent with industry practice, most of our agreements with suppliers (including both distribution agreements and preferred supplier agreements) are generally terminable by either party

on no more than 60 days notice. Our ten largest suppliers in 1998 accounted for approximately 38% of our purchases for the period. The largest supplier was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 15% of our purchases. The loss of, or a substantial decrease in the availability of, products from any of these suppliers, or the loss of key preferred supplier agreements, could have a material adverse effect on our business. In addition, supply interruptions could arise from shortages of raw materials, labor disputes or weather conditions affecting products or shipments, transportation disruptions or other reasons beyond our control. An interruption of operations at any of our five distribution centers could have a material adverse effect on the operations of branches served by the affected distribution center. Furthermore, we cannot assure that particular products, or product lines, will be available to us, or available in quantities sufficient to meet customer demand. This limited product access could put us at a competitive disadvantage. See "Our Business -- Products and Services" and "Our Business -- Distribution Network."

#### OUR SUCCESS IS DEPENDENT ON OUR INFORMATION SYSTEMS AND OUR YEAR 2000 COMPLIANCE

We believe that 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. Although we believe that we have the appropriate disaster recovery plans in place, we cannot assure that a serious disruption in the operation of our information systems will not occur. Any such disruption could have a material adverse effect on our business and results of operations. See "Our Business -- Management Information Systems."

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

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

Our expectations of the Year 2000 issue are subject to numerous risks and uncertainties, including, among others, our ability to timely identify all affected business-critical systems, and the readiness of service providers, vendors and suppliers, our financial institutions, and significant customers. If we are unsuccessful in identifying or correcting business-critical systems and processes affected by the Year 2000 issue, or if our service providers, vendors and suppliers, our financial institutions, and significant customers are adversely affected by the Year 2000 issue, our results of operations or financial condition could be materially impacted. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000."

#### OUR OPERATIONS ARE SUBJECT TO ENVIRONMENTAL RISKS

Our facilities and operations are subject to federal, state and local laws and regulations relating to environmental protection ("Environmental Laws") and human health and safety. Some of these laws and regulations may impose strict, joint and several liability on certain persons for the cost of investigation or remediation of contaminated properties. These persons may include present or future

owners and operators of properties, and persons that arranged for the disposal of hazardous substances. In addition, the disposal of certain products distributed by us, such as ballasts, fluorescent lighting and batteries, must comply with Environmental Laws. Our owned and leased real property may carry with it certain liabilities under Environmental Laws.

#### OUR CONTROLLING STOCKHOLDERS CAN EXERCISE SIGNIFICANT INFLUENCE OVER OUR AFFAIRS

After the Offering, approximately % of the issued and outstanding shares of Common Stock will be held by Cypress and its affiliates. Accordingly, Cypress and its affiliates can exercise significant influence over our affairs, including the election of our directors, appointment of our management and approval of actions requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and approval of mergers or sales of substantially all of our assets. See "Management," "Principal Stockholders" and "Certain Relationships and Related Transactions."

#### OUR COMMON STOCK HAS NEVER BEEN PUBLICLY TRADED AND ITS PRICE MAY BE VOLATILE

Prior to this Offering, there has not been a public market for our Common Stock. We will make an application for listing the Common Stock on the New York Stock Exchange, but we cannot predict the extent to which a trading market will develop or how liquid that market might become. The initial public offering price will be determined by negotiations between representatives of the underwriters and us and may not be indicative of prices that will prevail in the trading market. See "Underwriting."

The market price for shares of our Common Stock may be volatile and may fluctuate based on a number of factors including: our operating performance and the performance of other similar companies; news announcements relating to us, our industry or our competitors; changes in earnings estimates or recommendations by research analysts; changes in general economic conditions; or other developments affecting us, our industry, or our competitors. In recent years, the stock market has experienced significant price and volume fluctuations, which are often unrelated to the operating performance of specific companies.

#### A NUMBER OF SHARES ARE OR WILL BE ELIGIBLE FOR FUTURE SALE

Upon completion of the Offering, our current stockholders and holders of options to acquire Common Stock, including our executive officers and directors and their affiliates, will own beneficially approximately % of the outstanding shares of our Common Stock and the rights to purchase an additional % of our outstanding Common Stock through the exercise of currently exercisable options ( %, if the Underwriters' over-allotment option is exercised in full). As a result, these stockholders, acting together, would be able to exert substantial influence over us and matters requiring approval by our stockholders, including the election of our directors. The voting power of these stockholders under certain circumstances could have the effect of delaying or preventing a change in control of the Company. After expiration of a 180-day "lock-up" period to which substantially all of our current stockholders and option holders are subject, these holders will in general be entitled to dispose of their shares (including the shares underlying such options), although the shares of Common Stock held by our affiliates will continue to be subject to the volume and other restrictions of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). Sales of substantial amounts of Common Stock, or the perception that such sales could occur at the expiration of such 180 day period, may materially adversely affect the prevailing market price of the Common Stock from time to time.

#### OUR INITIAL PUBLIC OFFERING WILL RESULT IN A DILUTION OF THE BOOK VALUE OF OUR COMMON STOCK

The initial public offering price of our Common Stock is substantially more than the net tangible book value per share of our Common Stock. Accordingly, the purchasers of shares of Common Stock



pursuant to the Offering will experience immediate and substantial dilution in the net tangible book value per share of Common Stock from the initial public offering price. The net tangible book value dilution to new investors in the Offering will be \$        per share at an assumed initial public offering price of \$        per share. See "Dilution."

## USE OF PROCEEDS

Based on an assumed initial public offering price of \$        per share (the midpoint of the estimated range of initial public offering prices), we will receive approximately \$        from the sale of shares of Common Stock in the Offering after deduction of estimated underwriting discounts and commissions and estimated expenses (approximately \$        if the Underwriters' over-allotment option is exercised in full). We intend to use net proceeds of \$        from the Offering to retire all of the outstanding 11 1/8% Senior Discount Notes due 2008 (of which \$        million will be applied to the principal amount of such notes and \$        will be applied to a prepayment premium), \$        to repay all of the existing indebtedness under the Revolving Credit Facility, and the remaining balance to repay a portion of the Tranche B Term Loan.

The Senior Discount Notes were sold at a discount resulting in a yield to maturity of 11.175% per annum and will mature on June 1, 2008. As of December 31, 1998, the interest rate on the Tranche B Term Loan was 7.8% per annum, and the interest rate on borrowings under the Revolving Credit Facility was 8.3% per annum. The Revolving Credit Facility matures on June 5, 2004. The Tranche B Term Loan matures on June 5, 2006. WESCO used the proceeds of the Revolving Credit Facility for general corporate purposes. WESCO used the proceeds of the Tranche B Term Loan and the proceeds of the issuance of Senior Discount Notes to pay certain fees and expenses and to repay certain indebtedness in connection with the Recapitalization. See Note 9 to Consolidated Financial Statements.

## DIVIDEND POLICY

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

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

## CAPITALIZATION

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

- our for one stock split effected in the form of a stock dividend and our sale of shares of Common Stock in the Offering at an assumed initial public offering price of \$ per share (the midpoint of the estimated range of initial public offering prices) after deducting estimated underwriting discounts and commissions and estimated Offering expenses and the anticipated application of the net proceeds from the Offering; and
- the conversion of certain outstanding notes in the aggregate principal amount of \$37 million and the termination of certain employees' rights to require the Company to repurchase outstanding redeemable Common Stock.

	DECEMBER 31, 1998	
	ACTUAL	PRO FORMA AS ADJUSTED(1)
	(DOLLARS IN MILLIONS)	
Cash and cash equivalents.....	\$ 8.1	\$ 8.1
	=====	=====
Total debt:		
Credit facilities:		
Revolving facility.....	\$ 42.4	\$ --
Delayed draw term facility.....	--	--
Term loans.....	169.5	109.2
Senior subordinated notes.....	289.2	289.2
Senior discount notes.....	52.1	--
Other debt.....	42.6	8.3
	-----	-----
Total debt.....	595.8	406.7
Redeemable Common Stock, 84,808 shares issued and outstanding; as adjusted, none.....	21.5	--
Stockholders' Equity:		
Preferred Stock: none; as adjusted, 20,000,000 shares authorized, no shares issued and outstanding.....	--	--
Common Stock:		
Common Stock, \$.01 par value, 2,000,000 shares authorized, 436,156 shares issued and outstanding; as adjusted, 120,000,000 shares authorized, shares issued and outstanding.....	--	--
Class B Common Stock (non-voting), \$.01 par value, 2,000,000 shares authorized, 80,504 shares issued and outstanding; as adjusted, 10,000,000 shares authorized, shares issued and outstanding.....	--	--
Additional capital.....	327.0	545.9
Retained earnings (deficit).....	(468.2)(2)	(474.1)(2)
Accumulated other comprehensive income (loss).....	(1.4)	(1.4)
	-----	-----
Total stockholders' equity (deficit).....	(142.6)	70.4
	-----	-----
Total capitalization.....	\$ 474.7	\$ 477.1
	=====	=====

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

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

## DILUTION

Our pro forma consolidated net tangible book value as of December 31, 1998 was \$            or \$            per share of our Common Stock. After giving effect to the sale of the shares of our Common Stock in the Offering (at an assumed initial offering price of \$            per share) and before deducting anticipated offering expenses and underwriting discounts and commissions, our adjusted pro forma net tangible book value as of December 31, 1998 would have been \$            or \$            per share, representing an immediate \$            per share dilution to new investors purchasing shares at the initial public offering price. The following table illustrates such per share dilution.

Assumed initial public offering price per share.....		\$
		-----
Pro forma net tangible book value per share as of December 31, 1998.....	\$	
		-----
Increase per share attributable to new investors.....	\$	
		-----
Net tangible book value per share after the Offering.....		\$
		-----
Dilution per share to new investors.....		\$
		=====

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

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT AFTER OFFERING	AMOUNT	PERCENT AFTER OFFERING	
	-----	-----	-----	-----	-----
Existing stockholders.....		%	\$	%	\$
	-----	-----	-----	-----	-----
New stockholders.....					
	-----	-----	-----	-----	-----
Total.....	=====	100.0%	\$	100.0%	
	=====	=====	=====	=====	

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

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

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

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

The unaudited pro forma financial information and related notes thereto are provided for informational purposes only. They do not necessarily reflect our results of operations or financial condition that would have actually resulted had the events referred to above or in the notes to the unaudited pro forma financial information been consummated. In addition, the unaudited pro forma financial information is not intended to project our financial condition or results of operations for any future period and does not necessarily reflect the effect of an extraordinary charge of \$9.6 million expected to result from the Offering related to the early extinguishment of outstanding 11 1/8% Senior Discount Notes and a portion of the Credit Facilities.

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

AS OF DECEMBER 31, 1998

	WESCO HISTORICAL -----	OFFERING ADJUSTMENTS -----	WESCO AS ADJUSTED -----
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 8,093		\$ 8,093
Trade accounts receivable.....	181,511		181,511
Other accounts receivable.....	22,265		22,265
Inventories.....	343,764		343,764
Other current assets.....	26,438	\$ 3,759(1)	30,197
	-----	-----	-----
Total current assets.....	582,071	3,759	585,830
Property, buildings and equipment, net.....	107,596		107,596
Goodwill, net of accumulated amortization.....	234,049		234,049
Other assets.....	26,806	(2,002)(2)	24,804
	-----	-----	-----
Total assets.....	\$ 950,522	\$ 1,757	\$952,279
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Accounts payable.....	\$ 378,590		\$378,590
Accrued payroll and benefit costs.....	19,614		19,614
Current portion long-term debt.....	16,592	\$ (6,950)(3)	9,642
Other current liabilities.....	51,671	(539)(4)	51,132
	-----	-----	-----
Total current liabilities.....	466,467	(7,489)	458,978
Long-term debt.....	579,238	(182,156)(3)	397,082
Other noncurrent liabilities.....	7,040		7,040
Deferred income taxes.....	18,832		18,832
	-----	-----	-----
Total liabilities.....	1,071,577	(189,645)	881,932
Redeemable common stock.....	21,506	(21,506)(5)	--
Stockholders' equity.....	(142,561)	212,908(6)	70,347
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$ 950,522	\$ 1,757	\$952,279
	=====	=====	=====

See notes to unaudited pro forma condensed consolidated balance sheet

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

- (1) Reflects the tax benefit associated with an extraordinary loss on the early extinguishment of debt discussed in footnote (3) below of \$9,639 (before tax benefit of \$3,759) at an assumed rate of 39%.
- (2) Reflects the write-off of deferred financing costs in connection with the repayment of debt discussed in footnote (3) below.
- (3) Reflects adjustments relating to long-term debt in connection with the Offering as follows:

Repayment of Senior Discount Notes (net of unamortized purchase discount of \$1,659).....	\$ (52,071)
Repayment of Tranche B Term Loan (including \$500 current portion).....	(60,303)
Repayment of Revolving Credit Facility.....	(42,450)
Conversion of acquisition notes (including \$6,450 current portion).....	(34,282)
	-----
	\$(189,106)
	=====

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

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

Net proceeds from the Offering.....	\$163,000
Termination of redemption feature.....	21,506
Conversion of acquisition notes.....	34,282
Extraordinary charge, net of tax benefit of \$3,759.....	(5,880)
	-----
	\$212,908
	=====

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

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

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

FOR THE YEAR ENDED DECEMBER 31, 1998

	WESCO HISTORICAL	BRUCKNER HISTORICAL (1)	BRUCKNER PRO FORMA ADJUSTMENTS	RECAPITALIZATION ADJUSTMENTS	WESCO PRO FORMA	OFFERING ADJUSTMENTS	WESCO AS ADJUSTED
Sales, net.....	\$3,025,439	\$179,894			\$3,205,333		\$3,205,333
Cost of goods sold.....	2,487,780	161,218			2,648,998		2,648,998
Gross profit.....	537,659	18,676			556,335		556,335
Selling, general and administrative expenses..	415,028	6,792		\$ (67)(5)	421,753		421,753
Depreciation and amortization.....	14,805	77	\$ 1,899(2)		16,781		16,781
Recapitalization costs (9).....	51,800				51,800		51,800
Income (loss) from operations.....	56,026	11,807	(1,899)	67	66,001		66,001
Interest expense, net.....	45,121		2,575(3)	9,696(6)	57,392	\$(16,620)(8)	40,772
Other income.....		(264)			(264)		(264)
Other expenses.....	10,122			5,168(7)	15,290		15,290
Income (loss) before income taxes.....	783	12,071	(4,474)	(14,797)	(6,417)	16,620	10,203
Provision (benefit) for income taxes.....	8,519		2,693(4)	(5,771)(4)	5,711	6,482(4)	12,193
Income (loss) from continuing operations before extraordinary charge directly attributable to the Offering (9).....	\$ (7,736)	\$ 12,071	\$(7,437)	\$ (9,026)	\$ (12,128)	\$ 10,138	\$ (1,990)
Earnings (loss) per common share							
Basic.....	\$						\$
Diluted (9)(10).....	\$						\$
Weighted average common shares used in computing basic earnings (loss) per share.....							
Weighted average common shares and common share equivalents used in computing diluted earnings (loss) per share.....							

See notes to unaudited pro forma condensed consolidated statement of operations



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

(DOLLARS IN THOUSANDS)

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

	AMORTIZATION ACCRETION OF DISCOUNTS	INTEREST EXPENSE	TOTAL
	-----	-----	-----
Senior Discount Notes.....	\$5,801		\$ 5,801
Revolving Credit Facility.....		\$3,131	3,131
Tranche B Term Loan.....		4,674	4,674
Acquisition notes.....	2,175	561	2,736
	-----	-----	-----
	\$7,976	\$8,366	\$16,342
	=====	=====	=====

In addition, amortization of debt issuance costs totaling \$278 associated with the above debt were eliminated.

- (9) Includes a one-time charge primarily related to the noncapitalized financing expenses, professional and legal expenses and management compensation costs. Assuming such charges were not incurred, pro forma net income would have been \$36,310 and pro forma diluted earnings per share would have been \$ .
- (10) Excludes interest on convertible debt of \$1,266 for Historical and As Adjusted and common share equivalents for Historical and As Adjusted, respectively, as the inclusion would be anti-dilutive.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

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

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

(DOLLARS IN MILLIONS, EXCEPT SHARE DATA)

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

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

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

- (i) Presents consolidated financial data of the Predecessor for the periods prior to the Company's acquisition of substantially all of the assets and certain liabilities of the Predecessor, effective February 28, 1994. Consolidated financial data of the Predecessor have been derived from the Predecessor's consolidated financial statements, which have been audited by the Predecessor's accountants. The Commission, in Staff Accounting Bulletin Number 55 (SAB 55), requires that historical financial statements of a subsidiary, division or lesser business component of another entity include certain expenses incurred by the parent on its behalf. These expenses include officer and employee salaries; rent; depreciation; advertising; accounting and legal services; other selling, general and administrative expenses; and other such expenses. The financial statements of the Predecessor include such adjustments, estimates or allocations as the management of the Predecessor's parent company believed necessary to reflect these expenses. Because of such items, certain aspects of the consolidated results of operations for periods prior to the period beginning February 28, 1994 are not comparable with those for subsequent periods.
- (ii) Presents combined results of operations of the Predecessor for the two months ended February 28, 1994 and of the Company for ten months ended December 31, 1994. The combined operations data does not purport to represent what the Company's consolidated results of operations would have been if the acquisition had actually occurred on January 1, 1994.
- (iii) The Predecessor received a charge from its parent company in the form of interest expense for the portion of the parent company investment that, for internal reporting purposes, represented debt. For the two months ended February 28, 1994, approximately 40% of the average parent company investment was considered to be debt for internal reporting purposes. The effective annual interest rates for all periods was approximately 10%. This method of reporting interest expense for internal reporting purposes is not necessarily indicative of interest expense that would have been incurred had the Predecessor operated as a separate stand-alone entity.
- (iv) The Predecessor's results of domestic operations were included in the consolidated U.S. federal income tax return of Westinghouse. The income tax expense and other tax-related information in the Predecessor's consolidated financial statements were calculated as if the Predecessor had not been eligible to be included in the consolidated tax returns of Westinghouse (i.e., on a "stand-alone" basis). The calculation of tax provisions and deferred taxes necessarily required certain assumptions,

allocations and estimates that the Predecessor's management believed were reasonable to accurately reflect the tax reporting for the Predecessor as if a stand-alone taxpayer.

- (2) Represents a one-time charge primarily related to noncapitalized financing expenses, professional and legal fees and management compensation costs. Reference is made to Note 2 to "Prospectus Summary -- Summary Historical and Pro Forma Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Results of Operations -- 1998 compared to 1997."
- (3) Represents costs relating to the sale of accounts receivable pursuant to the Receivables Facility.
- (4) Certain nondeductible recapitalization costs and other permanent differences significantly exceeded income before income taxes and resulted in an unusually high provision for income taxes.
- (5) Represents a charge, net of taxes, relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.
- (6) For a description of the calculation of basic and diluted earnings per common share, see Notes 2 and 13 to Consolidated Financial Statements included elsewhere in this prospectus. For the year ended December 31, 1998, \$1.3 million of the interest on convertible debt and common share equivalents have not been included, since the impact was anti-dilutive.
- (7) EBITDA represents income from operations plus depreciation, amortization and recapitalization costs. EBITDA is presented since management believes that such information is considered by certain investors to be an additional basis for evaluating the Company's ability to pay interest and repay debt. EBITDA should not be considered an alternative to measures of operating performance as determined in accordance with generally accepted accounting principles or as a measure of the Company's operating results and cash flows or as a measure of the Company's liquidity. Since EBITDA is not calculated identically by all companies, the presentation herein may not be comparable to other similarly titled measures of other companies.
- (8) Defined as trade accounts receivable plus inventories less accounts payable.
- (9) Excludes \$274.2 million of accounts receivable pursuant to the sale in 1998 of such receivables in connection with the Receivables Facility.
- (10) Represents redeemable common stock as described in Note 11 to Consolidated Financial Statements. Under certain limited circumstances, the holders thereof have the right to require us to repurchase all of the redeemable shares and the exercisable portion of the options. These repurchase rights terminate upon consummation of the Offering. The redemption value of the shares and exercisable portion of the options at December 31, 1996, 1997 and 1998 was approximately \$24.5 million, \$68.6 million and \$130.3 million, respectively. See "Certain Relationships and Related Transactions -- Management Stockholders."

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

The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto included elsewhere in this prospectus.

GENERAL

WESCO is a leading provider of electrical products and other industrial MRO supplies and services in North America. WESCO has over 330 branches and five distribution centers strategically located in 48 states, nine Canadian provinces, Puerto Rico, Guam, Mexico, the United Kingdom and Singapore. WESCO serves over 130,000 customers worldwide, offering over 1,000,000 products from over 23,000 suppliers. WESCO's diverse customer base includes a wide variety of industrial companies; contractors for industrial, commercial, and residential projects; utility companies; and commercial, institutional and governmental customers. Approximately 90% of WESCO's net sales are generated from operations in the U.S., 9% from Canada and the remainder from other countries.

WESCO's sales can be categorized as stock, direct ship and special orders. Stock orders are filled directly from existing inventory and generally represent 40% to 50% of total sales. Approximately 35% to 45% of WESCO's total sales are direct ship sales. Direct ship sales are typically custom-built products, large orders or products that are too bulky to be easily handled and, as a result, are shipped directly to the customer from the supplier. Special orders are for products that are not ordinarily stocked in inventory and are ordered based on a customer's specific request. Special orders represent the remainder of total sales. Gross profit margins on stock and special order sales are approximately 50% higher than those on direct ship sales. Although direct ship gross margins are lower, operating profit margins are often higher, since the product handling and fulfillment costs associated with direct shipments are much lower.

WESCO continues to emphasize a number of initiatives designed to improve its working capital performance, primarily in the area of inventory management. Such initiatives include: coordinating purchasing and inventory investment activities among groups of branches or "districts;" upgrading the automated stock replenishment programs used to supply branches from the distribution centers; negotiating improved inventory return and consignment arrangements with suppliers; increasing the use of preferred suppliers; and shortening lead times between order and delivery from suppliers.

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

WESCO is the leading consolidator in its industry, having acquired 18 companies since August 1995 representing annual sales of over \$1.1 billion. Management distinguishes sales attributable to core operations separate from sales of acquired businesses. The distinction between sales from core operations and from acquired businesses is based on the Company's internal records and on management estimates where the integration of acquired businesses results in the closing or consolidation of branches.

## RECENT DEVELOPMENTS

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

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

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

## RESULTS OF OPERATIONS

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

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

## 1998 Compared to 1997

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

**Gross Profit.** Gross profit for the year ended December 31, 1998 increased \$73.7 million to \$537.6 million from \$463.9 million for 1997. Gross profit margin declined slightly to 17.8% in 1998 from 17.9% in 1997. This decrease resulted from a higher proportion of direct ship sales attributable

to the Bruckner acquisition. Direct ship gross margins are lower than those of other sales; however, operating profit margins are often higher, since the product handling and fulfillment costs associated with direct shipments are much lower. Excluding the effects of the Bruckner acquisition, the 1998 gross profit margin increased to 18.1%. The Company believes that this increase in gross margin is the result of numerous gross margin improvement initiatives.

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

**Depreciation and Amortization.** Depreciation and amortization increased \$3.5 million to \$14.8 million primarily reflecting higher amortization of goodwill from acquisitions.

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

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

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

**Net Income (Loss).** Net loss and diluted loss per share totaled \$7.7 million and \$9.93, respectively, for 1998, compared with net income and diluted earnings per share of \$36.2 million and \$31.52, respectively, for 1997. The comparability of the results was primarily affected by the one-time charge of \$51.8 million related to the Recapitalization, the impact of the nondeductibility of a portion of these costs on taxes and an increase in interest expense associated with higher debt levels, as a result of the Recapitalization and acquisitions. Excluding the Recapitalization costs of \$51.8 million, net income for 1998 would have been approximately \$30.6 million.

#### 1997 Compared to 1996

**Net Sales.** Sales in 1997 increased \$320.2 million, or 14.1%, to \$2,594.8 million, compared with \$2,274.6 million for 1996. Sales from core operations increased approximately 7%. Within the U.S., the branches with a high volume of sales to utility customers experienced a somewhat higher level of sales growth. In addition to growth from core operations, the remaining sales increase resulted primarily from the nine companies acquired since the beginning of 1996. Sales of product from stock rose 21%, as compared to the prior period, increasing the mix of stock sales three percentage points to 48% of total sales. This was a result of several ongoing initiatives designed to increase stock sales, such as the continued emphasis on growing National Accounts sales, and, to a lesser extent, the impact of acquired company sales, which have tended to have a higher mix of stock sales. Direct ship sales rose 4% over the prior period. This sales increase was below that experienced by the Company in other areas and was primarily due to the slower growth in the non-residential construction market for commercial and industrial projects, which constitutes the majority of direct ship sales.



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

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

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

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

**Net Income.** Net income and diluted earnings per share totaled \$36.2 million and \$31.52, respectively, for 1997, compared with \$32.5 million and \$29.47 in 1996. The earnings increase was primarily due to an increase in gross profit partially offset by higher operating expenses and a higher effective tax rate in the comparison.

#### LIQUIDITY AND CAPITAL RESOURCES

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

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

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

(1) Net of original issue discount of \$0.9 million and purchase discount of \$9.9 million.

(2) Net of original issue discount of \$33.2 million and purchase discount of \$1.7 million.

(3) Net of original issue discount of \$16.6 million.

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

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

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

The debt agreements contain various restrictive covenants that, among other things, impose limitations on (i) dividend payments or certain other restricted payments or investments; (ii) the incurrance of additional indebtedness and guarantees or issuance of additional stock; (iii) creation of liens; (iv) mergers, consolidation or sales of substantially all of WESCO's assets; (v) certain transactions among affiliates; (vi) payments by certain subsidiaries to WESCO; and (vii) capital

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

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

An analysis of cash flows for 1998 and 1997 follows:

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

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

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

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

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

After the Offering, WESCO intends to use the net proceeds of the Offering to retire all of the outstanding 11 1/8% Senior Discount Notes Due 2008 (of which \$ million will be applied to the principal amount of such notes and \$ million will be applied to a prepayment premium), \$ million to repay all of the existing indebtedness under the Revolving Credit Facility, and \$ million to repay a portion of the Tranche B Term Loan. See "Capitalization" and "Use of Proceeds." Following the Offering, the Company will have \$100 million available under the Revolving Credit Facility, under its current provisions, for working capital and other corporate purposes and up to \$100 million available under the Delayed Draw Term Loan Facility to fund acquisitions. In addition, the Company intends to seek modifications of its Credit Agreement to increase the amounts available to borrow on more favorable terms and conditions. The Company can give no assurance that it will be able to negotiate acceptable modifications to the Credit Agreement.

Management believes that cash generated from operations, together with amounts available under the Credit Agreement after the Offering and the Receivables Facility, will be sufficient to meet WESCO's working capital, capital expenditure and other cash needs, including financing for acquisitions, in the foreseeable future. There can be no assurance, however, that this will be the case. Management may consider other options available to them in connection with future liquidity needs, including the issuance of additional debt and equity securities. The Company has no outstanding commitments to acquire any businesses, although it constantly evaluates potential acquisitions.

#### YEAR 2000

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

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

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

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

Our expectations of the Year 2000 issue are subject to certain risks and uncertainties including, among others, our ability to timely identify all affected business-critical systems, and the readiness of service providers, vendors and suppliers, our financial institutions, and significant customers. If we are unsuccessful in correcting business-critical systems and processes affected by the Year 2000 issue, or if our service providers, vendors and suppliers, our financial institutions, and significant customers are adversely affected by the Year 2000 issue, our results of operations or financial condition could be materially impacted.

#### INFLATION

The rate of inflation, as measured by changes in the consumer price index, did not have a material effect on the sales or operating results of the Company during the periods presented. However, inflation in the future could affect the Company's operating costs. Price changes from suppliers have historically been consistent with inflation and have not had a material impact on the

Company's results of operations. However, during 1998 the Company experienced price reductions on certain of its products, particularly wire and cable. These price declines did not have a material effect on the Company's results of operations.

#### SEASONALITY

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

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

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

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

#### IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

## OUR BUSINESS

## OVERVIEW

With sales of over \$3 billion in 1998, we are a leading provider of electrical products and other industrial MRO supplies and services in North America. We are the second largest distributor in the \$72 billion U.S. electrical distribution industry, which has grown at a compounded annual rate of 7% over the last 15 years. We have capitalized on our leadership position in electrical distribution to become the largest provider of Integrated Supply services in the United States. Our Integrated Supply solutions and outsourcing services fulfill all of a customer's industrial MRO procurement needs through a highly automated, proprietary electronic procurement and inventory replenishment system. Demand for Integrated Supply services has increased approximately 90% annually since 1994, and the total U.S. market potential, measured as all purchases of industrial MRO supplies and services, is estimated to be \$250 billion.

We have over 330 branches and five distribution centers strategically located in 48 states, nine Canadian provinces, Puerto Rico, Guam, Mexico, the United Kingdom and Singapore. We serve over 130,000 customers worldwide, offering over 1,000,000 products from over 23,000 suppliers. Our diverse customer base includes a wide variety of industrial companies; contractors for industrial, commercial, and residential projects; utility companies; and commercial, institutional and governmental customers.

We are the leading consolidator in our industry, having acquired 18 companies since August 1995, representing annual sales of over \$1.1 billion. Combining strong internal growth with acquisitions, our sales and EBITDA increased at a compounded annual growth rate ("CAGR") of over 16% and over 42%, respectively, since 1994, as shown below:

SALES (\$MILLIONS)		EBITDA (\$MILLIONS)	
94	\$1,636.00	94	\$ 30.00
95	\$1,857.00	95	\$ 63.00
96	\$2,275.00	96	\$ 79.00
97	\$2,595.00	97	\$ 91.00
98	\$3,025.00	98	\$123.00

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 For information concerning sales and EBITDA for 1994, see Notes 1 and 7 to "Selected Historical Consolidated Financial Data."

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

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

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

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

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

#### INDUSTRY OVERVIEW

##### Electrical Distribution

With 1998 sales estimated at \$72 billion, the U.S. industry is large and growing. The industry is also stable with compounded annual growth of 7% since 1982, and it is projected to grow another 7%

in 1999. The following chart illustrates the historical growth and relative stability of the electrical distribution industry:

U.S. ELECTRICAL DISTRIBUTION INDUSTRY SALES	(\$BILLIONS)
1982	24.6
1983	26.6
1984	29.5
1985	32.7
1986	34.0
1987	36.1
1988	35.9
1989	39.0
1990	39.6
1991	38.1
1992	39.7
1993	45.6
1994	51.1
1995	56.7
1996	61.4
1997	67.3
1998E	72.9
1999P	77.6

Source: Electrical Wholesaling Magazine

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

4 NATIONAL DISTRIBUTORS	10 MULTI-REGIONAL DISTRIBUTORS	BALANCE OF TOP 250 FULL-LINE DISTRIBUTORS	4,000+ ALL OTHER DISTRIBUTORS
-----	-----	-----	-----
14.7%	5.8%	23.9%	55.6%

Source: Electrical Wholesaling Magazine

The electrical distribution industry serves customers in the industrial, commercial, construction and utility markets. The distribution channel enables customers to more efficiently purchase a broad range of products and services from a single point of contact and eliminates the costs and complexity of purchasing directly from many manufacturers. As a result, distributors have approximately doubled their share of total electrical products sold in the U.S. from 1972 to 1998, with sales by distributors representing approximately 60% of the U.S. electrical market in 1997. In addition to sourcing electrical products, many customers also seek logistical and technical services from those distributors



able to package a wide range of products and services. Increasingly, customers are seeking distributors that provide an even broader and more complex package of products and services, such as Integrated Supply, as customers outsource non-core functions and strive to reduce their cost of purchasing, inventory and supply chain management.

#### Integrated Supply

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

SALES OF INTEGRATED SUPPLY SERVICES IN THE U.S.	(\$BILLIONS)
1994	\$ 0.7
1995	\$ 2.0
1996	\$ 3.3
1997	\$ 5.0
2000P	\$11.0

Source: Frank Lynn & Associates, Inc. 1998 Study

Companies with Integrated Supply capabilities seek to consolidate all of a customer's MRO procurement requirements into a single automated process. Features of an Integrated Supply arrangement usually include a combination of one or more of the following: consolidated billing across multiple locations; product standardization; SKU reductions; order entry systems simplification; vendor managed inventory and storeroom management. Integrated Supply services enable customers to reduce labor costs, working capital investments, administration and redundant processes while increasing reliability, quality, productivity and other efficiencies. Since the customers' costs of procuring MRO supplies can be over 50% of the cost of the products, such improvements can be significant.

#### OUR BUSINESS STRATEGY

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

ENHANCE OUR LEADERSHIP POSITION IN ELECTRICAL DISTRIBUTION. We intend to leverage our extensive market presence and brand equity in the WESCO name to further our leadership position

in electrical distribution. We are the second largest electrical distributor in the U.S. and, through our value-added products and services, we believe we have become the industry leader in serving several important and growing markets including:

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

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

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

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

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

**EXTEND OUR LEADERSHIP POSITION IN INTEGRATED SUPPLY.** We are the largest provider of Integrated Supply services for MRO goods and services in the United States. We provide a full complement of outsourcing solutions, focusing on improving the supply chain management process for our customers' indirect purchases. Our Integrated Supply programs replace the traditional multi-vendor, resource-intensive procurement process with a single, outsourced, fully automated process capable of managing all MRO and related service requirements. Our solutions range from just-in-time fulfillment to taking over the entire procurement function. Our customers include some of the largest industrial companies in the United States. Competitive strengths of our Integrated Supply business include:

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

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

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

**ACTIVELY PURSUE STRATEGIC ACQUISITIONS.** We are the industry's leading consolidator, having completed 18 acquisitions since August 1995, which represent annual sales of over \$1.1 billion. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will provide us with a significant number of acquisition opportunities. We utilize a disciplined approach toward acquisitions which includes well defined strategic criteria and established targets for return on investment and earnings accretion.

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

**LEVERAGE OUR E-COMMERCE AND INFORMATION SYSTEM CAPABILITIES.** We continue to invest in information technology to lower costs and shorten cycle time in the supply chain process for our customers and ourselves by:

- conducting business transactions electronically; we routinely process customer orders, shipping notices, supplier purchase orders, and funds transfer via EDI transactions with our trading partners; in our Integrated Supply business, 95% of all transactions are electronic;
- creating tighter linkages to both customers and suppliers through the use of technological advances, including Internet and CD-ROM catalogs, bar-coding, and electronic funds transfer;
- providing low cost, highly functional processing of a full-range of our business operations such as customer service, inventory, logistics management, accounting and administrative support; and
- analyzing market potential, sales performance and cost of doing business by branch, customer, product, sales representative and shipment type enabling us to work with customers to streamline activities and reduce costs.

**CONTINUE TO IMPROVE PROFIT MARGINS.** We have more than doubled our EBITDA margins since 1994 and are committed to seeking continuous improvement in productivity and profitability. We use

innovative and disciplined techniques to manage our business processes, employee productivity and return on capital. These initiatives include:

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

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

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

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

#### ACQUISITION AND INTEGRATION PROGRAM

Our strategic acquisition program is an important element in our objective to be the leader in the markets we serve. Our philosophy towards growth includes a continuous evaluation to determine whether a particular opportunity, capability, or customer need is best developed internally or purchased through a strategic acquisition. We believe that the highly fragmented nature of the electrical distribution industry will continue to provide us with a significant number of acquisition opportunities. We continue to evaluate potential acquisitions, including those in the electrical distribution industry, the Integrated Supply market and other non-electrical distributors that would complement our customers' overall supply needs. We have completed 18 acquisitions representing total annual sales of over \$1.1 billion.

WESCO ACQUISITION HISTORY  
(DOLLARS IN MILLIONS)

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

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

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

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

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

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

#### PRODUCTS AND SERVICES

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

Representative products that we sell include:

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

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

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

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

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

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

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

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

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

#### MARKETS AND CUSTOMERS

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

INDUSTRIAL CUSTOMERS. Sales to industrial customers, which include numerous manufacturing and process industries, and original equipment manufacturers ("OEMs") accounted for approximately 40% of our sales in 1998, while representing approximately 32% of the electrical distribution market in 1997.

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

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

ELECTRICAL CONTRACTORS. Sales to electrical contractors accounted for approximately 39% of our sales in 1998, while representing approximately 41% of the electrical distribution market in 1997. These customers range from large contractors for major industrial and commercial projects, the customer types we principally serve, to small residential contractors which represent a small portion of our sales. Electrical products purchased by contractors typically account for approximately 40% to 50% of the total installed project cost, and, therefore, accurate cost estimates and competitive material costs are critical to a contractor's success in obtaining profitable projects. Contractors choose a distributor on the basis of price, various support services such as design assistance, bill of material development, project management capabilities, credit policies and inventory availability.

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

Recent trends in the utility industry favor utility-oriented electrical distributors like us. The most important trend is the deregulation of utility power generation, which has forced large utilities to seek better asset utilization and cost savings in all aspects of their operations, including purchasing and

supply management. In focusing on their core business, some have outsourced supply functions in order to reduce costs and enhance cash flow.

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

#### DISTRIBUTION NETWORK

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

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

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

#### SALES ORGANIZATION

GENERAL SALES FORCE. Our general sales force is based at the local branches and comprises approximately 2,200 of our employees, almost half of whom are outside sales representatives and the remainder are inside sales personnel. Outside sales representatives, who have an average of more than eight years of experience with us, are paid under a compensation structure which is heavily weighted towards commissions. They are responsible for making direct customer calls, performing on-site technical support, generating new customer relations and developing existing territories. The inside sales force is a key point of contact for responding to routine customer inquiries such as price and availability requests and for entering and tracking orders.

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

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



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

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

#### INTERNATIONAL OPERATIONS

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

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

#### MANAGEMENT INFORMATION SYSTEMS

Our corporate information system, WESCOM, provides low cost, highly functional processing of a full range of our business operations, such as customer service, inventory and logistics management, accounting and administrative support. The system has been upgraded with decision support, executive information system analysis and retrieval capabilities to provide detailed income statement and balance sheet variance and trend reporting at the branch level. The system also provides activity-based costing capabilities for analyzing profitability by customer, sales representative and shipment type. Sales and margin trends and variances can be analyzed by branch, customer, product category, supplier or account representative.

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

We routinely process customer orders, shipping notices, suppliers purchase orders, and funds transfer via EDI transactions with our trading partners. Our electronic commerce strategy calls for tighter linkages to both customers and suppliers through greater use of technological advances,

including Internet and CD-ROM catalogs, bar-coding, enhanced EDI and other innovative improvements.

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

#### COMPETITION

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

#### EMPLOYEES

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

#### PROPERTIES

We have over 330 branches, of which approximately 275 are located in the U.S., approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, Singapore and the United Kingdom. Approximately 30% of branches are owned facilities, and the remainder are leased.

The following table summarizes our distribution centers:

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

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

#### INTELLECTUAL PROPERTY

Our trade and service mark, composed of the words "WESCO the extra effort people(R)," together with the running man design, is registered in the United States Patent and Trademark Office, the Canadian Trademark Office and the Mexican Instituto de la Propriedad Industrial.

## ENVIRONMENTAL MATTERS

We believe that we are in compliance in all material respects with applicable environmental laws. There are no significant capital expenditures for environmental control matters either estimated in the current year or expected in the near future. See "Risk Factors -- Our Operations Are Subject to Certain Environmental Risks."

## LEGAL PROCEEDINGS

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

## MANAGEMENT

## DIRECTORS AND EXECUTIVE OFFICERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ROBERT J. TARR, JR. became a Director of WESCO in 1998. Mr. Tarr worked for more than 20 years in senior executive roles for Harcourt General, including six years as President, Chief Executive Officer and Chief Operating Officer of Harcourt General, Inc. (formerly General Cinema Corporation) and the Neiman Marcus Group, Inc. Mr. Tarr is also a Director of the John Hancock Mutual Life Insurance Company, Houghton Mifflin & Co., Hannaford Bros., Inc., and Barneys Inc.

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

## COMPOSITION OF OUR BOARD AND COMMITTEES

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

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

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

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

## OUTSIDE DIRECTOR COMPENSATION

Each director of the Company who is not an employee of the Company or any of its subsidiaries or Cypress is entitled to receive an annual director's fee of \$25,000. Effective January 1, 1999, the Company established the 1999 Deferred Compensation Plan for Non-Employee Directors under which non-employee directors can elect to defer 25% or more of the annual director's fee. Amounts deferred under this arrangement will, on the deferral date, be converted into stock units (Common Stock equivalents) which will be credited to a bookkeeping account in the director's name. For purposes of determining the number of stock units to be credited to a director for a particular year, the average of the high and low trading prices of the Common Stock on the first trading day in January of that year will be used. Distribution of deferred stock units will be made in a lump sum or installments, in the form of shares of Common Stock, in accordance with the distribution schedule selected by the director at the time the deferral election is made.

## EXECUTIVE COMPENSATION

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

## SUMMARY COMPENSATION TABLE

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

- (1) Includes contributions by us under the WESCO Distribution, Inc. Retirement Savings Plan in the amounts of (a) \$12,800, \$7,737, \$16,100, \$8,562 and \$13,950, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1998 and (b) \$9,550, \$7,675, \$15,950, \$7,543 and \$13,700, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1997.
- (2) Includes contributions by us under the WESCO Distribution, Inc. Deferred Compensation Plan in the amounts of (a) \$61,200, \$6,900, \$16,900, \$10,350 and \$31,800, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1998 and (b) \$42,750, \$5,650, \$17,050, \$6,920 and \$31,900, for Messrs. Haley, Mehta, Swed, Piraino and Weiss, respectively, in 1997.
- (3) Includes special retention bonus payment in 1998 in the amounts of \$1,000,000, \$550,000, \$440,000 and \$356,008 for Messrs. Haley, Mehta, Swed and Piraino, respectively.
- (4) Mr. Weiss retired from the Company effective December 31, 1998.
- (5) Includes life insurance premiums in the amount of \$16,410.

## EMPLOYMENT AGREEMENTS

In connection with the Recapitalization, we entered into an employment agreement with Mr. Haley (the "Haley Agreement") providing for a rolling employment term of three years. Pursuant to the Haley Agreement, Mr. Haley is entitled to an annual base salary of \$500,000 and an annual incentive bonus equal to a percentage of his annual base salary ranging from 0% to 200%. The actual amount of Mr. Haley's annual incentive bonus will be determined based upon our financial performance as compared to the annual performance objectives established for the relevant fiscal year. Under the proposed terms of the Haley Agreement, if Mr. Haley's employment with us is terminated by us without "cause" (as defined in the Haley Agreement), by Mr. Haley for "good reason" (as so defined) or as a result of Mr. Haley's death or disability (any such termination, a "Qualifying Termination"), Mr. Haley (or, in the event of his death, Mr. Haley's spouse) is entitled to continued payments of his average annual base salary and his average annual incentive bonus (reduced by any disability payments, if applicable) for the three-year period, or in the case of a termination due to Mr. Haley's death or disability, the two-year period, following such termination,

and continued welfare benefit coverage for the two-year period following such termination. In addition, in the event of any such Qualifying Termination, all outstanding options held by Mr. Haley will become fully vested. The Haley Agreement further provides that, in the event of the termination of Mr. Haley's employment by us without cause or by Mr. Haley for good reason, in either such case, within the two-year period following a "change in control" of WESCO (as defined in such agreement) (such termination, a "Qualifying CIC Termination"), in addition to the termination benefits described above, Mr. Haley is entitled to receive continued welfare benefit coverage and payments in lieu of additional contributions to our Retirement Savings Plan and Deferred Compensation Plan for the three year period following such Qualifying CIC Termination. We have agreed to provide Mr. Haley with an excise tax gross up with respect to any excise taxes Mr. Haley may be obligated to pay pursuant to Section 4999 of the United States Internal Revenue Code of 1986, as amended, on any excess parachute payments. In addition, following a change in control, Mr. Haley is entitled to a minimum annual bonus equal to 50% of his base salary and the definition of "good reason" is modified to include certain additional events. The Haley Agreement also contains customary covenants regarding nondisclosure of confidential information and non-competition and non-solicitation restrictions.

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

#### 1998 STOCK OPTION PLAN

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

A total of \_\_\_\_\_ shares of Common Stock were authorized for issuance under the 1998 Stock Option Plan.

The exercise price per share of Common Stock to be purchased upon exercise of the 1998 Options is determined by the Compensation Committee's evaluation of the fair market value per share of the Common Stock on the date of the grant of the Option. At the discretion of the Compensation Committee, the exercise price of any 1998 Plan Options exercised after the Offering



may be paid in full or in part in the form of shares of Common Stock already owned and held for at least six months by the participant, based on the fair market value of such Common Stock on the date of exercise, as determined by the Board. As of \_\_\_\_\_, 1999, Options to purchase \_\_\_\_\_ shares of Common Stock had been granted under the 1998 Stock Option Plan, of which (1) none had been exercised, (2) \_\_\_\_\_ with a weighted exercise price of \$ \_\_\_\_\_ per share remained outstanding, and (3) none were exercisable. We expect to file a Registration Statement on Form S-8 with respect to the 1998 Stock Option Plan after the Offering. No additional grants of 1998 Plan Options will be made under the 1998 Stock Option Plan after the Offering.

#### Change in Control Provisions

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

#### Management Stock Option Agreements

Each participant under the 1998 Stock Option Plan is required to enter into a stock option agreement (a "Management Stock Option Agreement") specifying the exercise price and duration of the 1998 Plan Options being granted and such other terms consistent with the 1998 Stock Option Plan as the Compensation Committee determines. Certain other terms of the Management Stock Option Agreements are summarized below.

#### Transferability of Options; Repurchase of Options

The 1998 Stock Option Plan provides that no award granted under the 1998 Stock Option Plan may be disposed of in any way, other than by will or by the laws of descent and distribution. All 1998 Plan Options granted pursuant to the 1998 Stock Option Plan are exercisable only by the participant to whom such 1998 Plan Options were granted during his or her lifetime. Following the death of a participant, all rights with respect to 1998 Plan Options that were exercisable by the participant at the time of his or her death may be exercised by the participant's beneficiary or estate provided that the deceased participant's beneficiary agrees in writing to be bound by the provisions of the 1998 Stock Option Plan and the Management Stock Option Agreement. The Management Stock Option Agreements also contain certain repurchase rights and obligations of the Company, which will terminate upon consummation of the Offering.

#### Exercise of Options

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

#### Termination of Options

All 1998 Plan Options terminate on the tenth anniversary of the date of grant, unless terminated earlier as described below. Upon termination of a participant's employment with the Company, unless otherwise determined by the Compensation Committee, (1) any unexercisable 1998 Plan Option will

terminate and will not be exercisable, and (2) then exercisable 1998 Plan Options will terminate within certain specified periods depending upon the circumstances of the termination of employment.

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

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

#### 1994 STOCK OPTION PLAN

Under our 1994 Stock Option Plan (the "1994 Stock Option Plan"), the Compensation Committee, which is responsible for administering the 1994 Stock Option Plan, may grant to certain executives, officers, and other key employees options ("1994 Plan Options") to purchase up to an aggregate of \_\_\_\_\_ shares of Common Stock (as adjusted for the \_\_\_\_\_ to one stock dividend declared and paid prior to the Offering). In connection with the Recapitalization, future issuances of options under the 1994 Stock Option Plan were terminated and all options granted under the 1994 Stock Option Plan became fully vested. The outstanding 1994 Plan Options were granted with an exercise price per share equal to the fair market value (as defined in the related stock option agreements described below) per share on the date of grant as determined by the Compensation Committee.

As of \_\_\_\_\_, 1999, 1994 Plan Options to purchase \_\_\_\_\_ shares of Common Stock with a weighted average exercise price of \$ \_\_\_\_\_ were exercisable.

#### Change in Control Provisions

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

#### Termination of Options

All 1994 Plan Options terminate on the tenth anniversary of the date of grant, unless terminated earlier as described below. Upon termination of a participant's employment with the Company, unless otherwise determined by the Compensation Committee, in the case of termination other than for Cause (as defined in the 1994 Stock Option Plan), then exercisable 1994 Plan Options will terminate within certain specified periods depending upon the circumstances of the termination of employment.

#### Transferability of Options; Repurchase of Options

The 1994 Plan Options will not be transferable or assignable other than by will or by the laws of descent, and a 1994 Plan Option can be exercised only by the participant to whom it is granted or by the participant's estate or designated beneficiary upon such participant's death. Unless the Compensation Committee otherwise determines, each 1994 Plan Option Agreement provides that the participant, in respect of shares purchased upon the exercise of any 1994 Plan Option, is entitled to

the benefits of, and bound by the obligations in, the Registration and Participation Agreement, including certain demand and "piggyback" registration rights thereunder. The 1994 Stock Option Plan also contains certain repurchase rights and obligations of the Company, which will terminate upon the consummation of the Offering.

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

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

#### STOCK OPTION PLAN FOR BRANCH EMPLOYEES

A total of \_\_\_\_\_ shares of Common Stock may be issued under our Stock Option Plan for Branch Employees (the "Branch Option Plan"). The Compensation Committee, which is responsible for administering the Branch Option Plan, may grant to our branch managers and other key employees employed at a branch or contributing significantly to growth and profitability of a branch options to purchase shares of Common Stock (the "Branch Options"). Options that are canceled, terminated or forfeited without exercise will again be available for grant. The Board may at any time amend or terminate the Branch Option Plan, but may not adversely affect the rights of any participant with respect to Branch Options granted prior to such action, unless the participant consents. As of \_\_\_\_\_, 1999, \_\_\_\_\_ options had been granted, of which (1) \_\_\_\_\_ Branch Options had been cancelled without exercise, (2) \_\_\_\_\_ Branch Options granted with a weighted average exercise price of \$ \_\_\_\_\_ per share were outstanding, and (3) \_\_\_\_\_ Branch Options with an exercise price of \$ \_\_\_\_\_ were exercisable. After giving effect to the foregoing, \_\_\_\_\_ Branch Options remained available for grant under the Branch Option Plan. The outstanding Branch Options were granted with an exercise price per share determined by the Board to represent the estimated fair market value (as defined in the related stock option agreements described below) per share on the date of grant. At the discretion of the Compensation Committee, the exercise price of any Branch Option exercised after the Offering may be paid in full or in part in the form of shares of Common Stock already owned and held for at least six months by the participant, based on the fair market value of such Common Stock on the date of exercise, as determined by the Board. None of the Named Executives currently participate in the Branch Option Plan.

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

Under the terms of the Recapitalization Agreement, the Compensation Committee adopted a resolution causing 100% of all Branch Options to be rolled over and remain outstanding without any acceleration of the vesting schedule. We expect to file a Registration Statement on Form S-8 with respect to the Branch Option Plan after the Offering. No additional grants of Branch Options will be made under the Branch Option Plan after the Offering.

#### Change in Control Provisions

In the event of a change in control (as defined in the Branch Option Plan), outstanding Branch Options, whether or not exercisable, will be canceled in exchange for a cash payment with respect to each share of Common Stock subject to such Branch Options equal to the excess of (1) the value per share of the Common Stock in the transaction giving rise to the change in control over (2) the per share exercise price, unless the Compensation Committee determines in good faith, prior to the change in control, that the outstanding Branch Options will be honored or assumed by the successor

in a manner that provides the participants with rights at least as favorable as those prevailing immediately prior to the change in control. The Offering will not result in a change in control.

#### Branch Option Agreements

Each participant is required to enter into a stock option agreement (a "Branch Option Agreement") specifying the exercise price and duration of the Branch Options being granted and such other terms consistent with the Branch Option Plan as the Compensation Committee determines. Certain other terms of the Branch Option Agreement are summarized below.

#### Exercise of Branch Options; Exercise Price

Except as otherwise determined by the Compensation Committee or in connection with a change in control, Branch Options become exercisable in one-third installments on each of the first, third, and fifth anniversaries of the date of grant. Upon exercise of a Branch Option, the participant is required to enter into a stock subscription agreement. The per share exercise price of any Branch Option may not be less than the greatest of (1) the fair market value (as defined in the Branch Option Plan) per share of Common Stock as of the end of the related performance period, (2) such fair market value as of the date of grant, and (3) \$100.

#### Termination of Branch Options

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

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

The Branch Options will not be transferable or assignable other than by will or by the laws of descent, and a Branch Option can be exercised only by the participant to whom it is granted or by the participant's estate or designated beneficiary upon such participant's death. Unless the Compensation Committee otherwise determines, each Branch Option Agreement provides that the Branch Plan participant, in respect of shares purchased upon the exercise of any Branch Option, is entitled to the benefits of, and bound by the obligations in, the Registration and Participation Agreement, including certain demand and "piggyback" registration rights thereunder. The Branch Option Agreements also contain certain repurchase rights and obligations of the Company, which will terminate upon the consummation of the Offering.

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

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

#### LONG-TERM INCENTIVE PLAN

In , 1999 we established the 1999 Long-Term Incentive Plan (the "LTIP") to assist us in attracting and retaining key employees and to act as an incentive for such employees to achieve corporate objectives. The LTIP provides for awards of up to 120,000 shares (without adjusting for the stock split effected in the form of the stock dividend to be declared and paid prior to the Offering) of Common Stock that may be granted in the form of stock options, accelerated ownership options, restricted stock awards and performance awards.

The LTIP is administered by the Compensation Committee of the Board of Directors. Employees of the Company or any subsidiary who meet eligibility requirements as determined by the Compensation Committee will be eligible to participate in the LTIP. The terms and conditions of all awards made pursuant to the LTIP are determined by the Compensation Committee. Under this program, designated employees will receive awards based on the attainment of performance goals or other such criteria as the Compensation Committee may determine. The performance targets, if designated, may include specified levels of sales performance, EBITDA, operating margin, earnings per share, return on investment and/or return on stockholders' equity. No participant can receive awards under the LTIP in any calendar year for more than \_\_\_\_\_ shares of Common Stock. In the event of a change in control (as defined in the LTIP), stock options immediately become exercisable, the restrictions on all restricted shares lapse and all performance awards immediately become payable. The shares to be offered under the LTIP will be either authorized and unissued shares or issued shares which have been reacquired by the Company.

The Compensation Committee initially intends to establish two option grant programs under the LTIP: a "Management Incentive Program" for key management and an "Employee Performance Program." Under these programs, designated employees will receive option grants subject to attainment of performance goals and such other criteria as the Compensation Committee may determine.

#### OPTION GRANTS

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

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(2)	
					5%	10%
Roy W. Haley.....	15,000	20.8%	621.08	8/6/2008		
James H. Mehta.....	3,300	4.6	621.08	8/6/2008		
Patrick M. Swed.....	3,300	4.6	621.08	8/6/2008		
James V. Piraino.....	2,200	3.1	621.08	8/6/2008		
Stanley C. Weiss.....	--	--	--	--	--	--

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

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

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

NAME	NUMBER OF SECURITIES	VALUE OF UNEXERCISED
	UNEXERCISED OPTIONS AT FY-END(#) (EXERCISABLE/UNEXERCISABLE)	IN-THE-MONEY OPTIONS AT FY-END\$(1) (EXERCISABLE/UNEXERCISABLE)
Roy W. Haley.....	22,280/15,000	/
James H. Mehta.....	8,570/3,300	/
Patrick M. Swed.....	5,710/3,300	/
James V. Piraino.....	1,430/2,200	/
Stanley C. Weiss.....	--/--	/

(1) Based on the Offering price of \$ per share of Common Stock.

The foregoing options were issued under our existing stock option plan. In connection with the Recapitalization, the Board caused all unvested options (including those held by the Named Executives) under this plan to vest (and become exercisable) upon the closing of the Recapitalization.

RETENTION BONUS PAYMENT

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

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

AMENDED AND RESTATED REGISTRATION AND PARTICIPATION AGREEMENT

In connection with the Recapitalization, an investor group led by Cypress which included, among others, Chase Capital Partners and Co-Investment Partners, L.P. (the "Investor Group"), CD&R, Westinghouse and WESCO entered into an Amended and Restated Registration and Participation Agreement (the "Registration and Participation Agreement"), which amended and restated the previous agreement among CD&R, Westinghouse and WESCO, to reflect, among other things, the succession of the Investor Group to CD&R's and Westinghouse's rights and obligations thereunder. Pursuant to the Registration and Participation Agreement, the Investor Group and the Management Stockholders (as defined) have the right, under certain circumstances and subject to certain conditions, to request that we register under the Securities Act shares of Common Stock held by them. Subject to certain conditions and exceptions, the Investor Group and the Management

Stockholders also have the right to require that shares of Common Stock held by them be included in any registration under the Securities Act commenced by us. Neither the Investor Group nor any of the Management Stockholders have requested that shares of Common Stock held by them be included in this Offering. The Registration and Participation Agreement provides that we will pay all expenses in connection with the first three registrations requested by the Investor Group and the Management Stockholders. The Registration and Participation Agreement also provides that we will indemnify the Investors and the Management Stockholders and their affiliates for certain liabilities they may incur under the securities laws.

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

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

#### MANAGEMENT STOCKHOLDERS

Each member of management who holds Common Stock (a "Management Stockholder") is a party to a stock subscription agreement with us which provides that each Management Stockholder is entitled to certain benefits of, and bound by certain obligations in, the Registration and Participation Agreement, including certain registration rights thereunder. These stock subscription agreements also provide the Management Stockholder with the right under certain limited circumstances to require us to purchase all of the Management Stockholder's shares of Common Stock at the then fair market value based upon certain events. Pursuant to the stock option agreements governing each Management Stockholder's stock options, such Management Stockholder also has the right under certain limited circumstances to require us to purchase all of such Management Stockholder's options at the then fair market value of the Common Stock minus the exercise price upon such events. At December 31, 1998, the redemption value of the shares and exercisable portion of the options was \$130.3 million. See Note 11 to Consolidated Financial Statements. These repurchase rights will terminate upon the consummation of this Offering. In addition, such stock subscription agreements and stock option agreements provide that such rights are subject to, and limited by, any restrictions contained in the Credit Facilities, the Indentures or other debt instruments on our ability to redeem or repurchase equity held by Management Stockholders.

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

## PAYMENTS IN CONNECTION WITH THE RECAPITALIZATION

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

Approximately \$517.5 and \$62.1 million of the equity consideration paid in connection with the Recapitalization was paid to CD&R and Westinghouse, respectively, to purchase their shares of Common Stock. In addition, approximately \$52.1 million of the equity consideration was paid to purchase 100,000 shares held by Westinghouse upon exercise of an option granted at the date of formation with an exercise price of \$100 per share. Westinghouse also held approximately \$66.6 million of our formerly existing indebtedness which was repaid in connection with the Recapitalization. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations -- Recent Developments" and Notes 3 and 16 to Consolidated Financial Statements.

## OTHER TRANSACTIONS

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



## PRINCIPAL STOCKHOLDERS

The following table sets forth certain information known to us with respect to the beneficial ownership of Common Stock as of \_\_\_\_\_, 1999 and as adjusted to reflect the Company's sale of the Common Stock in the Offering by (i) each person known by us to beneficially own more than five percent of our outstanding Common Stock, (ii) each of our directors, (iii) each executive officer named in the Summary Compensation Table, and (iv) all of our directors and officers as a group. Unless otherwise indicated, the person or persons named have sole voting and investment power.

NAME	NUMBER OF Shares Owned Beneficially(1)	Percent Owned Beneficially(1)	
		Prior to Offering	After Offering
Cypress Merchant Banking Partners L.P.(2) c/o The Cypress Group L.L.C 65 East 55th Street New York, New York 10022.....		53.4%	
Cypress Offshore Partners L.P.(2) Bank of Bermuda (Cayman) Limited P.O. Box 513 G.T Third Floor British America Tower George Town, Grand Cayman Cayman Islands, B.W.I.....		2.8%	
Chase Equity Associates, L.P.(3) c/o Chase Capital Partners, L.P. 380 Madison Avenue, 12th Floor New York, New York 10017.....		13.4%	
Co-Investment Partners, L.P. c/o CIP Partners, LLC 660 Madison Avenue New York, New York 10021.....		13.4%	
Roy W. Haley.....		6.7%	
James H. Mehta.....		2.7%	
James V. Piraino.....		*	
Patrick M. Swed.....		1.6%	
Stanley C. Weiss(4).....		*	
James L. Singleton(2).....		*	
James A. Stern(2).....		*	
Anthony D. Tutrone.....		*	
Michael J. Cheshire.....		*	
Robert J. Tarr, Jr.....		*	
Kenneth L. Way.....		*	
All executive officers and directors as a group (18) persons.....		14.0%	

\* Represents holdings of less than 1%.

- (1) In determining the number and percentage of shares beneficially owned by each person, shares that may be acquired by such person pursuant to options or convertible stock exercisable or convertible within 60 days of the date hereof are deemed outstanding for purposes of determining the total number of outstanding shares for such person and are not deemed outstanding for such purpose for all other stockholders.
- (2) Cypress Merchant Banking Partners L.P. and Cypress Offshore Partners L.P. are affiliates of Cypress. Messrs. Singleton and Stern are members of Cypress and may be deemed to share beneficial ownership of the shares of Common Stock shown as beneficially owned by such Cypress funds. Such individuals disclaim beneficial ownership of such shares.
- (3) These shares constitute shares of non-voting Class B Common Stock which are convertible at any time into Common Stock at the option of the holder.
- (4) Mr. Weiss retired from the Company effective December 31, 1998.

## DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock does not purport to be complete and is qualified in its entirety by reference to applicable Delaware law and to the provisions of our Certificate of Incorporation and By-laws, as amended and restated. Copies of the forms of Certificate of Incorporation and By-laws, as amended and restated, have been filed as exhibits to the Registration Statement of which this prospectus forms a part.

At the time of the Offering, the authorized capital stock consists of 120,000,000 shares of Common Stock, par value of \$.01 per share, 10,000,000 shares of Class B Common Stock, par value \$.01 per share ("Class B Common Stock") and 20,000,000 shares of Preferred Stock.

## COMMON STOCK

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

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

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

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

## CLASS B COMMON STOCK

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

## PREFERRED STOCK

The Board of Directors has the authority, without further action by the stockholders, to issue up to 20,000,000 shares of Preferred Stock in one or more series and to fix the number of shares, designations, voting powers, preferences, optional and other special rights and the restrictions or qualifications thereof. The rights, preferences, privileges and powers of each series of Preferred Stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion

rights, redemption provisions, sinking fund provisions and other matters. The issuance of shares of Preferred Stock could decrease the amount of earnings and assets available for distribution to holders of shares of Common Stock and Class B Common Stock and could adversely affect the rights and powers, including voting rights, of holders of shares of Common Stock and Class B Common Stock. The existence of authorized and undesignated shares of Preferred Stock may also have an adverse effect on the market price of the Common Stock. In addition, the issuance of any shares of Preferred Stock could have the effect of delaying, deferring or preventing a change of control of the Company. No shares of Preferred Stock are outstanding, and the Company has no current intention to issue any shares of Preferred Stock.

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

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

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

We are a Delaware corporation subject to Section 203 of the DGCL ("Section 203"). Section 203 provides in general that a stockholder acquiring more than 15% of the outstanding voting stock of a corporation subject to Section 203 (an "Interested Stockholder") but less than 85% of such stock may not engage in certain Business Combinations (as defined in Section 203) with the corporation for a period of three years subsequent to the date on which the stockholder became an Interested Stockholder unless (i) prior to such date the corporation's board of directors approve either the Business Combination or the transaction in which the stockholder became an Interested Stockholder or (ii) the Business Combination is approved by the corporation's board of directors and authorized by a vote of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the Interested Stockholder. A "Business Combination" includes mergers, asset sales and other transactions resulting in financial benefit to a stockholder. Section 203 could prohibit or delay mergers or other takeover or change of control attempts with respect to the Company and, accordingly, may discourage attempts that might result in a premium over the market price for the shares held by stockholders.

#### TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock will be \_\_\_\_\_ .

## DESCRIPTION OF CERTAIN INDEBTEDNESS

## CREDIT FACILITIES

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

**THE FACILITIES.** The Credit Agreement provides for (a) three Term Loan Facilities in an aggregate principal amount of up to \$270.0 million (the "Term Facilities"), consisting of (i) a Tranche A Term Loan Facility (the "Tranche A Term Facility") providing for term loans ("Tranche A Term Loan") to WESCO Distribution in an aggregate principal amount of up to \$80.0 million, (ii) a Tranche B Term Loan Facility (the "Tranche B Term Facility") providing for term loans to WESCO Distribution in an aggregate principal amount of up to \$90.0 million (the "Tranche B Term Loan") and (iii) a Delayed Draw Term Loan Facility (the "Delayed Draw Term Facility") providing for term loans to WESCO Distribution in an aggregate principal amount of up to \$100.0 million and (b) a Revolving Credit Facility providing for (i) dollar revolving loans in an aggregate principal amount outstanding at any time not to exceed \$50.0 million and (ii) U.S. dollar and/or Canadian dollar revolving loans in an aggregate principal amount outstanding at any time not to exceed U.S. \$50.0 million (the "Revolving Facility" and, together with the Term Facilities, the "Credit Facilities"). An aggregate principal amount not to exceed \$25.0 million is available under the Revolving Facility for acquisitions permitted under the Credit Agreement.

**AVAILABILITY.** The full amount of the Tranche A Term Facility and the Tranche B Term Facility was drawn upon the closing of WESCO Distribution's notes offering on June 5, 1998 and amounts repaid or prepaid will not be able to be reborrowed. The Delayed Draw Term Facility is available for two years after June 5, 1998 solely for acquisitions permitted under the Credit Agreement and amounts repaid or prepaid will not be able to be reborrowed. Amounts under the Revolving Facility are available on a revolving basis.

**INTEREST.** Borrowings under the Term Facilities and borrowings in U.S. dollars under the Revolving Facility bear interest at a rate per annum equal (at WESCO Distribution's option) to: (a) LIBOR plus a borrowing margin based on WESCO Distribution's financial performance or (b) a rate equal to the highest of Chase's published prime rate, a certificate of deposit rate plus 1% and the Federal Funds effective rate plus 0.5% ("ABR") plus, in each case a borrowing margin based on WESCO Distribution's financial performance. The borrowing margins applicable to the Tranche A Term Loan and U.S. dollar borrowings under the Revolving Facility are initially 2.25% for LIBOR loans and 1.25% for ABR loans. The borrowing margins applicable to the Tranche B Term Loan and the Delayed Draw Term Facility will initially be 2.50% for LIBOR loans and 1.50% for ABR loans. Borrowings in Canadian dollars under the Revolving Facility bear interest at a rate per annum equal (at WESCO Distribution's option) to: (a) the higher of Chase Canada's published prime rate and the Canadian Dollar Offered Rate plus 1% (the "Canadian Prime Rate") plus, in each case, a borrowing margin based on WESCO Distribution's financial performance or (b) the Canadian banker's acceptance rate (the "B/A Rate"), plus a borrowing margin based on WESCO Distribution's financial performance. The borrowing margins applicable to any Canadian dollar borrowing under the Revolving Facility are initially 2.25% for B/A Rate loans and 1.25% for Canadian Prime Rate loans. Amounts outstanding under the Credit Facilities not paid when due will bear interest at a default rate equal to 2% above the rates otherwise applicable to the loans under the Credit Agreement.

FEES. WESCO Distribution has agreed to pay certain fees with respect to the Credit Agreement, including (i) fees on the unused commitments of the lenders equal to 0.5% on the undrawn portion of the commitments in respect of the Revolving Facility and the Delayed Draw Term Facility (subject to a reduction based on WESCO Distribution's financial performance); (ii) letter of credit fees on the aggregate face amount of outstanding letters of credit equal to the then applicable borrowing margin for LIBOR loans under the Revolving Facility and a negotiated per annum issuing bank fee for the letter of credit issuing bank; (iii) annual administration fees; and (iv) agent, arrangement and other similar fees.

SECURITY; GUARANTEES. The obligations of WESCO Distribution under the Credit Facilities are irrevocably guaranteed, jointly and severally, by the Company and by each existing and subsequently acquired or organized domestic subsidiary and, to the extent no adverse tax consequences would result, foreign subsidiary of the Company other than WESCO Distribution and the Receivables Subsidiary (the "U.S. Guarantors"). In addition, the obligations of WESCO Distribution under the Credit Facilities and the related guarantees are secured by substantially all of the assets of the Company and each other existing and subsequently acquired or organized domestic subsidiary and, to the extent no adverse tax consequences would result, foreign subsidiary of the Company other than the Receivables Subsidiary (collectively, the "U.S. Collateral"), including but not limited to (i) a first priority pledge of all the capital stock of WESCO Distribution and of each existing and subsequently acquired or organized domestic subsidiary and, subject to the foregoing limitation, foreign subsidiary of the Company and (ii) a perfected first priority security interest in, and mortgage on, substantially all tangible and intangible assets of WESCO Distribution and the U.S. Guarantors (including, but not limited to, accounts receivable, documents, inventory, equipment, intellectual property, investment property, general intangibles, real property, cash and cash accounts and proceeds of the foregoing), in each case subject to certain exceptions.

The obligations of WESCO Canada under the Revolving Facility are irrevocably guaranteed, jointly and severally, by the Company, WESCO Distribution and by each existing and subsequently acquired or organized subsidiary of WESCO Canada and any other subsidiary of the Company organized under the laws of Canada and the U.S. Guarantors. In addition, the obligations of WESCO Canada under the Revolving Facility and the related guarantees are secured by (i) the U.S. Collateral and (ii) substantially all of the assets of WESCO Canada and each existing and subsequently acquired or organized subsidiary of WESCO Canada and any other subsidiary of the Company organized under the laws of Canada including but not limited to (A) a first priority pledge of all the capital stock of WESCO Canada and each existing and subsequently acquired or organized subsidiary of WESCO Canada and any other subsidiary of the Company organized under the laws of Canada and (B) a perfected first-priority security interest in, and mortgage on, substantially all tangible and intangible assets of WESCO Canada and each existing and subsequently acquired or organized subsidiary of WESCO Canada and any other subsidiary of the Company organized under the laws of Canada (including, but not limited to, accounts receivable, documents, inventory, equipment, intellectual property, investment property, general intangibles, real property, intercompany notes, cash and proceeds of the foregoing), in each case subject to certain exceptions.

COMMITMENT REDUCTIONS AND REPAYMENTS. The Revolving Facility will mature in 2004. The Tranche A Term Loan will mature in 2004 with quarterly amortization payments during the term of such loan in an annual aggregate principal amount as follows: 1999, \$4.0 million; 2000, \$8.0 million; 2001, \$12.0 million; 2002, \$16.0 million; 2003, \$20.0 million; and 2004, \$20.0 million. The Tranche B Term Loan will mature in 2006, with quarterly amortization payments during the term of such loan in an annual aggregate principal amount as follows: 1999 through 2004, \$500,000; 2005, \$34.2 million; and 2006, \$52.3 million. The Delayed Draw Term Facility will mature in 2005, with quarterly amortization payments during the term of such facility in an annual aggregate principal amount as follows: 2002, \$25.0 million; 2003, \$25.0 million; 2004, \$25.0 million; and 2005, \$25.0 million

(assuming WESCO Distribution borrows the full amount available under the Delayed Draw Term Facility); provided that on the last day of each fiscal quarter of WESCO Distribution that loans are outstanding under the Delayed Draw Term Facility, WESCO Distribution is required to repay 1/4 of 1% of the aggregate principal amount of such loans, with any such repayment being applied against the amortization schedule set forth above. No amounts have been borrowed to date under the Delayed Draw Term Facility.

In addition, the Credit Facilities are subject to mandatory prepayment and reductions in an amount equal to (a) 100% of the net cash proceeds of certain equity issuances by the Company, WESCO Distribution, WESCO Canada or any of their respective subsidiaries, (b) 100% of the net cash proceeds of certain debt issuances of the Company, WESCO Distribution, WESCO Canada or any of their respective subsidiaries, (c) 75% of WESCO Distribution's excess cash flow (subject to a reduction to 50% if WESCO Distribution's long-term senior unsecured debt receives an investment grade rating from Standard and Poor's Rating Service or Moody's Investors Service, Inc.) and (d) 100% of the net cash proceeds of certain asset sales or other dispositions of property by the Company, WESCO Distribution or any of its subsidiaries, in each case subject to certain exceptions.

**AFFIRMATIVE, NEGATIVE AND FINANCIAL COVENANTS.** The Credit Agreement contains a number of covenants that, among other things, restrict the ability of the Company, WESCO Distribution, WESCO Canada and their respective subsidiaries to dispose of assets, incur additional indebtedness, incur or guarantee obligations, repay other indebtedness or amend other debt instruments, pay dividends, create liens on assets, make investments, loans or advances, make acquisitions, engage in mergers or consolidations, change the business conducted by WESCO Distribution, WESCO Canada and their respective subsidiaries, make capital expenditures, or engage in certain transactions with affiliates and otherwise restrict certain corporate activities. In addition, the Credit Agreement requires us to comply with specified financial ratios and tests, including a maximum leverage ratio, a minimum working capital test and a minimum interest coverage ratio. The Credit Agreement also contains provisions that prohibit any modifications of the Indentures in any manner adverse to the lenders under the Credit Agreement and that limit the Company's ability to refinance or otherwise prepay the Notes without the consent of such lenders.

**EVENTS OF DEFAULT.** The Credit Agreement contains customary events of default, including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties in any material respect, cross default to certain other indebtedness, bankruptcy, ERISA events, material judgments and liabilities, actual or asserted invalidity of any material security interest and change of control.

#### RECEIVABLES FACILITY

The following is a summary of the material terms of the Receivables Facility entered into among WESCO Distribution, WESCO Canada, WESCO Receivables Corp., a special purpose subsidiary of WESCO Distribution (the "SPC"), Chase as liquidity bank (the "Liquidity Bank") and funding agent for a multi-seller asset-backed commercial paper issuer (the "CP Issuer"). The following summary is qualified in its entirety by reference to the Receivables Sale Agreements and the Pooling Agreement (each as defined below).

**THE RECEIVABLES FACILITY.** The Company has established the SPC as a wholly-owned, special purpose, bankruptcy-remote subsidiary. The SPC purchases the receivables (the "Receivables") generated by the Company, WESCO Canada and certain other subsidiaries (the "Receivables Sellers") pursuant to two receivables sale agreements (collectively, the "Receivables Sale Agreements"). The Receivables Sale Agreements contain customary terms for similar transactions, including representations and warranties of the Receivables Sellers as to the Receivables and certain corporate matters, affirmative and negative covenants and purchase termination events, and will be limited recourse to the Receivables Sellers for breach of representations, warranties and covenants.

The SPC has entered into a pooling agreement, as supplemented (the "Pooling Agreement") with Chase as trustee (the "Trustee") pursuant to which the SPC transfers to a trust (the "Trust") all the Receivables, and the CP Issuer, or in certain circumstances, the Liquidity Bank (together with the CP Issuer, the "Receivables Purchasers") provides financing to the SPC (which in turn uses such financing to pay a portion of the purchase price of the Receivables purchased from the Receivables Sellers) through the purchase of an undivided percentage ownership interest in the Trust ("Transferred Interests"). If the CP Issuer no longer wishes to, or is unable to, provide financing, which may occur at any time, the Liquidity Bank is committed to thereafter be the Purchaser. The Receivables Facility is supported by a commitment of the Liquidity Bank, subject to the terms and conditions of the Pooling Agreement, to purchase Transferred Interests for a period of approximately six years (the "Revolving Period") on a revolving basis in an amount not to exceed \$300 million at any time. The availability of the Receivables Facility is subject to the Trust holding Receivables meeting certain eligibility requirements equal to the amount of the outstanding Transferred Interests and required reserves. Approximately \$250 million was initially funded under the Receivables Facility. See Note 4 to Consolidated Financial Statements for further information concerning funding under the Receivables Facility.

The Trust, on behalf of the Receivables Purchasers, has a first priority perfected ownership or security interest in the Receivables, the rights of the SPC under the Receivables Sale Agreements and cash collections and other proceeds received in respect of the Receivables.

Pursuant to a servicing agreement entered into by the Receivables Sellers, the SPC and the Trust, the Receivables Sellers have agreed to service the Receivables for the Trust; provided, that, upon the occurrence of certain events, the servicing agreement may be terminated by the Trustee.

**COSTS.** The effective financing rate under the Receivables Facility will be the weighted average of the interest rates on all outstanding commercial paper issued by the CP Issuer to fund its purchase of the Transferred Interests, except if the Liquidity Bank is the Purchaser, the effective financing rate will be either (i) adjusted LIBOR plus a margin of up to 2.25% per annum or (ii) ABR plus a margin of up to 1.25% per annum, at the option of the SPC, plus in each case the fees described below.

**FEES.** The SPC has agreed to pay certain fees with respect to the Receivables Facility, including a commitment fee to the Liquidity Bank, calculated on the excess of the average aggregate purchase commitment for any monthly period over the average aggregate Transferred Interests funded by the Liquidity Banks for such period, a program fee and agent, arrangement and other similar fees.

**FACILITY REDUCTIONS.** After the end of the Revolving Period, all collections in respect of Receivables purchased by the SPC from the Receivables Sellers will be used to reduce the Transferred Interests of the Receivables Purchasers in the Receivables. Additionally, at any time, the SPC at its option may reduce the purchase commitment upon notice to the Receivables Purchasers or terminate the purchases of Transferred Interests by the Receivables Purchasers.

**EARLY TERMINATION EVENTS.** The Pooling Agreement contains certain early amortization events which will cause the termination of, or permit the Receivables Purchasers to terminate, the Revolving Period and effectively reduce the amount of financing available under the Receivables Facility to zero. Early amortization events include nonpayment of amounts when due, violation of covenants, inaccuracy of representations and warranties in any material respect, cross-acceleration and certain cross-defaults to certain other indebtedness of WESCO Distribution (including the Credit Facilities), failure to comply with specified Receivables performance tests, purchase termination events under the Receivables Sale Agreements, bankruptcy, material judgments, imposition of PBGC liens and actual or asserted invalidity of the Receivables Purchasers' ownership interest in the Receivables. Purchase termination events under the Receivables Sale Agreements relating to the Receivables Sellers include nonpayment of amounts when due, violation of covenants, inaccuracy of representations and

warranties in any material respect, bankruptcy, ERISA events, imposition of PBGC liens and actual or asserted invalidity of WESCO Distribution's ownership interest in the Receivables.

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

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

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

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

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

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

**CHANGE OF CONTROL.** Upon the occurrence of a Change of Control (as defined in the Senior Subordinated Indenture), each holder of the Senior Subordinated Notes may require WESCO Distribution to repurchase all or a portion of such holder's Senior Subordinated Notes at a purchase price equal to 101% of the principal amount thereof (plus accrued and unpaid interest). Generally, a Change of Control means the occurrence of any of the following: (i) the disposition of all or substantially all of WESCO Distribution's assets to any person, (ii) the adoption of a plan relating to the liquidation or dissolution of WESCO Distribution, (iii) the consummation of any transaction in which a person other than the principals and their related parties becomes the beneficial owner of more than 50% of the voting stock of WESCO Distribution, or (iv) the first day on which a majority of the members of the Board of Directors of WESCO Distribution are not continuing directors.

**SUBORDINATION.** The Senior Subordinated Notes are general unsecured obligations of WESCO Distribution and are subordinate to all existing and future senior debt of WESCO Distribution. The



Senior Subordinated Notes will rank senior in right of payment to all subordinated indebtedness of WESCO Distribution.

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

**EVENTS OF DEFAULT.** Events of Default under the Senior Subordinated Indenture include the following: (i) a default for 30 days in the payment when due of interest on the Senior Subordinated Notes; (ii) default in payment when due of the principal of or premium, if any, on the Senior Subordinated Notes; (iii) failure by WESCO Distribution to comply with certain provisions of the Senior Subordinated Indenture (subject, in some but not all cases, to notice and cure periods); (iv) default under indebtedness for money borrowed by WESCO Distribution in excess of \$25 million; (v) failure by WESCO Distribution to pay final judgments aggregating in excess of \$25 million, which judgments are not paid, discharged or stayed for a period of 60 days; (vi) certain events of bankruptcy or insolvency with respect to WESCO Distribution.

Upon the occurrence of an Event of Default, with certain exceptions, the Trustee or the holders of at least 25% in principal amount of the then outstanding Senior Subordinated Notes may accelerate the maturity of all the Senior Subordinated Notes as provided in the Senior Subordinated Indenture.

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

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

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

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

**CHANGE OF CONTROL.** Upon the occurrence of a Change of Control, each holder of the Senior Discount Notes may require WESCO to repurchase all or a portion of such holder's Senior Discount Notes at a purchase price equal to 101% of the principal amount thereof (plus accrued and unpaid interest). Generally, a Change of Control means the occurrence of any of the following: (i) the disposition of all or substantially all of WESCO's assets to any person, (ii) the adoption of a plan relating to the liquidation or dissolution of WESCO, (iii) the consummation of any transaction in

which a person other than the principals and their related parties becomes the beneficial owner of more than 50% of the voting stock of WESCO, or (iv) the first day on which a majority of the members of the Board of Directors of WESCO are not continuing directors.

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

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

**EVENTS OF DEFAULT.** Events of Default under the Senior Discount Indenture include the following: (i) a default for 30 days in the payment when due of interest on the Senior Discount Notes; (ii) default in payment when due of the principal of or premium, if any, on the Senior Discount Notes; (iii) failure by WESCO to comply with certain provisions of the Senior Discount Indenture (subject, in some but not all cases, to notice and cure periods); (iv) default under indebtedness for money borrowed by WESCO or any of its subsidiaries in excess of \$25 million; (v) failure by WESCO or any significant subsidiary to pay final judgments aggregating in excess of \$25 million, which judgments are not paid, discharged or stayed for a period of 60 days; (vi) certain events of bankruptcy or insolvency with respect to WESCO.

Upon the occurrence of an Event of Default, with certain exceptions, the Trustee or the holders of at least 25% in principal amount of the then outstanding Senior Discount Notes may accelerate the maturity of all the Senior Discount Notes as provided in the Senior Discount Indenture.

#### CONVERTIBLE PROMISSORY NOTES

The Company issued four promissory notes to certain sellers in connection with four acquisitions, including Bruckner, which are convertible in whole or in part into Common Stock. Three outstanding notes in the aggregate principal amount of \$32 million are automatically convertible into shares of Common Stock upon the Offering. One note is convertible as to \$5 million of its principal amount, at the election of the payee, into shares of Common Stock upon the Offering. The number of shares of Common Stock into which each note is convertible is determined by dividing the unpaid principal amount, or the amount elected by the payee to be received in the form of shares of Common Stock, as the case may be, by the Offering price.

## SHARES ELIGIBLE FOR FUTURE SALE

Upon the consummation of this Offering, we will have \_\_\_\_\_ shares of Common Stock issued and outstanding, including outstanding shares of Class B Common Stock which are convertible into Common Stock. All of the \_\_\_\_\_ shares of Common Stock to be sold in the Offering (and any shares sold upon exercise of the underwriters' over-allotment option) will be freely tradable without restrictions or further registration under the Securities Act, except for any shares purchased by an "affiliate" of WESCO (as that term is defined in Rule 144 under the Securities Act ("Rule 144")), which will be subject to the resale limitations of Rule 144. After the completion of the Offering, we will have \_\_\_\_\_ shares of Common Stock outstanding which are "restricted securities" as that term is defined in Rule 144 and are also subject to certain restrictions on disposition. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act. Sales of restricted securities in the public market, or the availability of such shares for sale, could have an adverse effect on the price of the Common Stock. See "Risk Factors -- The Price of our Common Stock May Fluctuate Significantly" and "Risk Factors -- A Number of Shares Are or Will be Available for Future Sale."

## RULE 144

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

\_\_\_\_\_, who, after the Offering, will hold in the aggregate \_\_\_\_\_ shares of Common Stock, for a period of 180 days after the date of this prospectus have agreed, pursuant to lock-up agreements, that they will not, without the prior written consent of Lehman Brothers Inc., offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or securities exercisable or exchangeable for common stock or enter into any derivative transaction with similar effect as a sale of Common Stock. The restrictions described in this paragraph do not apply to (i) the sale of Common Stock to the underwriters in this offering, (ii) the issuance by WESCO of shares of Common Stock upon the exercise of an option or the conversion of a security outstanding on the date of this prospectus, (iii) transactions by any person other than WESCO relating to shares of Common Stock or (iv) [other exceptions].

## REGISTRATION RIGHTS

Pursuant to the Registration and Participation Agreement, the Investor Group and the Management Stockholders (as defined) have the right, under certain circumstances and subject to certain conditions, to request that we register under the Securities Act shares of our Common Stock held by them. Subject to certain conditions and exceptions, the Investor Group and the Management Stockholders also have the right to require that shares of Common Stock held by them be included in any registration under the Securities Act commenced by us. No such stockholder has requested to register its shares of Common Stock in the Offering. The Registration and Participation Agreement provides that we will pay all expenses in connection with the first three registrations requested by the Investor Group and the Management Stockholders. The Registration and Participation Agreement also provides that we will indemnify the Investors and the Management Stockholders and their affiliates for certain liabilities they may incur under the securities laws.

## CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS

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

## DIVIDENDS

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

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

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

## GAIN ON DISPOSITION OF COMMON STOCK

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

effectively connected with a trade or business of the Non-U.S. Holder in the United States and, where a tax treaty applies, is attributable to a United States permanent establishment of the Non-U.S. Holder, (ii) in the case of a Non-U.S. Holder who is an individual and holds the common stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, (iii) the Non-U.S. Holder is subject to tax pursuant to the provisions of the U.S. tax law applicable to certain U.S. expatriates, (iv) we are or have been a "U.S. real property holding corporation" for United States federal income tax purposes, and the Non-U.S. Holder owned, directly or pursuant to certain attribution rules, more than 5% of the Company's common stock at any time within the shorter of the five-year period preceding such disposition or such Non-U.S. Holder's holding period. The Company believes it is not, and does not anticipate becoming, a "U.S. real property holding corporation" for United States federal income tax purposes.

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

#### FEDERAL ESTATE TAX

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

#### INFORMATION REPORTING AND BACKUP WITHHOLDING

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

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

Payment of the proceeds of a sale of Common Stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to (i) information reporting, and (ii) backup withholding (other than payments made before January 1, 2000, by or through certain U.S.-related financial intermediaries), unless the beneficial owner certifies under penalties of perjury that it is a Non-U.S. Holder (and the payor does not have actual knowledge that the beneficial owner is a United States person) or the holder otherwise establishes an exemption.

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

UNDERWRITING

Under the terms of, and subject to the conditions contained in, the U.S. Underwriting Agreement, the form of which is filed as an exhibit to the Registration Statement, the underwriters named below (the "U.S. Underwriters"), for whom Lehman Brothers Inc., Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., Robert W. Baird & Co., Incorporated and ING Baring Furman Selz LLC are acting as representatives (the "U.S. Representatives"), have severally agreed, subject to the terms and conditions of the U.S. Underwriting Agreement, to purchase from WESCO, and WESCO has agreed to sell to each U.S. Underwriter, the aggregate number of shares of Common Stock set forth opposite the name of each such U.S. Underwriter below:

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

Under the terms of, and subject to the conditions contained in, the International Underwriting Agreement, the form of which is filed as an exhibit to the Registration Statement, the managers named below of the concurrent offering of the shares of Common Stock outside the U.S. and Canada (the "International Managers" and, together with the U.S. Underwriters, the "Underwriters"), for whom Lehman Brothers International (Europe), Bear, Stearns International Limited, DLJ Securities International, Goldman Sachs International, Robert W. Baird & Co. Incorporated and Baring Brothers Limited, as agent for ING Bank NV are acting as lead managers (the "Lead Managers" and, together with the U.S. Representatives, the "Representatives"), have severally agreed, subject to the terms and conditions of the International Underwriting Agreement, to purchase from WESCO, and WESCO has agreed to sell to each International Manager, the aggregate number of shares of Common Stock set forth opposite the name of each International Manager below:

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

The U.S. Underwriting Agreement and the International Underwriting Agreement (together, the "Underwriting Agreements") provide that the obligations of the U.S. Underwriters and the International Managers to purchase shares of Common Stock are subject to certain conditions, and that if any of the foregoing shares of Common Stock are purchased by the U.S. Underwriters pursuant to the U.S. Underwriting Agreement or by the International Managers pursuant to the

International Underwriting Agreement: then all the shares of Common Stock agreed to be purchased by the U.S. Underwriters and the International Managers, as the case may be, pursuant to their respective underwriting agreements, must be so purchased. The offering price and underwriting discounts and commissions per share for the U.S. offering and the international offering are identical. The closing of the U.S. offering is a condition to the closing of the international offering and the closing of the international offering is a condition to the closing of the U.S. offering.

The Representatives have advised us that the U.S. Underwriters and the International Managers propose to offer the shares of Common Stock directly to the public at the public offering price set forth on the cover page of this prospectus, and to certain selected dealers (who may include the U.S. Underwriters and the International Managers) at such public offering price less a selling concession not in excess of \$        per share. The selected dealers may reallocate a concession not in excess of \$        per share to certain brokers and dealers. After this offering, the public offering price, the concession to selected dealers and the reallocation may be changed by the U.S. Underwriters and the International Managers.

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

We have granted to the U.S. Underwriters an option to purchase up to an aggregate        additional shares of Common Stock and have granted to the International Managers an option to purchase up to        additional shares of Common Stock, in each case exercisable solely to cover over-allotments, at the public offering price less the underwriting discounts and commissions shown on the cover page of this prospectus. Such options may be exercised at any time until        days after the date of the Underwriting Agreements. To the extent that the over-allotment option is exercised, each U.S. Underwriter or International Manager, as the case may be, will be committed, subject to certain conditions, to purchase a number of additional shares of Common Stock proportionate to such U.S. Underwriter's or International Manager's initial commitment as indicated in the preceding tables.

The U.S. Underwriters and the International Managers have entered into an Agreement Between U.S. Underwriters and International Managers pursuant to which each U.S. Underwriter has agreed that, as part of the distribution of the shares of Common Stock offered in the U.S. offering, (i) it is not purchasing any such shares for the account of anyone other than a U.S. Person (as defined below), and (ii) it has not offered or sold, will not offer, sell, resell or deliver, directly or indirectly, any such shares or distribute any prospectus relating to the U.S. offering to anyone other than a U.S. Person. In addition, pursuant to such agreement, each International Manager has agreed that, as part of the distribution of the shares of Common Stock offered in the international offering, (i) it is not purchasing any such shares for the account of a U.S. Person, and (ii) it has not offered or sold, and will not offer, sell, resell or deliver, directly or indirectly, any of such shares or distribute any prospectus relating to the international offering to any U.S. Person.

The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Underwriting Agreements and the Agreement Between U.S. Underwriters and International Managers, including (i) certain purchases and sales between U.S. Underwriters and the International Managers, (ii) certain offers, sales, resales, deliveries or distributions to or through investment advisors or other persons exercising investment discretion, (iii) purchases, offers or sales by a U.S. Underwriter who is also acting as an International Manager or by an International Manager who is also acting as a U.S. Underwriter and (iv) other transactions specifically approved by the U.S. Representatives and the Lead Managers. As used herein, the term "U.S. Person" means any resident or national of the United States or Canada, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada,

or any estate or trust the income of which is subject to United States or Canadian federal income taxation regardless of the source, the term "United States" means the United States of America (including the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction, and the term "Canada" means Canada, its provinces, its territories, its possessions and other areas subject to its jurisdiction.

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

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

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

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

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

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Each International Manager has represented and agreed that (i) it has not offered or sold and, prior to the date six months after the date of issue of the shares of Common Stock, will not offer or sell any shares of Common Stock to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the shares of Common Stock in, from or otherwise involving the United Kingdom and (iii) it has only



issued or passed on, and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issue of the shares of Common Stock if that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise be issued or passed upon.

The Common Stock is expected to be listed on the NYSE under the symbol

who, after this Offering, will own in the aggregate shares of Common Stock, for a period of 180 days from the date of this prospectus have agreed that they will not, subject to certain limited exceptions, directly or indirectly, offer, sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exchangeable or exercisable for any such shares of Common Stock or enter into any derivative transaction with similar effect as a sale of Common Stock, without the prior written consent of Lehman Brothers Inc. The restrictions described in this paragraph do not apply to (i) the sale of Common Stock to the Underwriters in this Offering, (ii) the issuance by WESCO of shares of Common Stock upon the exercise of an option or the conversion of a security outstanding prospectus, (iii) transactions by any person other than WESCO relating to shares of Common Stock or other securities acquired in open market transactions after the completion of this Offering or (iv) [other exceptions].

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

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

The U.S. Underwriters and the International Managers have informed WESCO that they do not intend to sell to, and therefore will not confirm the sales of shares of Common Stock offered hereby to any accounts over which they exercise discretionary authority in excess of 5% of shares offered by them.

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

#### DIRECTED SHARE PROGRAM

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

#### LEGAL MATTERS

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

## EXPERTS

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

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

## ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a Registration Statement under the Securities Act with respect to the shares of Common Stock offered hereby. This prospectus, which constitutes part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. The summaries in this prospectus of additional information included in the Registration Statement or any exhibit thereto are qualified in their entirety by reference to such information or exhibit. For further information with respect to us and our Common Stock, reference is hereby made to the Registration Statement and the exhibits and schedules thereto, copies of which may be inspected without charge at the public reference facilities maintained by the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, or obtained from the Commission upon payment of the fees prescribed by the Commission. In addition, registration statements and certain other documents filed with the Commission through its Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system are publicly available through the Commission's site on the World Wide Web, located at <http://www.sec.gov>. The Registration Statement, including all exhibits thereto and amendments thereof, has been filed with the Commission through EDGAR.

After the Offering, such reports, statements and other information may also be obtained from the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The Company intends to furnish its shareholders with annual reports containing audited consolidated financial statements and an opinion thereon expressed by independent public accountants and with quarterly reports containing unaudited consolidated financial information for the first three quarters of each fiscal year.

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

## INDEX TO FINANCIAL STATEMENTS

	PAGE
	----
WESCO International, Inc.	
Report of Independent Accountants.....	F-2
Consolidated Balance Sheets as of December 31, 1997 and 1998.....	F-3
Consolidated Statements of Operations for the years ended December 31, 1996, 1997 and 1998.....	F-4
Consolidated Statements of Stockholders' Equity and Redeemable Common Stock for the years ended December 31, 1995, 1996, 1997 and 1998.....	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1997 and 1998.....	F-6
Notes to Consolidated Financial Statements.....	F-7
Bruckner Supply Company, Inc.	
Independent Accountants' Report.....	F-25
Balance Sheet as of December 31, 1997.....	F-26
Statement of Income and Retained Earnings for the year ended December 31, 1997.....	F-27
Statement of Cash Flows for the year ended December 31, 1997.....	F-28
Notes to the Financial Statements.....	F-29

## REPORT OF INDEPENDENT ACCOUNTANTS

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

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

/s/ PricewaterhouseCoopers LLP

600 Grant Street  
Pittsburgh, Pennsylvania  
February 12, 1999

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	1997	1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 7,620	\$ 8,093
Trade accounts receivable, net of allowance for doubtful accounts of \$10,814 and \$8,082 in 1997 and 1998, respectively (NOTE 4).....	351,170	181,511
Other accounts receivable.....	17,261	22,265
Inventories.....	299,406	343,764
Income taxes receivable.....	3,405	7,329
Prepaid expenses and other current assets.....	3,699	2,892
Deferred income taxes (NOTE 12).....	14,277	16,217
	-----	-----
Total current assets.....	696,838	582,071
Property, buildings and equipment, net (NOTE 7).....	95,082	107,596
Goodwill and other intangibles, net of accumulated amortization of \$5,108 and \$10,163 in 1997 and 1998, respectively (NOTE 5).....	69,331	234,049
Other assets (NOTE 8).....	9,609	26,806
	-----	-----
Total assets.....	\$870,860	\$ 950,522
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$311,796	\$ 378,590
Accrued payroll and benefit costs.....	27,694	19,614
Current portion of long-term debt.....	891	16,592
Other current liabilities (NOTE 10).....	20,154	51,671
	-----	-----
Total current liabilities.....	360,535	466,467
Long-term debt (NOTE 9).....	294,275	579,238
Other noncurrent liabilities.....	5,875	7,040
Deferred income taxes (NOTE 12).....	16,662	18,832
	-----	-----
Total liabilities.....	677,347	1,071,577
Commitments and contingencies (NOTE 17)		
Redeemable Class A common stock, \$.01 par value; 89,306 and 84,808 shares issued and outstanding in 1997 and 1998, respectively (redemption value of redeemable common stock and vested options of \$68,597 and \$130,267 in 1997 and 1998, respectively) (NOTE 11).....	8,978	21,506
STOCKHOLDERS' EQUITY (NOTE 11):		
Class A common stock, \$.01 par value; 2,000,000 authorized, 933,280 and 436,156 shares issued and outstanding in 1997 and 1998, respectively.....	9	4
Class B nonvoting convertible common stock, \$.01 par value; 2,000,000 shares authorized, 80,504 issued and outstanding in 1998.....	--	1
Additional capital.....	93,319	327,076
Retained earnings (deficit).....	89,366	(468,220)
Common stock to be issued under option.....	2,500	--
Accumulated other comprehensive income (loss).....	(659)	(1,422)
	-----	-----
Total stockholders' equity.....	184,535	(142,561)
	-----	-----
Total liabilities and stockholders' equity.....	\$870,860	\$ 950,522
	=====	=====

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

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Sales, net.....	\$2,274,622	\$2,594,819	\$3,025,439
Cost of goods sold.....	1,869,565	2,130,900	2,487,780
Gross profit.....	405,057	463,919	537,659
Selling, general and administrative expenses....	326,003	372,532	415,028
Depreciation and amortization.....	10,846	11,331	14,805
Recapitalization costs (NOTE 3).....	--	--	51,800
Income from operations.....	68,208	80,056	56,026
Interest expense, net.....	17,382	20,109	45,121
Other expenses (NOTE 4).....	--	--	10,122
Income before income taxes.....	50,826	59,947	783
Provision for income taxes (NOTE 12).....	18,364	23,710	8,519
Net income (loss).....	\$ 32,462	\$ 36,237	\$ (7,736)
Earnings per common share (NOTE 13):			
Basic.....	\$ 31.97	\$ 35.48	\$ (9.93)
Diluted.....	\$ 29.47	\$ 31.52	\$ (9.93)

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

F-4

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

	COMPREHENSIVE INCOME	COMMON STOCK		ADDITIONAL CAPITAL	RETAINED EARNINGS (DEFICIT)	COMMON STOCK TO BE ISSUED UNDER OPTION	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	REDEEMABLE CLASS A COMMON STOCK
		CLASS A	CLASS B					
(IN THOUSANDS)								
BALANCE, DECEMBER 31, 1995...		\$ 9	\$ --	\$ 93,319	\$ 20,667	\$ 2,500	\$ (126)	\$ 7,730
Exercise of common stock options.....								343
Issuance of common stock.....								857
Net income.....	\$32,462				32,462			
Translation adjustment.....	(85)						(85)	
Comprehensive income.....	\$32,377							
BALANCE, DECEMBER 31, 1996...		9	--	93,319	53,129	2,500	(211)	8,930
Exercise of common stock options.....								171
Issuance of common stock.....								201
Repurchase of common stock...								(324)
Net income.....	\$36,237				36,237			
Translation adjustment.....	(448)						(448)	
Comprehensive income.....	\$35,789							
BALANCE, DECEMBER 31, 1997...		9	--	93,319	89,366	2,500	(659)	8,978
Recapitalization, net.....		(5)	1	231,089	(549,143)	(2,500)		1,271
Issuance of common stock.....								16,759
Repurchase of common stock...					(707)			(1,427)
Exercise of common stock options.....				888				
Forfeiture and repurchase of common stock options.....				1,780				(4,075)
Net income (loss).....	\$(7,736)				(7,736)			
Translation adjustment.....	(763)						(763)	
Comprehensive income.....	\$(8,499)							
BALANCE, DECEMBER 31, 1998...		\$ 4	\$ 1	\$327,076	\$(468,220)	\$ --	\$(1,422)	\$21,506

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

## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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



## WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. ORGANIZATION

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

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

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

## 2. ACCOUNTING POLICIES

## Basis of Presentation

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

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

## Revenue Recognition

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

## Cash Equivalents

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

## Asset Securitization

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

## Inventories

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

## Property, Buildings and Equipment

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

## Intangible Assets

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

## Income Taxes

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

## Earnings Per Share

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

## Foreign Currency Translation

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

## Financial Instruments

Periodically, WESCO enters into interest rate cap, floor and collar agreements to mitigate the exposure changes in interest rates have on variable-rate borrowings. If the requirements for hedge accounting are met, amounts paid or received under these agreements are recognized over the life of the agreements as adjustments to interest expense. Otherwise, the instruments are marked to market and the gains and losses from changes in the market value of the contracts are recorded in the current period. These financial instruments did not have a material impact on WESCO's consolidated financial statements for the three years ended December 31, 1998.

## Environmental Expenditures

WESCO has facilities and operations which distribute certain products that must comply with environmental regulations and laws. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, and which do

not contribute to future revenue, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

#### Reclassifications

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

#### Recent Accounting Pronouncements

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

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

### 3. RECAPITALIZATION

On June 5, 1998, WESCO repurchased and retired all of the common stock of WESCO held by CD&R, Westinghouse, and certain other management and nonmanagement stockholders for an aggregate consideration of approximately \$653.5 million ("Equity Consideration"), repaid approximately \$379.1 million of then outstanding indebtedness, and sold to an investor group led by affiliates of Cypress common stock representing approximately 88.7% of WESCO for an aggregate cash consideration of \$318.1 million ("Cash Equity Contribution") (collectively, "Recapitalization"). WESCO funded the Equity Consideration and the repayment of indebtedness from proceeds of the Cash Equity Contribution, issuance of approximately \$351 million of Senior Subordinated and Senior Discount Notes, a new \$170 million credit facility and the sale of approximately \$250 million of accounts receivable. The transaction was treated as a recapitalization for financial reporting purposes and, accordingly, the historical bases of WESCO's assets and liabilities were not affected.

In connection with the Recapitalization, WESCO recorded a one-time charge of \$51.8 million primarily related to noncapitalized financing expenses, professional and legal fees and management compensation costs.

### 4. ACCOUNTS RECEIVABLE SECURITIZATION

WESCO and certain of its subsidiaries entered into an agreement with a financial institution and a multi-seller asset-backed commercial paper issuer ("Receivables Facility") whereby it sells on a continuous basis an undivided interest in all eligible accounts receivable while maintaining a subordinated interest in a portion of the receivables. Pursuant to the Receivables Facility, WESCO formed WESCO Receivables Corporation, a wholly-owned, special purpose, bankruptcy-remote subsidiary ("SPC"). SPC was formed to purchase, on a revolving basis and not to exceed \$300 million, trade accounts receivables generated by certain subsidiaries of WESCO. WESCO may, under certain circumstances, increase the size of the Receivables Facility when the amount of eligible trade accounts receivables exceeds \$300 million. The SPC will transfer to a trust all the receivables and the commercial paper issuer will provide financing to pay the purchase price of the receivables.

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

#### 5. ACQUISITIONS

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

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

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

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

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

	YEAR ENDED DECEMBER 31	
	1997	1998
	(UNAUDITED)	
	(IN THOUSANDS, EXCEPT SHARE DATA)	
Sales, net.....	\$2,901,725	\$3,205,333
Net income (loss).....	41,551	(3,102)
Basic earnings (loss) per share.....	35.48	(3.98)
Diluted earnings (loss) per share.....	30.07	(3.98)

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

In addition to the Bruckner and Avon acquisitions, WESCO acquired four other distributors in 1998, the largest of which were Brown Wholesale Electric Company (acquired January 1998) and

Reily Electric Supply, Inc. (acquired May 1998). In 1996 and 1997 combined, WESCO acquired nine distributors. A summary of certain information with respect to all acquisitions follows:

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

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

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

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

#### 7. PROPERTY, BUILDINGS AND EQUIPMENT

The following table sets forth property, buildings and equipment:

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

## 8. OTHER ASSETS

The following table sets forth the components of other assets:

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

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

## 9. LONG TERM DEBT

The following table sets forth WESCO's outstanding indebtedness:

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

- 
- (1) Net of original issue discount of \$918 and purchase discount of \$9,888  
(2) Net of original issue discount of \$33,266 and purchase discount of \$1,664  
(3) Net of original issue discount of \$16,601

In connection with the Recapitalization, the old revolving facility and the mortgage notes were repaid. The old revolving facility was pursuant to credit agreements with various banks that provided for an aggregate \$360 million of revolving credit facilities maturing in February 2000. This facility

provided variable-rate borrowings tied to market indexes plus a fixed margin. The mortgage notes consisted of a zero coupon First Mortgage Note due February 2001 and an 8.0% First Mortgage Note due February 2001, each held by Westinghouse.

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

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

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

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

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

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

At any time prior to June 1, 2003, the Senior Subordinated Notes may be redeemed, in whole but not in part, at the option of the Company at any time within 180 days after a change of control, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest and the

then applicable premium. In addition, the noteholders have the right to require WESCO, upon a change of control, to repurchase all or any part of the Senior Subordinated Notes at a redemption price equal to 101% of the principal amount provided plus accrued and unpaid interest.

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

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

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

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

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

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

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

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

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



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

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

#### 10. OTHER CURRENT LIABILITIES

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

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

#### 11. CAPITAL STOCK

##### Common Stock

There are 2,000,000 shares each of Class A and Class B common stock authorized at a par value of \$.01 per share. The Class B common stock is identical to the Class A Common Stock, except for voting and conversion rights. The holders of Class B common stock have no voting rights. With certain exceptions, Class B common stock may be converted, at the option of the holder, into the same number of shares of Class A common stock. No Class B common stock was outstanding at December 31, 1997.

##### Redeemable Class A Common Stock

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

The following table sets forth capital stock share activity:

	CLASS A	CLASS B	REDEEMABLE CLASS A
	-----	-----	-----
December 31, 1995.....	933,280	--	79,904
Options exercised.....	--	--	3,428
Shares issued.....	--	--	4,750
	-----	-----	-----
December 31, 1996.....	933,280	--	88,082
Options exercised.....	--	--	1,714
Shares issued.....	--	--	800
Shares repurchased.....	--	--	(1,290)
	-----	-----	-----
December 31, 1997.....	933,280	--	89,306
Recapitalization, net.....	(498,554)	80,504	(28,046)
Shares issued.....	--	--	26,984
Shares repurchased.....	--	--	(9,636)
Options exercised.....	1,430	--	6,200
	-----	-----	-----
December 31, 1998.....	436,156	80,504	84,808
	=====	=====	=====

## 12. INCOME TAXES

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

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

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

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

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

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

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

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

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

The following table sets forth deferred tax assets and liabilities:

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

## 13. EARNINGS PER SHARE

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
Net income (loss).....	\$ 32,462	\$ 36,237	\$(7,736)
Interest on convertible debt.....	--	125	--
Net income (loss) used in diluted earnings per share.....	\$ 32,462	\$ 36,362	\$(7,736)
Weighted average common shares outstanding used in computing basic earnings (loss) per share.....	1,015,238	1,021,282	779,440
Common shares issuable upon exercise of dilutive stock options.....	86,335	125,729	--
Assumed conversion of convertible debt.....	--	6,606	--
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings (loss) per share.....	1,101,573	1,153,617	779,440
Basic earnings (loss) per share.....	\$ 31.97	\$ 35.48	\$(9.93)
Diluted earnings (loss) per share.....	29.47	31.52	(9.93)

Interest on convertible debt of \$1.3 million and common share equivalents outstanding in 1998 of 114,718 were anti-dilutive and, accordingly, were not considered in the computation of diluted loss per share for the year ended December 31, 1998.

## 14. EMPLOYEE BENEFIT PLANS

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

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

## 15. STOCK INCENTIVE PLANS

## Stock Purchase Plan.

In connection with the Recapitalization, WESCO established a stock purchase plan ("1998 Stock Purchase Plan") under which certain employees may be granted an opportunity to purchase WESCO's Class A common stock. The maximum number of shares available for purchase may not exceed 7,400. The purchase price per share is determined by the Board of Directors of WESCO to represent fair market value, as defined by the Stock Subscription Agreement. Should the purchase price of the stock be less than the fair market value of the stock at the grant date, such excess will be recorded as compensation expense in the consolidated statements of operations. During 1998, 5,050 shares were issued at a weighted-average share price of \$621.

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
Shares purchased.....	2,610	800	2,292
Weighted-average share price.....	\$ 169	\$251	\$ 621

#### Other Stock Purchases.

In addition, certain key management employees of WESCO, nonemployee directors and other investors may be granted an opportunity to purchase WESCO's Class A common stock. The purchase price per share is determined by the Board of Directors to represent the fair market value, as defined by the Stock Subscription Agreement. At December 31, 1997 and 1998, 54,150 shares and 73,792 shares, respectively, had been purchased.

Other stock purchases in the periods indicated were as follows:

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
Shares purchased.....	2,140	--	19,642
Weighted-average share price.....	\$ 195	--	\$ 621

#### Stock Option Plans.

WESCO has sponsored three stock options plans, the 1998 Stock Option Plan, the Stock Option Plan for Branch Employees (collectively "Stock Option Plans") and the 1994 Stock Option Plan. Participation is limited to executive and senior officers, certain other key employees and branch employees. The Stock Option Plans and the 1994 Stock Option Plan cover a maximum of 112,500 and 181,000 shares of WESCO's Class A common stock, respectively. The exercise price per share is determined by the Board of Directors to represent the fair market value, as defined by these plans, at the grant date.

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

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

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

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

Stock Purchase Plan.....	2,350
Stock Option Plans.....	27,607

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

	1996		1997		1998	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Beginning of year.....	95,970	\$102	98,842	\$107	119,844	\$127
Granted (1).....	6,300	181	26,140	198	72,100	565
Exercised.....	(3,428)	100	(1,714)	100	(19,626)	155
Canceled.....	--	--	(3,424)	102	(6,686)	221
End of year.....	98,842	107	119,844	127	165,632	310
Exercisable at end of year.....	18,796	101	33,848	103	88,822	119

(1) Options granted in 1998 include 11,000 options that were issued at a discount, resulting in approximately \$4.1 million of compensation expense. Of these options, 6,200 were subsequently exercised. The remaining 4,800 were forfeited and the associated costs were classified as additional capital.

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

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

EXERCISE PRICE PER OPTION	OPTIONS	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
\$100.00....	63,148	5.6 years
114.30....	12,431	7.0
195.40....	27,913	8.0
250.97....	1,040	8.9
621.08....	61,100	9.6

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

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

	YEAR ENDED DECEMBER 31		
	1996	1997	1998
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Net income (loss)			
As reported.....	\$32,462	\$36,237	\$(7,736)
Pro forma.....	32,441	36,144	(8,629)
Basic earnings (loss) per share			
As reported.....	\$ 31.97	\$ 35.48	\$ (9.93)
Pro forma.....	31.95	35.39	(11.07)
Diluted earnings (loss) per share			
As reported.....	\$ 29.47	\$ 31.52	\$ (9.93)
Pro forma.....	29.45	31.44	(11.07)

The weighted-average fair value per option granted was \$16.70, \$33.56 and \$223.20, for the years ended December 31, 1996, 1997 and 1998, respectively.

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

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

#### 16. RELATED PARTIES

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

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

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

In connection with the 1994 Formation, WESCO granted Westinghouse an option to purchase 100,000 shares of Class A common stock at \$100 per share. The fair value of this option, or \$2.5 million, was included in the consolidated balance sheets as common stock to be issued under option. This option was exercised and the associated shares were repurchased in connection with the Recapitalization.

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

#### 17. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

#### 18. SEGMENTS AND RELATED INFORMATION

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

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

#### 19. SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow information:

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

Noncash investing and financing activities not reflected in the consolidated statement of cash flows for the year ended December 31, 1998, consisted of \$5.8 million use of restricted cash to reduce long-term debt, \$5.2 million of capital expenditures included in accounts payable, the conversion of



\$1.6 million of notes payable to redeemable Class A common stock and the immaterial effects of the sale for a note of an equity interest in an operating division at book value.

## 20. OTHER FINANCIAL INFORMATION

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

### BALANCE SHEET DATA

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

### STATEMENT OF OPERATIONS DATA

	YEAR ENDED DECEMBER 31, 1998
	----- (IN THOUSANDS)
Sales, net.....	\$3,025,439
Gross profit.....	537,659
Income from operations.....	56,026
Net income (loss).....	(4,377)

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

## 21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

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

	FIRST QUARTER	SECOND QUARTER(1)	THIRD QUARTER	FOURTH QUARTER
(IN THOUSANDS, EXCEPT SHARE DATA)				
1997				
Sales, net.....	\$576,776	\$659,377	\$679,991	\$678,675
Gross profit.....	104,340	114,698	120,913	123,968
Income from operations.....	14,890	20,744	23,443	20,979
Income before income taxes.....	10,092	15,833	18,207	15,815
Net income.....	6,085	9,533	10,989	9,630
Basic earnings per share.....	5.96	9.34	10.76	9.43
Diluted earnings per share.....	5.39	8.33	9.54	8.33
1998				
Sales, net.....	\$693,448	\$748,307	\$777,701	\$805,983
Gross profit.....	126,694	133,292	137,854	139,819
Income (loss) from operations.....	20,174	(23,423)	28,306	30,969
Income (loss) before income taxes.....	13,972	(36,271)	11,513	11,569
Net income (loss).....	8,523	(18,129)	26,438	(24,568)
Basic earnings (loss) per share.....	8.32	(20.08)	44.66	(41.04)
Diluted earnings (loss) per share.....	7.37	(20.08)	37.47	(41.04)

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

## INDEPENDENT ACCOUNTANTS' REPORT

To the stockholders and directors of

BRUCKNER SUPPLY COMPANY, INC.

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

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

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

/s/ ANCHIN, BLOCK & ANCHIN LLP

New York, New York  
February 23, 1998

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

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

See the accompanying Notes to the Financial Statements.

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

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

See the accompanying Notes to the Financial Statements.

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

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

See the accompanying Notes to the Financial Statements.

BRUCKNER SUPPLY COMPANY, INC.  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF BUSINESS:

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

REVENUE RECOGNITION:

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

DEBT SECURITIES:

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

USE OF ESTIMATES:

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

INVENTORIES:

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

PROPERTY AND EQUIPMENT:

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

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

INCOME TAXES:

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

NOTE 2 -- DEBT SECURITIES:

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

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

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

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

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

Investment income for 1997 is comprised of:

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

NOTE 3 -- PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

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

NOTE 4 -- DUE FROM AFFILIATES:

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

NOTE 5 -- RETIREMENT PLAN:

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



## NOTE 6 -- COMMITMENTS AND CONTINGENCIES:

## LEASES:

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

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

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

Rent expense was \$305,909 for 1997.

Future minimum rental commitments are as follows:

## YEARS ENDING DECEMBER 31,

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

## STOCKHOLDERS' AGREEMENT:

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

## NOTE 7 -- MAJOR CUSTOMER:

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

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

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



## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

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

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

Securities and Exchange Commission Registration Fee.....	\$55,948
NYSE Listing Fee.....	*
NASD Filing Fee.....	20,625
Printing and Engraving Expenses.....	*
Accounting Fees and Expenses.....	*
Legal Fees and Expenses.....	*
Blue Sky Qualification Fees and Expenses.....	*
Transfer Agent Fees and Expenses.....	*
Miscellaneous.....	*
	-----
Total.....	\$ *
	=====

\* To be provided by amendment.

## ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

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

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

Certificate of Incorporation contains the following provision regarding limitation of liability of our directors and officers:

"(e) No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, provided that nothing contained in this [Third Restated Certificate of Incorporation] shall eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, or (d) for any transaction from which the director derived an improper personal benefit."

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

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

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

On April 9, 1996, the Company sold to one key member of management of the Company 860 shares of Common Stock, for an aggregate purchase price of \$98,298 and granted to such person 1,140 options to purchase shares of its Common Stock with an exercise price of \$114.30 per share. For the foregoing transactions, the Company relied upon exemption from registration under Rule 701 under the Securities Act.

On December 20, 1996, the Company sold to two senior executives of the Company and three other key members of management of the Company 3,890 shares of its Common Stock, for an aggregate purchase price of \$760,106, and granted to such persons 5,160 options to purchase shares of its Common Stock with an exercise price of \$195.40 per share. For the foregoing transactions, the Company relied upon exemption from registration under Rule 701 under the Securities Act.

On January 1, 1997, the Company granted key branch employees 25,250 options to purchase shares of its Common Stock with an exercise price of \$195.40 per share. For the foregoing transactions, the Company relied upon exemption from registration under Rule 701 under the Securities Act.

On November 26, 1997, the Company sold to one senior executive of the Company 800 shares of its Common Stock, for an aggregate purchase price of \$200,776, and granted to such senior executive 1,040 options to purchase shares of its Common Stock with an exercise price of \$250.97 per share. For the foregoing transactions, the Company relied upon exemption from registration under Rule 701 under the Securities Act.

On January 31, 1998, the Company sold to each of two accredited investors in a private placement 996 shares of its Common Stock, for an aggregate purchase price of \$499,932. For the foregoing transactions, the Company relied upon exemption from registration under Section 4(2) of the Securities Act.

On March 26, 1998, the Company sold to one senior executive officer of the Company 1,932 shares of its Common Stock, for an aggregate purchase price of \$1,199,927, and granted to

such senior executive 11,000 options to purchase shares of its Common Stock with an exercise price of \$250.97 per share. For the foregoing transactions, the Company relied upon the exemption from registration under Rule 701 under the Securities Act.

On April 24, 1998, the Company sold to one key member of management of the Company 300 shares of its Common Stock, for an aggregate purchase price of \$186,324 and granted to such key member of management 390 options to purchase shares of its Common Stock with an exercise price of \$621.08 per share. For the foregoing transactions, the Company relied upon the exemption from registration Rule 701 under the Securities Act.

On June 5, 1998, in connection with the Recapitalization of the Company, the Company sold to (i) Cypress Merchant Banking Partners L.P., 318,426 shares of its Common Stock, for an aggregate purchase price of \$197,768,020, (ii) Cypress Offshore Partners L.P., 16,650 shares of its Common Stock, for an aggregate purchase price of \$10,340,982, (iii) The Travelers Insurance Company, 7,246 shares of its Common Stock, for an aggregate purchase price of \$4,500,346, (iv) The Travelers Life and Annuity Company, 805 shares of its Common Stock, for an aggregate purchase price of \$499,969, (v) The Travelers Indemnity Company, 7,084 shares of its Common Stock, for an aggregate purchase price of \$4,399,731, (vi) The Phoenix Insurance Company, 966 shares of its Common Stock, for an aggregate purchase price of \$599,963, (vii) Co-Investment Partners, L.P., 80,505 shares of its Common Stock, for an aggregate purchase price of \$50,000,045 and (viii) Chase Equity Associates, L.P., 80,504 shares of its Class B Common Stock, for an aggregate purchase price of \$49,999,424. For the foregoing transactions, the Company relied upon exemption from registration under Regulation D under the Securities Act.

On August 5, 1998, the Company sold to senior executives 13,910 shares of its Common Stock, for an aggregate purchase price of \$8,639,223. For the foregoing transactions, the Company relied upon exemption from registration under Regulation D under the Securities Act.

On August 5, 1998, the Company sold to key members of management 5,050 shares of its Common Stock, for an aggregate purchase price of \$3,136,454. For the foregoing transactions, the Company relied upon the exemption from registration under Rule 701 under the Securities Act.

On August 6, 1998, as contemplated by the Recapitalization, the Company granted to key members of management 60,710 options to purchase shares of its Common Stock with an aggregate exercise price of \$37,705,767. For the foregoing transactions, the Company relied upon the exemption from registration under Rule 701 under the Securities Act.

On November 20, 1998, the Company sold to senior executives 2,600 shares of its Common Stock, for an aggregate purchase price of \$1,614,808. For the foregoing transactions, the Company relied upon exemption from registration under Regulation D under the Securities Act.

On December 31, 1998, the Company sold to three directors of the Company 1,200 shares of its Common Stock, for an aggregate purchase price of \$745,296. For the foregoing transactions, the Company relied upon exemption from registration under Regulation D under the Securities Act.

## ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

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

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

EXHIBIT NO. -----	DESCRIPTION OF EXHIBIT -----	PRIOR FILING OR SEQUENTIAL PAGE NUMBER -----
10.1	CDW Holding Corporation Stock Purchase Plan	Incorporated by reference to Exhibit 10.1 to the Form S-4
10.2	Form of Stock Subscription Agreement	Incorporated by reference to Exhibit 10.2 to the Form S-4
10.3	CDW Holding Corporation Stock Option Plan	Incorporated by reference to Exhibit 10.3 to the Form S-4
10.4	Form of Stock Option Agreement	Incorporated by reference to Exhibit 10.4 to the Form S-4
10.5	CDW Holding Corporation Stock Option Plan for Branch Employees	Incorporated by reference to Exhibit 10.5 to the Form S-4
10.6	Form of Branch Stock Option Agreement	Incorporated by reference to Exhibit 10.6 to the Form S-4
10.7	Non-Competition Agreement, dated as of February 28, 1996, between Westinghouse, WESCO and WESCO Distribution	Incorporated by reference to Exhibit 10.8 to the Form S-4
10.8	Employment Agreement between WESCO Distribution and Stanley C. Weiss	Incorporated by reference to Exhibit 10.9 to the Form S-4
10.9	Lease dated May 24, 1995 as amended by Amendment One dated June, 1995 and by Amendment Two dated December 24, 1995 by and between WESCO Distribution as Tenant and Opal Investors, L.P. and Mural GEM Investors as Landlord	Incorporated by reference to Exhibit 10.10 to the Form S-4
10.10	Lease dated April 1, 1992 as renewed by Letter of Notice of Intent to Renew dated December 13, 1996 by and between the Company successor in interest to Westinghouse Electric Corporation as Tenant and Utah State Retirement Fund as Landlord	Incorporated by reference to Exhibit 10.11 to the Form S-4
10.11	Lease dated September 4, 1997 and between WESCO Distribution as Tenant and The Buncher Company as Landlord	Incorporated by reference to Exhibit 10.12 to the Form S-4
10.12	Lease dated March, 1995 by and between WESCO Distribution-Canada, Inc. ("WESCO Canada") as Tenant and Atlantic Construction, Inc. as Landlord	Incorporated by reference to Exhibit 10.13 to the Form S-4
10.13	Credit Agreement dated as of June 5, 1998 among WESCO, the Company, WESCO Canada, The Chase Manhattan Bank, The Chase Manhattan Bank of Canada and Lehman Commercial Paper, Inc.	Incorporated by reference to Exhibit 10.14 to the Form S-4

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
10.14	U.S. Receivables Sales Agreement dated June 5, 1998 among the Company, WESCO Receivables Corp. (the "SPC"), The Chase Manhattan Bank and other sellers named therein.	Incorporated by reference to Exhibit 10.15 to the Form S-4
10.15	Canadian Receivables Sales Agreement dated June 5, 1998 among WESCO Distribution, WESCO Canada, the SPC, The Chase Manhattan Bank of Canada and other sellers named therein.	Incorporated by reference to Exhibit 10.16 to the Form S-4
10.16	WESCO Receivables Master Trust Pooling Agreement dated June 5, 1998 among the Company, WESCO Canada, the SPC, and The Chase Manhattan Bank	Incorporated by reference to Exhibit 10.17 to the Form S-4
10.17	WESCO Receivables Master Trust Pooling Agreement Series 1998-1 Supplement dated June 5, 1998	Incorporated by reference to Exhibit 10.18 to the Form S-4
10.18	Amended and Restated Registration and Participation Agreement dated June 5, 1998 among WESCO and certain securityholders of WESCO named therein.	Incorporated by reference to Exhibit 10.19 to the Form S-4
10.19	Employment Agreement between WESCO Distribution and Roy W. Haley	Incorporated by reference to Exhibit 10.20 to the Form S-4
10.20	WESCO International, Inc. 1998 Stock Option Plan	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.21	Form of Management Stock Option Agreement	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
21.1	Subsidiaries of WESCO*	
23.1	Consent of Kirkpatrick & Lockhart LLP (included in its opinion filed as Exhibit 5.1 hereto)*	
23.2	Consent of PricewaterhouseCoopers LLP, Independent Accountants	Filed herewith
23.3	Consent of Anchin, Block & Anchin LLP, Independent Accountants	Filed herewith
24.1	Powers of Attorney (included on signature page)	Filed herewith
27.1	Financial Data Schedule	Filed herewith

\* To be filed by amendment.

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



(b) The following financial statement schedules are filed herewith, accompanied by reports of independent accountants on such schedules:

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

Schedule II -- Valuation and Qualifying Accounts

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

ITEM 17. UNDERTAKINGS.

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

The undersigned registrant hereby undertakes that:

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

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

## SIGNATURES

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

WESCO INTERNATIONAL, INC.

By: /s/ ROY W. HALEY

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

## POWER OF ATTORNEY

We, the undersigned directors and officers of WESCO International, Inc., do hereby constitute and appoint Steven A. Burleson and Anthony D. Tutrone, or either of them, our true and lawful attorneys and agents, to do any and all acts and things in our name and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our names in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said corporation to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto and we do hereby ratify and confirm all that said attorneys and agents, or either of them, shall do or cause to be done by virtue hereof.

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

SIGNATURE

TITLE

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

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

Roy W. Haley

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

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

Steven A. Burleson

-----  
 /s/ JAMES L. SINGLETON

-----  
 Director

James L. Singleton

-----  
 /s/ JAMES A. STERN

-----  
 Director

James A. Stern

-----  
 /s/ ANTHONY D. TUTRONE

-----  
 Director

Anthony D. Tutrone

-----  
 /s/ MICHAEL J. CHESHIRE

-----  
 Director

Michael J. Cheshire

-----  
 /s/ ROBERT J. TARR, JR.

-----  
 Director

Robert J. Tarr, Jr.

-----  
 /s/ KENNETH L. WAY

-----  
 Director

Kenneth L. Way

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

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

REPORT OF INDEPENDENT ACCOUNTANTS  
ON FINANCIAL STATEMENT SCHEDULE

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

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

/s/ PricewaterhouseCoopers

600 Grant Street  
Pittsburgh, Pennsylvania  
February 12, 1999

## SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

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

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

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

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

## INDEX TO EXHIBITS

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

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

EXHIBIT NO. -----	DESCRIPTION OF EXHIBIT -----	PRIOR FILING OR SEQUENTIAL PAGE NUMBER -----
10.1	CDW Holding Corporation Stock Purchase Plan	Incorporated by reference to Exhibit 10.1 to the Form S-4
10.2	Form of Stock Subscription Agreement	Incorporated by reference to Exhibit 10.2 to the Form S-4
10.3	CDW Holding Corporation Stock Option Plan	Incorporated by reference to Exhibit 10.3 to the Form S-4
10.4	Form of Stock Option Agreement	Incorporated by reference to Exhibit 10.4 to the Form S-4
10.5	CDW Holding Corporation Stock Option Plan for Branch Employees	Incorporated by reference to Exhibit 10.5 to the Form S-4
10.6	Form of Branch Stock Option Agreement	Incorporated by reference to Exhibit 10.6 to the Form S-4
10.7	Non-Competition Agreement, dated as of February 28, 1996, between Westinghouse, WESCO and WESCO Distribution	Incorporated by reference to Exhibit 10.8 to the Form S-4
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10.11	Lease dated September 4, 1997 and between WESCO Distribution as Tenant and The Buncher Company as Landlord	Incorporated by reference to Exhibit 10.12 to the Form S-4
10.12	Lease dated March, 1995 by and between WESCO Distribution-Canada, Inc. ("WESCO Canada") as Tenant and Atlantic Construction, Inc. as Landlord	Incorporated by reference to Exhibit 10.13 to the Form S-4
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EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
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10.17	WESCO Receivables Master Trust Pooling Agreement Series 1998-1 Supplement dated June 5, 1998	Incorporated by reference to Exhibit 10.18 to the Form S-4
10.18	Amended and Restated Registration and Participation Agreement dated June 5, 1998 among WESCO and certain securityholders of WESCO named therein.	Incorporated by reference to Exhibit 10.19 to the Form S-4
10.19	Employment Agreement between WESCO Distribution and Roy W. Haley	Incorporated by reference to Exhibit 10.20 to the Form S-4
10.20	WESCO International, Inc. 1998 Stock Option Plan	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.21	Form of Management Stock Option Agreement	Incorporated by reference to WESCO's Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
21.1	Subsidiaries of WESCO*	
23.1	Consent of Kirkpatrick & Lockhart LLP (included in its opinion filed as Exhibit 5.1 hereto)*	
23.2	Consent of PricewaterhouseCoopers LLP, Independent Accountants	Filed herewith
23.3	Consent of Anchin, Block & Anchin LLP, Independent Accountants	Filed herewith
24.1	Powers of Attorney (included on signature page)	Filed herewith
27.1	Financial Data Schedule	Filed herewith

\* To be filed by amendment.

## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this registration statement on Form S-1 (to register Common Stock) of our report dated February 12, 1999, on our audits of the consolidated financial statements and financial statement schedule of WESCO International, Inc. and subsidiaries. We also consent to the references to our firm under the captions "Experts" and "Selected Historical Consolidated Financial Data."

/s/ PricewaterhouseCoopers

600 Grant Street  
Pittsburgh, Pennsylvania  
March 3, 1999



## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this registration statement on Form S-1 (to register Common Stock) of our report dated February 23, 1998, on our audits of the financial statements of Bruckner Supply Company, Inc. We also consent to the references to our firm under the caption "Experts".

/s/ Anchin, Block & Anchin LLP

New York, New York  
March 3, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM WESCO INTERNATIONAL, INC. AND SUBSIDIARIES' CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

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	DEC-31-1998	
	JAN-01-1998	
	DEC-31-1998	8,093
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		8,082
		343,764
		582,071
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	466,467	579,238
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		(142,566)
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		3,025,439
		2,487,780
		2,969,413
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		(7,736)
		(9.93)
		(9.93)