

WESCO DISTRIBUTION INC

Form S-1/A

June 02, 2006

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**As filed with the Securities and Exchange Commission on June 2, 2006**

**Registration No. 333-133423**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Amendment No. 2  
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)*

**25-1723342**  
*(I.R.S. employer  
identification no.)*

**WESCO DISTRIBUTION, 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)*

**25-1723345**  
*(I.R.S. employer  
identification no.)*

**225 West Station Square Drive  
Suite 700  
Pittsburgh, Pennsylvania 15219  
(412) 454-2200**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**Stephen A. Van Oss  
Senior Vice President and  
Chief Financial and Administrative Officer  
WESCO International, Inc.  
225 West Station Square Drive  
Suite 700  
Pittsburgh, Pennsylvania 15219  
(412) 454-2200**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

**With a Copy to:  
Michael C. McLean  
Kirkpatrick & Lockhart Nicholson Graham LLP  
Henry W. Oliver Building**

**535 Smithfield Street  
Pittsburgh, Pennsylvania 15222  
(412) 355-6500**

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

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

**SUBJECT TO COMPLETION, DATED JUNE 2, 2006**

**PRELIMINARY PROSPECTUS**

**WESCO International, Inc.**

**2.625% Senior Convertible Debentures due 2025**

On September 27, 2005, WESCO International, Inc. issued \$150.0 million aggregate principal amount of 2.625% Convertible Senior Debentures due 2025 in a private offering. Payment of all principal and interest (including contingent interest or additional interest, if any) payable on the Debentures is unconditionally guaranteed by WESCO International's subsidiary, WESCO Distribution, Inc. The Debentures are senior unsecured obligations of WESCO International, and the guarantee is an unsecured senior subordinated obligation of WESCO Distribution. This prospectus covers resales from time to time by selling securityholders of any or all of their Debentures, including the related guarantee, and shares of common stock of WESCO International into which the Debentures are convertible. We will not receive any proceeds from the resale by the selling securityholders of the Debentures or the shares of common stock hereunder.

The Debentures are convertible, at your option, into cash and shares of our common stock initially based on a conversion rate of 23.8872 shares (equivalent to an initial conversion price of approximately \$41.86 per share), subject to adjustment as described in this prospectus, at any time on or prior to the close of business on the trading day immediately preceding the maturity date, only under the circumstances described in this prospectus.

Upon conversion, we will pay cash and shares of our common stock, if any, based on a daily conversion value (as described herein) calculated on a proportionate basis for each day of the 20 trading-day cash settlement averaging period. See Description of the Debentures Conversion Rights Settlement Upon Conversion. In the event of certain types of fundamental changes, we will increase the number of shares issuable upon conversion or, in lieu thereof, we may elect to adjust the conversion obligation and conversion rate so that the Debentures are convertible into shares of the acquiring or surviving company, in each case as described in this prospectus.

The Debentures bear interest at a rate of 2.625% per year. Beginning with the six-month period commencing October 15, 2010, we will also pay contingent interest during any six-month interest period in which the trading price of the Debentures, measured over a specified number of trading days preceding the applicable six-month interest period, is 120% or more of the principal amount of the Debentures. Interest on the Debentures is payable on April 15 and October 15 of each year, beginning on April 15, 2006. The Debentures will mature on October 15, 2025.

The Debentures are subject to special U.S. federal income tax rules. For a discussion of the special tax regulations governing contingent payment debt instruments, see Material U.S. Federal Income and Estate Tax Considerations. We may redeem some or all of the Debentures on or after October 15, 2010, for cash at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest (including contingent interest or additional interest, if any).

You may require us to repurchase all or a portion of your Debentures on October 15, 2010, October 15, 2015 and October 15, 2020 at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest (including contingent interest or additional interest, if any). In addition, you may require us to repurchase all or a portion of your Debentures upon a fundamental change at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest (including contingent interest or additional interest, if any).

Our common stock is listed on The New York Stock Exchange under the ticker symbol WCC. The last reported sale price of our common stock on June 1, 2006 was \$68.08 per share.

We do not intend to apply for listing of the Debentures on any securities exchange or for inclusion of the Debentures in any automated quotation system. The Debentures originally issued in the private offering are eligible for trading on

The PORTAL<sup>sm</sup> Market of the National Association of Securities Dealers, Inc. However, the Debentures sold pursuant to this prospectus will no longer be eligible for trading in The PORTAL<sup>sm</sup> Market of the National Association of Securities Dealers, Inc.

The Debentures, including the related guarantee, and the common stock may be sold from time to time by the selling securityholders named in this prospectus through public or private transactions, at prevailing market prices or at privately negotiated prices, either directly or through agents or broker-dealers acting as principal or agent. The selling securityholders may engage underwriters, brokers, dealers or agents, who may receive commissions or discounts from the selling securityholders. We will pay substantially all of the expenses incident to the registration of the Debentures, including the related guarantee, and shares of our common stock, except for the selling commissions, if any. See Plan of Distribution.

***Investing in the Debentures or our common stock involves risks. See Risk Factors beginning on page 3.***

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

THE DATE OF THIS PROSPECTUS IS \_\_\_\_\_, 2006.

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

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

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

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



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**FORWARD-LOOKING INFORMATION**

This prospectus contains various forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve certain unknown risks and uncertainties, including, among others, those contained in our Annual Report on Form 10-K for our fiscal year ended December 31, 2005, which is incorporated by reference in this prospectus, under Item 1, Business, Item 1A, Risk Factors, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in our Quarterly Report on Form 10-Q for our fiscal quarter ended March 31, 2006, which is incorporated by reference in this prospectus, under Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations. When used in this prospectus, the words anticipates, plans, believes, estimates, intends, expects, projects, will and similar may identify forward-looking statements, although not all forward-looking statements contain such words. Such statements, including, but not limited to, our statements regarding business strategy, growth strategy, productivity and profitability enhancement, competition, new product and service introductions and liquidity and capital resources are based on management's beliefs, as well as on assumptions made by and information currently available to, management, and involve various risks and uncertainties, some of which are beyond our control. Our actual results could differ materially from those expressed in any forward-looking statement made by or on our behalf. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will in fact prove to be accurate. We have undertaken no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**WESCO INTERNATIONAL, INC.**

With sales of \$4.4 billion in 2005 and \$1.3 billion in the three months ended March 31, 2006, we are a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as MRO. We believe we are the largest distributor in terms of sales in the estimated \$74 billion\* U.S. electrical wholesale distribution industry based upon published industry sources and our assessment of peer company 2005 sales. We believe we are also the largest provider of integrated supply services for MRO goods and services in the United States.

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

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



**Table of Contents****SUMMARY CONSOLIDATED FINANCIAL DATA**

The table below sets forth certain of our historical consolidated financial data as of and for each of the periods indicated. The financial data for the years ended December 31, 2003, 2004 and 2005, and as of December 31, 2004 and 2005, is derived from our audited consolidated financial statements, which are incorporated by reference in this prospectus. The financial data as of December 31, 2003 is derived from our audited consolidated financial statements, which do not appear and are not incorporated by reference in this prospectus. The financial data for the three-month periods ended March 31, 2005 and 2006, and as of March 31, 2005 and 2006, is derived from our unaudited condensed consolidated financial statements, which are incorporated by reference in this prospectus. In our opinion, such unaudited condensed consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the financial data for such periods. The results for the three months ended March 31, 2006 are not necessarily indicative of the results to be achieved for the year ending December 31, 2006 or for any other future period.

The data below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto, which are incorporated by reference in this prospectus.

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
(In millions, except share and per share data)					
<b>Income Statement Data:</b>					
Net sales(1)	\$ 3,286.8	\$ 3,741.3	\$ 4,421.1	\$ 990.9	\$ 1,265.5
Gross profit(2)	610.1	712.1	840.7	185.2	253.1
Selling, general and administrative expenses	501.5	544.5	612.8	142.7	169.9
Depreciation and amortization	22.5	18.1	18.6	3.9	6.3
Income from operations	86.1	149.5	209.3	38.6	76.9
Interest expense, net	42.3	40.8	30.2	9.1	6.4
Loss on debt extinguishment(3)	0.2	2.6	14.9	10.1	
Other expenses(4)	4.5	6.6	13.3	2.0	5.0
Income before income taxes	39.1	99.5	150.9	17.4	65.5
Provision for income taxes(5)	9.1	34.6	47.4	6.1	21.0
Net income	\$ 30.0	\$ 64.9	\$ 103.5	\$ 11.3	\$ 44.5
<b>Earnings per common share</b>					
Basic	\$ 0.67	\$ 1.55	\$ 2.20	\$ 0.24	\$ 0.93
Diluted	0.65	1.47	2.10	0.23	0.86
<b>Weighted average common shares outstanding</b>					
Basic	44,631,459	41,838,034	47,085,524	46,694,626	48,031,287
Diluted	46,349,082	44,109,153	49,238,436	49,226,141	51,493,217
<b>Other Financial Data:</b>					
Capital expenditures	\$ 8.4	\$ 12.1	\$ 14.2	\$ 2.7	\$ 4.2
	35.8	21.9	295.1	102.6	32.5

Net cash provided by operating activities(6)					
Net cash used by investing activities	(9.2)	(46.3)	(291.0)	(3.7)	(5.2)
Net cash provided (used) by financing activities(6)	(22.3)	30.7	(17.0)	(114.4)	(19.1)
<b>Balance Sheet Data:</b>					
Total assets	\$ 1,161.2	\$ 1,356.9	\$ 1,651.2	\$ 1,279.5	\$ 1,684.7
Total long-term debt (including current portion)	422.2	417.6	403.6	299.5	374.7
Long-term obligations(7)	53.0	2.0	4.3	1.0	3.3
Stockholders equity	167.7	353.6	491.5	375.0	547.7

(1) The operating results of the business of Fastec Industrial Corp., acquired on July 29, 2005, and Carlton-Bates Company, acquired on September 29, 2005, have been included in the consolidated financial data

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and represented, in the aggregate, sales of \$104.5 million for the year ended December 31, 2005 and \$106.6 million for the three months ended March 31, 2006.

- (2) Excludes depreciation and amortization.
- (3) Represents charges relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt.
- (4) Represents costs relating to the sale of accounts receivable pursuant to our accounts receivable securitization facility (the Receivables Facility). See Note 4 to our audited consolidated financial statements incorporated by reference in this prospectus.
- (5) Benefits of \$2.6 million in 2003 from the resolution of prior year tax contingencies resulted in an unusually low provision for income taxes.
- (6) In the first quarter of 2006, the provisions of Financial Accounting Standards Board Statement of Financial Accounting Standard 123 (revised 2004), *Share-Based Payment* and SEC staff Accounting Bulletin No. 107, *Share-Based Payment*, requiring the measurement and recognition of all stock-based compensation under the fair value method were adopted.
- (7) Includes amounts due under earnout agreements for past acquisitions.

**RATIOS OF EARNINGS TO FIXED CHARGES**

Our consolidated ratios of earnings to fixed charges for the years ended December 31, 2001, 2002, 2003, 2004 and 2005 and the three months ended March 31, 2006 are as follows:

	Year Ended December 31,					Three Months
	2001	2002	2003	2004	2005	Ended March 31, 2006
Ratios of earnings to fixed charges(1):	1.6x	1.5x	1.7x	2.9x	4.7x	7.9x

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

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**RISK FACTORS**

Before investing in Debentures or our common stock, you should carefully consider the following risk factors in conjunction with the risk factors set forth in Item 1A of our Annual Report on Form 10-K for our fiscal year ended December 31, 2005 and the other information contained or incorporated by reference in this prospectus, including our historical financial statements and the related notes thereto. These factors, among others, could cause actual results to differ materially from those currently anticipated and presented from time to time in the future by our management. See Special Note on Forward Looking Statements.

**Risks Relating to the Debentures and Our Common Stock**

***We have outstanding consolidated indebtedness of approximately \$374.7 million as of March 31, 2006. This amount of indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.***

As of March 31, 2006, we had approximately \$374.7 million of outstanding consolidated debt. This level of our debt and the related debt service requirements could have significant consequences on our future operations, including:

making it more difficult for us to meet our payment and other obligations under the Debentures and our other outstanding debt;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;

reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

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

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

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

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

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

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

Although our credit facilities and the indenture regarding WESCO Distribution's senior subordinated indebtedness contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness as defined in the relevant agreement. If new debt is added to our current debt levels, the related risks that we now face could intensify. At March 31, 2006, WESCO Distribution had approximately \$275 million in available borrowing capacity under its credit facilities. All borrowings under its credit facilities are senior to WESCO Distribution's guarantee of the Debentures.

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

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

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

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

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

***The Debentures will be effectively subordinated to any existing and future secured indebtedness.***

The Debentures will be our general, unsecured obligations and will rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness. As a result, the Debentures are effectively subordinated to existing and future secured indebtedness we may have to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries, other than the senior subordinated indebtedness of WESCO Distribution, including the Notes, if issued, and any subordinated indebtedness of WESCO Distribution. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. The Debentures do not restrict us or our subsidiaries from incurring indebtedness, including



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senior secured indebtedness in the future, nor do they limit the amount of indebtedness we can issue that is equal in right of payment.

***Our assets and the assets of our subsidiaries remain subject to a first priority pledge under our revolving credit facility.***

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

***Our holding company structure may adversely affect our ability to meet our debt service obligations under the Debentures.***

Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to service our debt, including the Debentures, depends on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of management fees, dividends, loans or otherwise, and to pay amounts due on our obligations, including the Debentures. Our subsidiaries are separate and distinct legal entities and, apart from the guarantee of WESCO Distribution, have no obligation, contingent or otherwise, to make payments on the Debentures or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

***The guarantee of the Debentures by WESCO Distribution is subordinated to all of its existing and future senior indebtedness, which may inhibit your ability to be repaid pursuant to the guarantee.***

The guarantee of the Debentures is contractually subordinated in right of payment to the existing and future senior indebtedness of WESCO Distribution. At March 31, 2006, WESCO Distribution and its subsidiaries had approximately \$75 million of senior debt, and had the ability to borrow up to an additional \$275 million under our credit facilities, all of which, if borrowed or drawn upon, would be senior debt. Any incurrence of additional indebtedness by us or WESCO Distribution may materially adversely impact our ability to service our debt, including the Debentures. Due to the subordination provisions of the senior subordinated indebtedness of WESCO Distribution, including the Debentures, in the event of our insolvency, funds of WESCO Distribution that would otherwise be used to pay the holders of the Debentures and other senior subordinated indebtedness of WESCO Distribution will be used to pay the holders of senior indebtedness to the extent necessary to pay the senior indebtedness in full. As a result of these payments, general creditors may recover less, ratably, than the holders of senior indebtedness of WESCO Distribution and the general creditors may recover more, ratably, than the holders of the Debentures or other subordinated indebtedness of WESCO Distribution. In addition, the holders of senior indebtedness of WESCO Distribution may, under certain circumstances, restrict or prohibit WESCO Distribution from making payments on the Debentures.

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

Although laws differ among various jurisdictions, a court could, under fraudulent conveyance laws, further subordinate or avoid the guarantees if it found that the guarantees were incurred with actual intent to

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hinder, delay or defraud creditors, or WESCO Distribution did not receive fair consideration or reasonably equivalent value for the guarantee and that WESCO Distribution was any of the following:

insolvent or rendered insolvent because of the guarantee;

engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity.

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

***Not all of our subsidiaries are guarantors, and your claims will be subordinated to all of the creditors of the non-guarantor subsidiaries.***

*Only WESCO Distribution guarantees the Debentures.* In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those non-guarantor subsidiaries before any assets of the non-guarantor subsidiaries are made available for distribution to WESCO International or WESCO Distribution. As of March 31, 2006, the Debentures were effectively junior to approximately \$213 million of indebtedness and other liabilities (including trade payables) of these non-guarantor subsidiaries. The nonguarantor subsidiaries generated approximately \$284 million of our net sales for the three months ended March 31, 2006 and held approximately \$1.3 billion of our consolidated assets at March 31, 2006.

***The terms of the Debentures do not contain restrictive covenants and provide only limited protection in the event of a change of control.***

The indenture under which the Debentures were issued does not contain restrictive covenants that would protect you from several kinds of transactions that may adversely affect you. In particular, the indenture does not contain covenants that will limit our ability to pay dividends or make distributions on or redeem our capital stock or limit our ability to incur additional indebtedness and, therefore, may not protect you in the event of a highly leveraged transaction or other similar transaction. The requirement that we offer to repurchase the Debentures upon a change of control is limited to the transactions specified in the definition of a fundamental change under Description of the Debentures Repurchase at the Option of the Holder Fundamental Change Put. Similarly, the circumstances under which we are required to adjust the conversion rate upon the occurrence of a non-stock change of control are limited to circumstances where a Debenture is converted in connection with such a transaction as set forth under Description of the Debentures Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control. Accordingly, subject to restrictions contained in our other debt agreements, we could enter into certain transactions, such as acquisitions, refinancings or recapitalizations, that could affect our capital structure and the value of the Debentures and common stock but would not constitute a fundamental change under the Debentures.

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

Holders of the Debentures have the right to require us to repurchase the Debentures on specified dates or upon the occurrence of a fundamental change prior to maturity as described under Description of the Debentures Repurchase at the Option of the Holder Optional Put and Fundamental Change Put. The occurrence of a change of control would also constitute an event of default under our credit facilities, requiring repayment of amounts outstanding thereunder and the occurrence of a change of control would also enable holders of WESCO Distribution's senior subordinated notes to require WESCO Distribution to repurchase such notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid



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

***Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Debentures.***

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

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

Certain provisions of the Debentures could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the Debentures have the right, at their option, to require us to repurchase all of their Debentures or any portion of the principal amount of such Debentures in integral multiples of \$1,000. In addition, the occurrence of certain change of control transactions may result in the Debentures becoming convertible for additional shares or result in antidilution adjustments which may have the effect of making an acquisition of us less attractive. We may also be required to issue additional shares upon conversion or provide for conversion into the acquirer's capital stock in the event of certain fundamental changes.

***The adjustment to the conversion rate upon the occurrence of certain types of fundamental changes may not adequately compensate you for the lost option time value of your Debentures as a result of such fundamental change.***

If certain types of fundamental changes occur on or prior to the date when the Debentures may be redeemed, we may adjust the conversion rate of the Debentures to increase the number of shares issuable upon conversion. The number of additional shares to be issued will be determined based on the date on which the fundamental change becomes effective and the price paid per share of our common stock in the fundamental change as described under Description of the Debentures Conversion Rights Adjustment to Conversion Price Upon Certain Fundamental Changes. Although this adjustment is designed to compensate you for the lost option value of your Debentures as a result of certain types of fundamental changes, the adjustment is only an approximation of such lost value based upon assumptions made on the date of this prospectus and may not adequately compensate you for such loss. In addition, if the price paid per share of our common stock in the fundamental change is less than \$31.01 or more than \$80.00 (subject to adjustment), there will be no such adjustment.

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

We originally sold the Debentures to a limited number of investors in a private offering in reliance on an exemption from registration under U.S. federal and applicable state securities laws, and we are now

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registering the Debentures, the related guarantee and the common stock issuable upon conversion of the Debentures for resale by the selling securityholders. There is no public market for the Debentures. We do not intend to apply for listing of the Debentures on any securities exchange or for quotation of the Debentures on any automated dealer quotation system. Although the Debentures originally issued in the private offering are eligible for trading in The PORTAL<sup>SM</sup> Market, the Debentures sold pursuant to this prospectus will no longer be eligible for trading in The PORTAL<sup>SM</sup> Market. Despite our registering the Debentures for resale under the Securities Act, a market may not develop for the Debentures, and there can be no assurance as to the liquidity of any market that may develop for the Debentures once the securityholders are able to freely resell the Debentures. If an active, liquid market does not develop for the Debentures, the market price and liquidity of the Debentures may be adversely affected. If any of the Debentures are traded, they may trade at a discount from their initial offering price.

The liquidity of the trading market, if any, and future trading prices of the Debentures will depend on many factors, including, among other things, the market price of our common stock, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. Historically, the market for convertible debt securities has been subject to disruptions that have caused volatility in prices. It is possible that the market for the Debentures will be subject to disruptions which may have a negative effect on the holders of the Debentures, regardless of our operating results, financial performance or prospects.

***The conditional conversion feature of the Debentures could result in your receiving less than the value of the common stock into which a Debenture is convertible.***

The Debentures are convertible into shares of our common stock only if specified conditions are met. If these conditions are not met, you will not be able to convert your Debentures, and you may not be able to receive the value of the common stock into which the Debentures would otherwise be convertible.

***The price of our common stock, and therefore of the Debentures, may fluctuate significantly.***

Stock markets have experienced significant price and trading volume fluctuations, and the market prices of companies in our industry have been volatile. It is impossible to predict whether the price of our common stock will rise or fall. Trading prices of our common stock will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of substantial amounts of common stock by us, or the perception that such sales could occur, could affect the price of our common stock and make it more difficult for us to raise funds through future offerings of equity securities. In addition, because the Debentures are convertible into our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the Debentures.

***If you hold Debentures, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.***

If you hold Debentures, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of our common stock to you upon conversion of your Debentures. For example, in the event that an amendment is proposed to our charter or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to your conversion of Debentures, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock or other classes of capital stock.

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***Future sales of our common stock in the public market or the issuance of securities senior to our common stock could adversely affect the trading price of our common stock and the value of the Debentures and our ability to raise funds in new stock offerings.***

Future sales of substantial amounts of our common stock or equity-related securities in the public market, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and the value of the Debentures and could impair our ability to raise capital through future offerings of equity or equity-related securities. No prediction can be made as to the effect, if any, that future sales of shares of common stock or the availability of shares of common stock for future sale, will have on the trading price of our common stock or the value of the Debentures.

***The trading price of our common stock may decline due to future issuances of shares.***

As of April 28, 2006, there were 48,370,670 shares of our common stock outstanding. In addition, there were: options to purchase 5,482,663 shares of common stock outstanding;

4,692,309 shares of common stock reserved for issuance for future awards under our equity compensation plans; and

3,583,080 shares of common stock reserved for issuance upon conversion of outstanding Debentures.

The issuance or expected issuance, including upon conversion of the Debentures, of a large number of shares of our common stock or sales or expected sales of a large number of our shares of common stock, including sales by the selling securityholders, at any time after the date of this prospectus could negatively affect the trading price of our common stock.

***Upon conversion of the Debentures, we will generally pay cash in lieu of issuing shares of our common stock with respect to an amount up to the principal amount of Debentures converted and shares of our common stock with respect to the conversion value in excess thereof. Therefore, holders of the Debentures may receive no shares of our common stock.***

Upon conversion, we will pay cash and shares of our common stock, if any, based on a daily conversion value (as described herein) calculated on a proportionate basis for each day of the 20 consecutive trading days during the cash settlement averaging period. See Description of the Debentures Conversion Rights Settlement Upon Conversion. Accordingly, upon conversion of a Debenture, holders may not receive any shares of our common sto