WESCO INTERNATIONAL INC
Form 10-K
February 27, 2009

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

or

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

For the transition period from _____ to _____

Commission file number 001-14989

WESCO International, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**25-1723342**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
225 West Station Square Drive Suite 700 Pittsburgh, Pennsylvania (Address of principal executive offices)	**15219** (Zip Code)

(412) 454-2200

(Registrant s telephone number, including area code)

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

Title of Class	**Name of Exchange on which registered**
Common Stock, par value $.01 per share	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes þ No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

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

The registrant estimates that the aggregate market value of the voting shares held by non-affiliates of the registrant was approximately $1,641.3 million as of June 30, 2008, the last business day of the registrant s most recently completed second fiscal quarter, based on the closing price on the New York Stock Exchange for such stock.

As of February 25, 2009, 42,221,633 shares of Common Stock, par value $.01 per share, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this Form 10-K incorporates by reference portions of the registrant s Proxy Statement for its 2009 Annual Meeting of Stockholders.

WESCO INTERNATIONAL, INC.
Annual Report on Form 10-K for the Fiscal Year Ended
December 31, 2008
TABLE OF CONTENTS

	Page
PART I	
Item 1. Business	3
Item 1A. Risk Factors	11
Item 1B. Unresolved Staff Comments	15
Item 2. Properties	15
Item 3. Legal Proceedings	15
Item 4. Submission of Matters to a Vote of Security Holders	15
PART II	
Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	16
Item 6. Selected Financial Data	17
Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations	18
Item 7A. Quantitative and Qualitative Disclosures About Market Risks	27
Item 8. Financial Statements and Supplementary Data	29
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	56
Item 9A. Controls and Procedures	56
Item 9B. Other Information	56
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	57
Item 11. Executive Compensation	57
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	57
Item 13. Certain Relationships and Related Transactions, and Director Independence	57
Item 14. Principal Accountant Fees and Services	57
PART IV	
Item 15. Exhibits and Financial Statement Schedules	58
Signatures	64

EX-10.45
EX-10.46
EX-21.1
EX-23.1
EX-31.1
EX-31.2
EX-32.1
EX-32.2

Table of Contents

PART I

Item 1. Business.

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

The Company

With sales of $6.1 billion in 2008, WESCO International, Inc., incorporated in 1993, is a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as MRO. We have approximately 400 full service branches and seven distribution centers located in the United States, Canada, Mexico, the United Kingdom, Nigeria, United Arab Emirates, Singapore, Australia and China. We serve approximately 115,000 customers globally, offering more than 1,000,000 products from more than 23,000 suppliers utilizing a highly automated, proprietary electronic procurement and inventory replenishment system. At the end of 2008, we had approximately 7,200 employees worldwide, of which approximately 6,300 were located in the United States and approximately 900 in Canada and our other international locations. Our leading market positions, experienced workforce, extensive geographic reach, broad product and procurement solutions and acquisition program have enabled us to grow our market position, expand margins and meet cost containment objectives.

Industry Overview

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

Electrical Distribution. According to *Electrical Wholesaling Magazine*, the U.S. electrical wholesale distribution industry had forecasted sales of approximately $94.5 billion in 2008. According to published sources, our industry has grown at an approximate 6% compounded annual rate over the past 20 years. This expansion has been driven by general economic growth, increased price levels for key commodities, increased use of electrical products in businesses and industries, new products and technologies and more demanding building and safety codes. Wholesale distributors have also grown as a result of a long term shift in procurement preferences that favor the use of distributors over direct relationships with manufacturers. The U.S. electrical distribution industry is highly fragmented. In 2007, the latest year for which market share data is available, the five national distributors, including us, accounted for approximately 26% of estimated total industry sales.

Integrated Supply. Integrated Supply refers to a comprehensive outsourcing approach to procurement, supply chain management and logistical support. The market for integrated supply services has grown rapidly in recent years. Growth has been driven primarily by the desire of large industrial companies to reduce operating expenses by implementing complete third-party programs for the operational and administrative functions associated with the purchase and consumption of MRO supplies. For some of our customers, we believe these costs can account for up to 35% of the total costs for MRO products and services. We believe that significant opportunities exist for further expansion of integrated supply services, as the total potential in the United States for purchases of industrial MRO supplies and services through all channels is currently estimated to be greater than $450 billion.

Business Strategy

Our growth strategy utilizes our existing strengths and focuses on developing new end market initiatives and enhanced sales management programs to position us to grow at a faster rate than the industry. Our goal is to grow earnings at a faster rate than sales by continuing to focus on enhancing margin and achieving economies of scale through continuous productivity improvement.

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

expanding our product and service offerings to existing customers in industries we currently serve;

targeting new customers within vertical markets that provide significant growth opportunities; and

providing solutions to new and existing customers seeking to improve operations or compliance with government regulations and safety concerns.

Table of Contents

Continue to Grow Our Premier Position in National Accounts. From 2003 through 2008, revenue from our national accounts program increased at a compound annual growth rate of approximately 12%. Our objective is to continue to increase revenue from our national accounts program by:

- offering existing national account customers new products and services, such as our integrated supply services and serving additional customer locations;
- expanding our customer base by capitalizing on our existing industry expertise and supply chain capabilities; and
- maintaining close coordination with multi-location contractor customers on their major project requirements.

The typical national account customer is a Fortune 1000 industrial or commercial company, a large utility, major contractor or governmental or institutional customer, in each case with multiple locations. Our national accounts programs are designed to provide customers with total supply chain cost reductions by coordinating purchasing activity for MRO supplies and direct materials across multiple locations. Comprehensive implementation plans establish jointly managed teams at the local and national level to prioritize activities, identify key performance measures and track progress against objectives. We involve our preferred suppliers early in the implementation process, where they can contribute expertise and product knowledge to accelerate program implementation and achievement of cost savings and process improvements.

Extend Our Leadership Position in Integrated Supply Services. We provide a full complement of outsourcing solutions, focusing on improving the supply chain management process for our customers indirect purchases. We combine 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 integrated supply programs replace the traditional multi-vendor, resource-intensive procurement process with a single, outsourced, fully automated process. Our solutions range from timely product delivery to assuming full responsibility for the entire procurement function. 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 original equipment manufacturers (OEM) products. We plan to expand our leadership position as the largest integrated supply services provider in the United States by building upon established relationships within our large customer base and premier supplier network, to meet customers continued interest in outsourcing.

Gain Share in Fragmented Local Markets. We believe that significant opportunities exist to gain market share in highly fragmented local markets. We intend to increase our market share in key geographic markets through a combination of increased sales and marketing efforts at existing branches, acquisitions that expand our product and customer base and new branch openings.

Expand our LEAN Initiative. LEAN driven continuous improvement is a company-wide, strategic initiative to increase productivity across the entire enterprise, including sales, operations and administrative processes. The basic principles behind LEAN are to rapidly identify and implement improvements through simplification, elimination of waste and reduction in errors throughout a defined process. We have been highly successful in applying LEAN in a distribution environment, and have developed and deployed numerous initiatives through the Kaizen approach. The initiatives are primarily centered around our branch operations and target nine key areas: sales, pricing, warehouse operations, transportation, purchasing, inventory, accounts receivable, accounts payable and administrative processes. In 2009, our objective is to continue to implement the initiatives across our branch locations and headquarters operations, consistent with our long-term strategy of continuously refining and improving our processes to achieve both sales and operational excellence.

Extend LEAN Services to Customers. We have developed a service capability to assist customers in improving their internal productivity and overall cost position. This service, which we call Cost Reduction Solutions, is based on applying LEAN principles and practices in our customers work environments. To date, we have worked with manufacturers, assemblers and contractors to enhance supply chain operations and logistics. Our work on productivity projects, in cooperation with our customers, significantly increases the breadth of products that can be supplied and

creates additional product opportunities in kitting, assembly and warehouse operations. Additionally, we have demonstrated our ability to introduce new products and services to meet existing customer demands and capitalize on new market opportunities.

Pursue Strategic Acquisitions. Since 1995, we have completed 32 acquisitions. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will continue to provide us with acquisition opportunities. We expect that any future acquisitions will be financed with internally generated funds, additional debt and/or the issuance of equity securities. However, our ability to make acquisitions will be subject to our compliance with certain conditions under the terms of our revolving credit facility. See Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources, for a further description of the revolving credit facility.

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

Table of Contents

Expand Our International Operations. We believe that there is significant additional demand for our products and services outside the United States and Canada. Many of our multinational domestic customers are seeking distribution, integrated supply and project management solutions globally. We follow our established customers and pursue business that we believe utilizes and extends our existing capabilities. We believe this strategy of working through well-developed customer and supplier relationships significantly reduces risk and provides the opportunity to establish profitable incremental business.

Competitive Strengths

We believe that we are one of the largest electrical distributors and the largest provider of integrated supply services for MRO goods and services in the United States. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused on the local service area, and is generally based on product line breadth, product availability, service capabilities and price. Another source of competition is buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. While increased buying power may improve the competitive position of buying groups locally, we believe these groups have not been able to compete effectively with us for national account customers due to the difficulty in coordinating a diverse ownership group. Although certain Internet-based procurement service companies, auction businesses and trade exchanges remain in the marketplace, the impact on our business from these potential competitors has been minimal to date.

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

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

Value-added Services. We provide a wide range of services and procurement solutions that draw on our product knowledge, supply and logistics expertise and systems capabilities, enabling our customers with large operations and multiple locations to reduce supply chain costs, eliminate waste, enhance productivity and improve efficiency. Our geographical coverage is essential to our ability to provide these services. We have an extensive branch network which complements our national sales and marketing activities with local customer service, product information and technical support, order fulfillment and a variety of other on-site services.

Broad Product Offering. We provide our customers with a broad product selection consisting of more than 1,000,000 electrical, industrial, data communications, MRO and utility products sourced from more than 23,000 suppliers. Our broad product offering and stable source of supply enables us to meet virtually all of a customer s electrical product and MRO requirements.

Extensive Distribution Network. We are a full-line distributor of electrical supplies and equipment with operations in the United States, Canada, Mexico, the United Kingdom, Nigeria, United Arab Emirates, Singapore, Australia and China. We operate approximatley 400 branch locations and seven distribution centers (four in the United States and three in Canada). In addition to consolidations in connection with acquisitions, we occasionally open, close or consolidate existing branch locations to improve market coverage and operating efficiency.

Our distribution centers add value for our branches, suppliers and customers through the combination of a broad and deep selection of inventory, online ordering, same-day shipment and central order handling and fulfillment. Our distribution center network reduces the lead-time and cost of supply chain activities through automated replenishment and warehouse management systems and economies of scale in purchasing, inventory management, administration and transportation. This extensive network, which would be extremely difficult and expensive to duplicate, provides us with a distinct competitive advantage and allows us to:

- maintain localized customer service, technical support and sales coverage;
- tailor branch products and services to local customer needs; and

offer multi-site distribution capabilities to large customers and national accounts.

Table of Contents

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

extensive use of automation and technology;

centralization of functions such as purchasing, accounting and information systems;

strategically located distribution centers;

purchasing economies of scale; and

incentive programs that increase productivity and encourage entrepreneurship.

As a result of these factors, we believe that our operating costs as a percentage of sales is one of the lowest in our industry. Our selling, general and administrative expenses as a percentage of revenues for 2008 were 13.7%, significantly below our peer group 2007 average of approximately 19.1% according to the National Association of Electrical Distributors. Our low cost position enables us to generate a significant amount of net cash flow, as the amount of capital investment required to maintain our business is relatively low. Consequently, more of the cash we generate is available for continued investment in the growth of the business, strategic acquisitions and debt reduction.

Products and Services

Products

Our network of branches and distribution centers stock more than 250,000 unique product stock keeping units (SKUs). Each branch tailors its inventory to meet the needs of the customers in its local market, stocking an average of approximately 2,500 SKUs. Our business allows our customers to access more than 1,000,000 products.

Representative products and services that we offer include:

Power Distribution. Circuit breakers, transformers, switchboards, panel boards, metering products and busway products;

Lighting. Lamps, fixtures, ballasts and lighting control products;

Wire and Conduit. Wire, cable, raceway, metallic and non-metallic conduit;

Control, Automation and Motors. Motor control devices, drives, surge and power protection, relays, timers, pushbuttons and operator interfaces;

Data Communications. Structured cabling systems, low voltage specialty systems and specialty wire and cable products.

Electrical Supplies. Wiring devices, fuses, terminals, connectors, boxes, enclosures, fittings, lugs, terminations, tape, and splicing and marking equipment; and

Industrial Supplies. Tools and testers, safety and security, fall protection, personal protection, consumables, fasteners, janitorial and other MRO supplies.

We purchase products from a diverse group of more than 23,000 suppliers. In 2008, our ten largest suppliers accounted for approximately 34% of our purchases. The largest of these was Eaton Corporation, through its Eaton Electrical division, which accounted for approximately 12% of total purchases. No other supplier accounted for more than 5% of total purchases.

Our supplier relationships are important to us, providing access to a wide range of products, technical training and sales and marketing support. We have preferred supplier agreements with more than 300 of our suppliers and purchase over 60% of our inventory pursuant to these agreements. Consistent with industry practice, most of our agreements with suppliers, including both distribution agreements and preferred supplier agreements, are terminable by either party on 60 days notice or less.

Table of Contents

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 construction project management capabilities. Our range of supply management services, include:

outsourcing of the entire MRO purchasing process;

providing technical support for manufacturing process improvements using state-of-the-art automated solutions;

implementing inventory optimization programs;

participating in joint cost savings teams;

assigning our employees as on-site support personnel;

recommending energy-efficient product upgrades; and

offering safety and product training for customer employees.

Markets and Customers

We have a large base of approximately 115,000 customers diversified across our principal markets. Our top ten customers accounted for approximately 11% of our sales in 2008. No one customer accounted for more than 4% of our total sales in 2008.

Industrial Customers. Sales to industrial customers, which include numerous manufacturing and process industries, accounted for approximately 39% of our sales in 2008. We provide products and services for MRO and OEM use. MRO products are needed to maintain and upgrade the electrical and communications networks at industrial sites. Expenditures are greatest in the heavy process industries, such as food processing, metals, pulp and paper and petrochemical. MRO product categories in addition to electrical supplies include, among others, lubricants, pipe, valves and fittings, fasteners, cutting tools and power transmission products. OEMs typically require a reliable, high-volume supply of products or components to incorporate into their own products. Customers in this market are particularly service and price sensitive due to the volume and the critical nature of the product used, and they also expect value-added services such as design and technical support, just-in-time supply and electronic commerce.

Electrical Contractors. Sales to electrical contractors accounted for approximately 39% of our sales in 2008. We primarily serve multi-region contractors; however, customers range from large contractors for major industrial, commercial and data communication projects to small residential contractors. Electrical products purchased by electrical subcontractors typically account for approximately 40% to 50% of their installed project cost, making accurate cost estimates and competitive material costs critical to a contractor s success in obtaining profitable projects.

Utilities. Sales to utilities and specialty utility contractors accounted for approximately 16% of our sales in 2008. This market includes large investor-owned utilities, rural electric cooperatives and municipal power authorities. We provide our utility customers with products to contract and maintain their transmission and distribution lines along with an extensive range of supplies to meet their power plant MRO and capital projects needs. Full materials management and procurement outsourcing arrangements are also important in this market as cost pressures and deregulation cause utility customers to streamline purchasing and inventory control practices.

Commercial, Institutional and Governmental (CIG) Customers. Sales to CIG customers accounted for approximately 6% of our sales in 2008. This fragmented market includes schools, hospitals, property management firms, retailers and government agencies of all types. We have a platform to sell integrated lighting control and distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores.

Sales Channels

Sales Force. Our general sales force is based at the local branches and is comprised of approximately 2,700 of our employees, almost half of whom are outside sales representatives with the remainder being inside sales and technical support personnel. 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. We also have specialized sales personnel supporting the needs of our national account customers, large engineering and construction firms and the top regional and national electrical contractors.

Table of Contents

E-Commerce. To support our sales organization, we engage in various forms of e-commerce. Our primary e-business strategy is to serve existing customers by tailoring our catalog and Internet-based procurement applications to their internal systems or through their preferred technology and trading exchange partnerships. We continue to expand our e-commerce capabilities, meeting our customers requirements as they develop and implement their e-procurement business strategies. We have strengthened our business and technology relationships with the trading exchanges chosen by our customers as their e-procurement partners. We believe that we lead our industry in rapid e-implementation to customers procurement systems and integrated procurement functionality using punch-out technology, a direct system-to-system link with our customers.

We continue to enhance WESCO Express, a direct ship fulfillment operation responsible for supporting smaller customers and select national account locations. Customers can order from more than 67,000 electrical and data communications products stocked in our warehouses through a centralized customer service center or over the Internet at www.WESCOdirect.com. We also use a proactive sales approach utilizing catalogs, direct mail, e-mail and personal phone selling to provide a high level of customer service. Our 2008-2009 WESCO s Buyers Guide® was produced and released in 2008.

International Operations

To serve the Canadian market, we operate a network of approximately 50 branches in nine provinces. Branch operations are supported by three distribution centers located near Montreal, Vancouver and Edmonton. With sales of approximately $673 million, sales in Canada represented approximately 11% of our total sales in 2008. The Canadian market for electrical distribution is considerably smaller than the U.S. market, with approximately $6.0 billion in total sales in 2008, according to the Canadian Distribution Council.

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

We sell to other international customers through domestic export sales offices located within North America and sales offices in international locations. Our operations in Aberdeen, Scotland and Manchester, England support sales efforts in Europe, oil and gas customers on a global basis, engineering procurement companies and contractors in the former Soviet Union. We have an operation in Nigeria to serve West Africa, an office in United Arab Emirates to serve the Middle East, an office in Singapore to support our sales to Asia and global oil and gas customers, an office in Perth to serve the mining and mineral market in Western Australia and an office in Suzhou to serve select customers in China. All of the international locations have been established to serve our growing list of customers with global operations.

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

	Net Sales Year Ended December 31,			Long-Lived Assets December 31,		
(In thousands)	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
United States	$5,305,744	$5,229,147	$4,606,783	$121,301	$107,711	$113,312
Foreign Operations						
Canada	673,284	633,406	599,244	10,692	13,122	13,177
Other foreign	131,812	140,899	114,576	892	406	703
Subtotal Foreign Operations	805,096	774,305	713,820	11,584	13,528	13,880
Total U.S. and Foreign	$6,110,840	$6,003,452	$5,320,603	$132,885	$121,239	$127,192

Intellectual Property

We currently have trademarks and service marks registered with the U.S. Patent and Trademark Office. The registered trademarks and service marks include: WESCO® , our corporate logo and the running man logo. These

trademarks and service mark applications have been filed in various foreign jurisdictions, including Canada, Mexico, the United Kingdom, Singapore, China, Hong Kong, Thailand and the European Community.

Environmental Matters

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

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

Table of Contents

Seasonality

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

Website Access

Our Internet address is *www.wesco.com*. Information contained on our website is not part of, and should not be construed as being incorporated by reference into, this Annual Report on Form 10-K. We make available free of charge under the Investors heading on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), as well as our Proxy Statements, as soon as reasonably practicable after such documents are electronically filed or furnished, as applicable, with the Securities and Exchange Commission (the SEC). You also may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549-0213. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements and other information regarding issuers like us who file electronically with the SEC.

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

Forward-Looking Information

This Annual Report on Form 10-K contains various forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve certain unknown risks and uncertainties, including, among others, those contained in Item 1, Business, Item 1A, Risk Factors, and Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations. When used in this Annual Report on Form 10-K, the words anticipates, plans, believes, estimates, intends, expects, projects, will and similar expre 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, competitive strengths, 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 us 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.

Table of Contents

Executive Officers

Our executive officers and their respective ages and positions as of December 31, 2008 are set forth below.

Name	Age	Position
Roy W. Haley	62	Chairman and Chief Executive Officer
John J. Engel	46	Director and Senior Vice President and Chief Operating Officer
Stephen A. Van Oss	54	Director and Senior Vice President and Chief Financial and Administrative Officer
David S. Bemoras	51	Vice President, Operations
Andrew J. Bergdoll	46	Vice President, Operations
Daniel A. Brailer	51	Vice President, Treasurer, Legal and Investor Relations
William E. Cenk	51	Vice President, Operations
Allan A. Duganier	53	Director of Internal Audit
James R. Griffin	47	Vice President, Operations
Timothy A. Hibbard	52	Corporate Controller
Robert J. Powell	46	Vice President, Human Resources
Robert B. Rosenbaum	51	Vice President, Operations
Ronald P. Van, Jr.	48	Vice President, Operations
Marcy Smorey-Giger	37	Corporate Counsel and Secretary

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

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

John J. Engel has been Senior Vice President and Chief Operating Officer since July 2004, and Director of the Board since November 2008. Mr. Engel served from 2003 to 2004 as Senior Vice President and General Manager of Gateway, Inc. From 1999 to 2002, Mr. Engel served as an Executive Vice President and Senior Vice President of Perkin Elmer, Inc. In addition, Mr. Engel was a Vice President and General Manager of Allied Signal from 1994 to 1999 and held various management positions in General Electric from 1985 to 1994.

Stephen A. Van Oss has been Senior Vice President and Chief Financial and Administrative Officer since July 2004 and, from 2000 to July 2004 served as the Vice President and Chief Financial Officer. Mr. Van Oss has been a Director of the Board since November 2008. Mr. Van Oss also served as our Director, Information Technology from 1997 to 2000 and as our Director, Acquisition Management in 1997. From 1995 to 1996, Mr. Van Oss served as Chief Operating Officer and Chief Financial Officer of Paper Back Recycling of America, Inc. He also held various management positions with Reliance Electric Corporation. Mr. Van Oss is also a director of Cooper Standard Automative, Inc. and chairman of its audit committee. Additionally, he is a trustee of Robert Morris University and serves on the finance and government committees.

David S. Bemoras has been Vice President Operations since August 2008. From 1997 to July 2008, Mr. Bemoras served as Vice President of Sales and Marketing for Communications Supply Corporation, a telecommunications company that we acquired in November 2006.

Andrew J. Bergdoll has been Vice President Operations since December 2007. From March 2005 through December 2007, Mr. Bergdoll served as President for Liberty Wire & Cable, Inc. a subsidiary of Communications Supply Corporation. From 2001 to March 2005, Mr. Bergdoll served as Senior Vice President of USFilter, a subsidiary of Siemens AG.

Daniel A. Brailer has been Vice President, Treasurer, Legal and Investor Relations since May 2006 and previously was Treasurer and Director of Investor Relations since March 1999. From 1989 to 1999, Mr. Brailer held various

positions at Mellon Financial Corporation, most recently as Senior Vice President.

William E. Cenk has been Vice President, Operations since April 2006. Mr. Cenk served as the Director of Marketing for us from 2000 to 2006. In addition, Mr. Cenk served in various leadership positions for our National Accounts and Marketing groups from 1994 through 1999.

Allan A. Duganier has been Director of Internal Audit since January 2006. Mr. Duganier served as the Corporate Operations Controller from 2001 to 2006 and was the Industrial/Construction Group Controller from 2000 to 2001.

James R. Griffin has been Vice President, Operations since February 2008. Mr. Griffin served as President of GROHE Americas from July 2006 to November 2007 and he served from 2001 to January 2006 as President and General Manger of Specialty Construction Brands.

Table of Contents

Timothy A. Hibbard has been Corporate Controller since July 2006. Mr. Hibbard served as Corporate Controller at Kennametal Inc. from 2002 to 2006. From 2000 to February 2002, Mr. Hibbard served as Director of Finance of the Advanced Materials Solutions Group of Kennametal, Inc., and he served from 1998 to September 2000 as Vice President and Controller of Greenfield Industries, Inc., a subsidiary of Kennametal, Inc.

Robert J. Powell has been Vice President, Human Resources since September 2007. Mr. Powell served from 2001 to September 2007 as Vice President, Human Resource Operations and Workforce Planning of Archer Daniels Midland Company. From 2000 to 2001, Mr. Powell served as Vice President, Human Resources-Southeast of AT&T Broadband, and he served from 1999 to 2000 as Corporate Vice President Human Resources of Porex Corporation.

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

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

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

Item 1A. Risk Factors.

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

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

As of December 31, 2008, we had $1.1 billion of consolidated indebtedness, including $150 million in aggregate principal amount of 7.50% Senior Subordinated Notes due 2017 (the 2017 Notes), $150 million in aggregate principal amount of 2.625% Convertible Senior Debentures due 2025 (the 2025 Debentures), and $300 million in aggregate principal amount of 1.75% Convertible Senior Debentures due 2026 (the 2026 Debentures and together with the 2025 Debentures, the Debentures), and stockholders equity of $732.0 million. We and our subsidiaries may undertake additional borrowings in the future, subject to certain limitations contained in the instruments governing our indebtedness. These amounts include our revolving credit facility and accounts receivable securitization facility (the Receivables Facility), through which we sell up to $500 million of our accounts receivable to a third-party conduit.

Our debt service obligations have important consequences, including but not limited to the following:

- a substantial portion of cash flow from our operations will be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available for operations, future business opportunities and acquisitions and other purposes, and increasing our vulnerability to adverse general economic and industry conditions;
- our ability to obtain additional financing in the future may be limited;
- we may be hindered in our ability to adjust rapidly to changing market conditions; and
- we may be required to incur additional interest due to the contingent interest features of the Debentures, which are embedded derivatives.

Our ability to make scheduled payments of principal and interest on our debt, refinance our indebtedness, make scheduled payments on our operating leases, fund planned capital expenditures or to finance acquisitions will depend on our future performance, which, to a certain extent, is subject to economic, financial, competitive and other factors beyond our control. There can be no assurance that our business will continue to generate sufficient cash flow from operations in the future to service our debt, make necessary capital expenditures or meet other cash needs. If unable to do so, we may be required to refinance all or a portion of our existing debt, to sell assets or to obtain additional financing.

Our Receivables Facility has a three-year term and is subject to renewal in May 2010. There can be no assurance that available funding or any sale of assets or additional financing would be possible at the time of renewal in amounts or terms favorable to us, if at all.

Over the next three years, we are obligated to repay approximately $305.2 million of indebtedness, of which $295.0 million is related to our Receivables Facility, $5.1 million is related to capital leases, $4.7 million is related to our mortgage credit facility, and $0.4 million is related to notes payable associated with acquisitions. See Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Table of Contents

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

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

incur additional debt or issue guarantees;

create liens;

make certain investments;

enter into transactions with our affiliates;

sell certain assets;

make capital expenditures;

redeem capital stock or make other restricted payments;

declare or pay dividends or make other distributions to stockholders; and

merge or consolidate with any person.

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

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

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

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

Provisions of the Debentures could discourage an acquisition of the Company 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 will 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 an 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.

Table of Contents

Adverse conditions in the global economy and disruptions of financial markets could negatively impact our results of operations.

Our results of operations are affected directly by the level of business activity of our customers, which in turn is affected by global economic and market factors impacting the industries and markets that they serve. The financial markets and overall economies in the United States and abroad are currently undergoing a period of significant uncertainty and volatility. Economic slowdowns in certain markets or an extension of the current credit crisis to additional industries, particularly in the United States, may adversely impact overall demand for our products, which could have a negative effect on our revenues. Further, there can be no assurance that any governmental responses to recent disruptions in the financial markets ultimately will stabilize the markets or increase our customers liquidity or the availability of credit to our customers. In addition, our ability to access the capital markets may be severely restricted due to market volatility at a time when we would like, or need, to do so, which could have an impact on our flexibility to react to changing economic and business conditions. The global financial crisis also may have an impact on our business and financial condition in ways that we currently cannot predict. As a result, there can be no assurance that global economic and market conditions will not adversely impact our results of operations, cash flow or financial position in the future.

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

Significant contraction in the construction and industrial markets, coupled with tightened credit availability and financial institution underwriting standards, could adversely affect certain of our customers. Should one or more of our larger customers declare bankruptcy, it could adversely affect the collectibility of our accounts receivable, bad debt reserves and net income.

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

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

An increase in competition could decrease sales or earnings.

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

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

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

Most of our agreements with suppliers are terminable by either party on 60 days notice or less. Our ten largest suppliers in 2008 accounted for approximately 34% of our purchases for the period. Our largest supplier in 2008 was Eaton Corporation, through its Eaton Electrical division, accounting for approximately 12% of our purchases. The loss of, or a substantial decrease in the availability of, products from any of these suppliers, or the loss of key preferred supplier agreements, could have a material adverse effect on our business. Supply interruptions could arise from shortages of raw materials, labor disputes or weather conditions affecting products or shipments, transportation disruptions, or other reasons beyond our control. In addition, certain of our products, such as wire and conduit, are

commodity-price-based products and may be subject to significant price fluctuations which are beyond our control. An interruption of operations at any of our distribution centers could have a material adverse effect on the operations of branches served by the affected distribution center. Furthermore, we cannot be certain that particular products or product lines will be available to us, or available in quantities sufficient to meet customer demand. Such limited product access could cause us to be at a competitive disadvantage.

Table of Contents

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

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

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

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

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

As of December 31, 2008, our combined goodwill and intangible assets amounted to $951.5 million, net of accumulated amortization. To the extent we do not generate sufficient cash flows to recover the net amount of any investments in goodwill and other intangible assets recorded, the investment could be considered impaired and subject to write-off. We expect to record further goodwill and other intangible assets as a result of future acquisitions we may complete. Future amortization of such other intangible assets or impairments, if any, of goodwill or intangible assets would adversely affect our results of operations in any given period.

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

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

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

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

There may be future dilution of our common stock.

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

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

Stock markets have experienced significant price and trading volume fluctuations, and the market prices of companies in our industry have been volatile. In recent months, volatility and disruption have reached unprecedented levels. For some issuers, the markets have exerted downward pressure on stock prices and credit capacity. 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 global economic, financial and other factors.

Future sales of our common stock in the public market or 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.

Table of Contents

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We have approximately 400 branches, of which approximately 340 are located in the United States, approximately 50 are located in Canada and the remainder are located in Mexico, the United Kingdom, Nigeria, United Arab Emirates, Singapore, Australia and China. Approximately 20% of our branches are owned facilities, and the remainder are leased.

The following table summarizes our distribution centers:

Location	Square Feet	Leased/Owned
Warrendale, PA	194,000	Owned
Sparks, NV	131,000	Leased
Byhalia, MS	148,000	Owned
Little Rock, AR	100,000	Leased
Dorval, QE	90,000	Leased
Burnaby, BC	65,000	Owned
Edmonton, AB	101,000	Leased

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

Item 3. Legal Proceedings.

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

We are a co-defendant in a lawsuit filed in a state court in Indiana in which a customer alleges that we sold defective products manufactured or remanufactured by others and is seeking monetary damages in the amount of $52 million. We have denied any liability, believe that we have meritorious defenses and intend to vigorously defend ourself against these allegations.

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

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

No matters were submitted to a vote of our security holders during the fourth quarter of 2008.

Table of Contents

PART II

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

Market, Stockholder and Dividend Information. Our common stock is listed on the New York Stock Exchange under the symbol WCC. As of February 25, 2009, there were 42,221,633 shares of common stock outstanding held by approximately 35 holders of record. We have not paid dividends on the common stock and do not presently plan to pay dividends in the foreseeable future. It is currently expected that earnings will be retained and reinvested to support business growth, share repurchases or debt reduction. In addition, our revolving credit facility and the indenture governing the 2017 Notes restrict our ability to pay dividends. See Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. The following table sets forth the high and low sales prices per share of our common stock, as reported on the New York Stock Exchange, for the periods indicated.

	Sales Prices	
Quarter	**High**	**Low**
2007		
First	$69.67	$56.76
Second	66.59	59.82
Third	64.40	37.65
Fourth	51.00	37.94
2008		
First	$43.59	$31.01
Second	46.51	36.50
Third	40.38	31.24
Fourth	31.90	11.00

Purchases of Equity Securities. No repurchases of our common stock were made during the fourth quarter of our fiscal year ended December 31, 2008.

Table of Contents

Item 6. Selected Financial Data.

Selected financial data and significant events related to the Company s financial results for the last five fiscal years are listed below. The financial data should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in Item 8 and with Management s Discussion and Analysis of Financial Condition and Results of Operations, included in Item 7.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(Dollars in millions, except share data)				
Income Statement Data: [1]					
Net sales	$ 6,110.8	$ 6,003.5	$ 5,320.6	$ 4,421.1	$ 3,741.3
Cost of goods sold	4,904.2	4,781.4	4,234.1	3,580.4	3,029.2
Selling, general and administrative expenses	834.3	791.1	692.9	612.8	544.5
Depreciation and amortization	26.7	36.8	28.7	18.6	18.1
Income from operations	345.6	394.2	364.9	209.3	149.5
Interest expense, net	50.1	63.2	24.6	30.2	40.8
Loss on debt extinguishment [2]				14.9	2.6
Other (income) expense[3]	(9.4)		22.8	13.3	6.6
Income before income taxes	304.9	331.0	317.5	150.9	99.5
Provision for income taxes[4]	92.2	90.4	100.2	47.4	34.6
Net income	$ 212.7	$ 240.6	$ 217.3	$ 103.5	$ 64.9
Earnings per common share					
Basic	$ 5.02	$ 5.27	$ 4.46	$ 2.20	$ 1.55
Diluted	$ 4.91	$ 4.99	$ 4.14	$ 2.10	$ 1.47
Weighted average common shares outstanding					
Basic	42,357,748	45,699,537	48,724,343	47,085,524	41,838,034
Diluted	43,305,725	48,250,329	52,463,694	49,238,436	44,109,153
Other Financial Data: [1]					
Capital expenditures	$ 35.3	$ 16.1	$ 18.4	$ 14.2	$ 12.1
Net cash provided by operating activities	279.9	262.3	207.1	295.1	21.9
Net cash provided (used) by investing activities	16.4	(48.0)	(555.9)	(291.0)	(46.3)
Net cash (used) provided by financing activities	(265.0)	(212.6)	400.1	(17.0)	30.7
Balance Sheet Data:					
Total assets	$ 2,721.0	$ 2,859.9	$ 2,824.0	$ 1,651.2	$ 1,356.9
Total debt (including current portion and short-term debt)	1,140.8	1,316.3	1,140.3	403.6	417.6

Long-term obligations[5]				4.3	2.0
Stockholders equity	732.0	608.5	763.2	491.5	353.6

(1) Reflects the impact of acquisitions completed in 2008, 2007, 2006 and 2005.

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

(3) In 2008, represents income from the LADD joint venture. See Note 9 to the consolidated financial statements. In 2006 and prior years, represents costs relating to the sale of accounts receivable pursuant to our Receivables Facility. Prior to the amendment and restatement of the Receivables Facility, interest expense and other costs related to the facility were recorded as other expense in the consolidated

statement of income. See Note 6 to the consolidated financial statements.

(4) A benefit of $8.5 million from the reversal of a valuation allowance against the net deferred tax asset in 2007 resulted in an unusually low provision for income taxes. In addition, in 2008, 2007 and 2006 the provision for income taxes includes a tax benefit of $20.1 million, $21.2 million and $10.0 million respectively, from the recapitalization of our Canadian operations.

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

Table of Contents

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto included in Item 8 of this Annual Report on Form 10-K.

Company Overview

In 2008, we expanded and strengthened our organization and talent base, completed an acquisition, and executed new initiatives to reduce costs. Our financial results reflect sales growth in our served markets, along with the positive impact of higher commodity prices, favorable exchange rates, hurricane restoration activity and the acquisitions completed in the latter half of 2007. Additionally, in January 2008 we completed a transaction in which we divested 60% of our LADD operations resulting in a joint venture in which we own a 40% interest. Sales increased $107.4 million or 1.8% over the prior year. Last year s comparable period included sales of $99.6 million related to the LADD operations. Higher commodity prices, favorable exchange rates and hurricane restoration activity also contributed to the higher revenues. Cost of goods sold as a percentage of net sales was 80.3% and 79.6% in 2008 and 2007, respectively. Operating income decreased 12.3% to $345.7 million primarily from the partial divestiture of our LADD operations. The combination of all these factors led to net income of $212.7 million, a decrease of 11.6% over the prior year. Diluted earnings per share was $4.91 in 2008, compared with $4.99 in 2007.

Our end markets consist of industrial, construction, utility and commercial, institutional and governmental customers. Our sales to these markets can be categorized as stock, direct ship and special order. Stock orders are filled directly from existing inventory and represent approximately 47% of total sales. Approximately 42% of our total sales are direct ship sales. Direct ship sales are typically custom-built products, large orders or products that are too bulky to be easily handled and, as a result, are shipped directly to the customer from the supplier. Special orders are for products that are not ordinarily stocked in inventory and are ordered based on a customer s specific request. Special orders represent the remainder of total sales.

We have historically financed our working capital requirements, capital expenditures, acquisitions, share repurchases and new branch openings through internally generated cash flow, borrowings under our credit facilities and funding through our Receivables Facility.

Cash Flow

We generated $279.9 million in operating cash flow during 2008. Included in this amount was net income of $212.7 million. Investing activities in 2008 included proceeds of $60.0 million related to our recent divestiture, and capital expenditures of $35.3 million. Financing activities during 2008 consisted of borrowings and repayments of $898.9 million and $888.7 million, respectively, related to our revolving credit facility, net repayments of $185.0 million related to our Receivables Facility and stock repurchases of $78.9 million.

Financing Availability

As of December 31, 2008, we had $119.4 million in total available borrowing capacity under our revolving credit facility, of which $55.9 million is the U.S. sub-facility borrowing limit and $63.5 million, is the Canadian sub-facility borrowing limit. We had $205.0 million available under our Receivables Facility. The revolving credit facility does not mature until November 1, 2013, and the Receivables Facility matures on May 9, 2010. In addition, our 2025 Debentures and 2026 Debentures cannot be redeemed or repurchased until 2010 and 2011, respectively. We increased our cash by $14.0 million to $86.3 million, after taking into account $74.8 million of share repurchases and $35.3 million of capital expenditures. We monitor the depository institutions that hold our cash and cash equivalents on a regular basis, and we believe that we have placed our deposits with creditworthy financial institutions. For further discussions refer to Liquidity and Capital Resources.

Outlook

We believe that acquisitions and improvements in operations and our capital structure made in 2006, 2007 and 2008 have positioned us well for 2009. We continue to see macroeconomic data and input from internal sales management, customers and suppliers that suggest activity levels in our major end markets will be significantly weaker than that experienced in 2008. Despite anticipated weakness, we believe that there are opportunities in all our end markets, and that we are well positioned to participate in these large fragmented markets. Our strong market position, broad portfolio of products and services and extensive information technology platform, combined with our continued focus on margin, productivity improvement, and selling and marketing initiatives, should provide us with a

competitive advantage and enable us to perform at an above market rate throughout 2009.

Table of Contents

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

Allowance for Doubtful Accounts

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

Excess and Obsolete Inventory

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

Supplier Volume Rebates

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

Goodwill and Indefinite Life Intangible Assets

We test goodwill and indefinite life intangible assets for impairment annually during the fourth quarter using information available at the end of September, or more frequently when events or circumstances occur indicating that their carrying value may not be recoverable. The evaluation of impairment involves comparing the current fair value of goodwill to the recorded value. We estimate fair value using discounted cash flow analyses, which involves considerable management judgment. Assumptions used for these estimated cash flows are based on a combination of historical results, current internal forecasts, recent economic events and fluctuations in our stock price. For our most significant reporting units, two primary assumptions were an average long-term revenue growth ranging from 2.2% to 6.4% depending on the end market served and a discount rate of 8.0%. Our recent large acquisitions are most sensitive

to changes in assumptions.

A possible indicator of impairment is the relationship of a company s market capitalization to its book value. As of December 31, 2008 our market capitalization exceeded our book value. The persistence or further acceleration of the recent downturn in global economic conditions and turbulence in financial markets could have a further negative impact on our market capitalization and/or financial performance. We cannot predict certain events that could adversely affect the reported value of goodwill and trademarks, which totaled $900.7 million and $970.6 million at December 31, 2008 and 2007, respectively.

Intangible Assets

We account for certain economic benefits purchased as a result of our acquisitions, including customer relations, distribution agreements and trademarks, as intangible assets. Except for trademarks, which have an indefinite life, we amortize intangible assets over a useful life determined by the expected cash flows produced by such intangibles and their respective tax benefits. Useful lives vary between 3 and 19 years, depending on the specific intangible asset.

Insurance Programs

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

Table of Contents

Income Taxes

We account for income taxes under the provisions of SFAS No. 109, *Accounting for Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and the tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

We record our deferred tax assets at amounts that are expected to be realized. We evaluate future taxable income and potential tax planning strategies in assessing the potential need for a valuation allowance. Should we determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

We account for uncertainty in income taxes under FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We frequently review tax issues and positions taken on tax returns to determine the need and amount of contingency reserves necessary to cover any probable audit adjustments.

Stock-Based Compensation

Our stock-based employee compensation plans are comprised of fixed non-qualified stock options and stock-settled stock appreciation rights. Beginning January 1, 2006, we adopted SFAS No. 123 (revised 2004) (SFAS 123R), *Share-Based Payment*, using the modified prospective method. Stock options awarded prior to 2006 were accounted for using the measurement provisions of SFAS No. 123 (SFAS 123), *Accounting for Stock-Based Compensation*.

Under SFAS 123R, compensation cost for all stock-based awards is measured at fair value on date of grant and compensation cost is recognized, net of estimated forfeitures, over the service period for awards expected to vest. The fair value of stock-based awards is determined using the Black-Scholes valuation model. Expected volatilities are based on historical volatility of our common stock. We estimate the expected life of the option or stock settled appreciation right using historical data pertaining to option exercises and employee terminations. The risk-free rate is based on the U.S. Treasury yields in effect at the time of grant. The forfeiture assumption is based on our historical employee behavior, which we review on an annual basis. No dividends are assumed.

Results of Operations

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

	Year Ended December 31		
	2008	**2007**	**2006**
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	80.3	79.6	79.6
Selling, general and administrative expenses	13.7	13.2	13.0
Depreciation and amortization	0.4	0.6	0.5
Income from operations	5.6	6.6	6.9
Interest expense	0.8	1.1	0.5
Other (income) expense	(0.2)	0.0	0.4
Income before income taxes	5.0	5.5	6.0
Provision for income taxes	1.5	1.5	1.9
Net income	3.5%	4.0%	4.1%

2008 Compared to 2007

Net Sales. Sales in 2008 increased 1.8% to $6,110.8 million, compared with $6,003.5 million in 2007, primarily as a result of higher commodity prices, acquisitions completed in the second half of 2007, favorable exchange rates, and hurricane restoration activity. These increases were partially offset by the absence of $99.6 million of sales recognized in 2007 for the LADD operations.

Cost of Goods Sold. Cost of goods sold increased 2.6% in 2008 to $4,904.2 million, compared with $4,781.3 million in 2007 and cost of goods sold as a percentage of net sales was 80.3% in 2008 versus 79.6% in 2007. The cost of goods sold percentage increased due to the divestiture of the LADD operations, lower stock margins and a higher mix of direct ship sales.

Table of Contents

Selling, General and Administrative (SG&A) Expenses. SG&A expenses include costs associated with personnel, shipping and handling, travel, advertising, facilities, utilities and bad debts. SG&A expenses increased by $43.1 million, or 5.5%, to $834.3 million in 2008. As a percentage of net sales, SG&A expenses increased to 13.7% of sales, compared with 13.2% in 2007, reflecting an increase in sales personnel, recent acquisitions, the increase in bad debt expense, the impact of foreign currency transactions, and the loss recognized for the divestiture of our LADD operations. SG&A payroll expenses for 2008 of $563.1 million increased by $9.7 million compared to 2007. Contributing to the increase in payroll expenses was the increase in salaries and wages of $15.1 million partially offset by the decrease in temporary labor costs of $4.0 million and the decrease in healthcare and benefit costs of $2.7 million due to the decrease in discretionary benefit costs. Other SG&A payroll related costs increased by $1.3 million. Bad debt expense increased to $10.1 million in 2008, compared with $2.2 million for 2007, due to an increase in customer defaults and collection issues. Included in this year s SG&A expenses were charges of $4.1 million for foreign currency transactions and $3.0 million for the partial sale of the LADD operations. Last years comparable period included a gain of $7.2 million related to foreign currency transactions. Rent and insurance increased by $5.7 million in 2008 to $49.2 million primarily as a result of one-time costs incurred related to branch closures.

Depreciation and Amortization. Depreciation and amortization decreased $10.0 million to $26.7 million in 2008, compared with $36.7 million in 2007. The decrease in depreciation and amortization related to the LADD divestiture was $6.2 million. The remaining decrease is primarily due to a change in the depreciation policy for internally developed software.

Income from Operations. Income from operations decreased by $48.6 million, or 12.3%, to $345.7 million in 2008, compared with $394.2 million in 2007. The decrease in operating income was primarily attributable to the recent divestiture.

Interest Expense. Interest expense totaled $50.1 million in 2008, compared with $63.2 million in 2007, a decrease of 20.8%. Interest expense was impacted by the reduction in interest rates and the decrease in debt.

Other Income. Other income totaled $9.4 million for 2008. As a result of selling a majority interest in our LADD operations, the investment in the new joint venture is accounted for on an equity basis, and earnings are reported as other income in the consolidated statement of income. There was no other income recorded in 2007.

Income Taxes. Our effective income tax rate increased to 30.3% in 2008, compared with 27.3% in 2007, primarily as a result of a one-time benefit recognized in 2007 related to the reversal of a valuation allowance against deferred tax assets for tax net operating loss carryforwards.

Net Income. Net income and diluted earnings per share on a consolidated basis totaled $212.7 million and $4.91 per share, respectively, in 2008, compared with $240.6 million and $4.99 per share, respectively, in 2007.

2007 Compared to 2006

Net Sales. Sales in 2007 increased 12.8% to $6,003.5 million, compared with $5,320.6 million in 2006, primarily as a result of acquisitions and sales productivity initiatives. Sales from our recent acquisitions were $599.1 million and accounted for the majority of the sales increase. Sales in 2007 also benefited from favorable foreign currency exchange rates.

Cost of Goods Sold. Cost of goods sold increased 12.9% in 2007 to $4,781.3 million, compared with $4,234.1 million in 2006 and cost of goods sold as a percentage of net sales was 79.6% in 2007 and 2006. The cost of goods sold was positively impacted by lower cost of goods sold as a percentage of net sales from the acquisition completed in the fourth quarter of 2006, offset by an unfavorable sales mix and the absence of $18.4 million of commodity based pricing inventory benefits realized in last year s comparable period.

Selling, General and Administrative Expenses. SG&A expenses include costs associated with personnel, shipping and handling, travel, advertising, facilities, utilities and bad debts. SG&A expenses increased by $98.3 million, or 14.2%, to $791.1 million in 2007. As a percentage of net sales, SG&A expenses increased to 13.2% of sales, compared with 13.0% in 2006, reflecting the impact of the recent acquisitions and a legal settlement in the first quarter of 2007, partially offset by foreign currency transaction gains. SG&A payroll expenses for 2007 of $553.4 million increased by $59.6 million compared to 2006, which in the aggregate was less than the $60.0 million increase that resulted from the recent acquisitions. Contributing to the remaining change in payroll expenses was the decrease in temporary labor costs of $4.0, the decrease in healthcare and benefit costs of $3.0 million driven by the decrease in

discretionary benefit costs, and the decrease in other SG&A related payroll expenses of $0.5 million. These decreases were offset by an increase in salaries and variable commission costs of $4.4 million and an increase in stock-based compensation costs of $2.7 million. Bad debt expense decreased to $2.2 million in 2007, compared with $3.8 million for 2006, reflecting increased scrutiny relative to credit advances and the account receivable collection process. Shipping and handling expenses included in SG&A expenses was $62.0 million in 2007, compared with $48.9 million in 2006. The $13.1 million increase in shipping and handling expenses was due to the recent acquisitions and the continued increase in transportation and fuel costs.

Depreciation and Amortization. Depreciation and amortization increased $8.1 million to $36.8 million in 2007, compared with $28.7 million in 2006. The increase in depreciation and amortization related to acquisitions completed in 2006 and 2007 was $5.7 million. Depreciation from operations excluding acquisitions, increased by $2.4 million compared to 2006 primarily as a result of increased capital expenditures.

Income from Operations. Income from operations increased by $29.2 million, or 8.0%, to $394.2 million in 2007, compared with $365.0 million in 2006. The increase in operating income was primarily attributable to higher sales, cost containment initiatives and foreign currency transaction gains.

Table of Contents

Interest Expense. Interest expense totaled $63.2 million in 2007, compared with $24.6 million in 2006, an increase of 157%. This increase is primarily due to the amendment and restatement of the Receivables Facility in December 2006, which required the reclassification of expenses related to the facility. Prior to December 2006, interest expense and other costs related to the Receivables Facility were recorded as other expense in the consolidated statement of income. Interest expense and other costs related to the Receivables Facility totaled $28.3 million in 2007, compared to $22.8 million in 2006. The 24.1% increase was primarily attributable to elevated borrowings under the Receivable Facility to fund our share repurchase program. Also contributing to the increase in interest expense was the increase in borrowings under the revolving credit facility to fund the share repurchase program, the issuance of the 2026 Debentures in November 2006, and the increase in interest rates.

Other Expenses. There was no other expense recorded in 2007, a decrease of $22.8 million from last year s comparable period. As mentioned above, cost associated with the Receivables Facility are no longer classified as other expense.

Income Taxes. Our effective income tax rate decreased to 27.3% in 2007, compared with 31.6% in 2006, primarily as a result of a one time benefit related to the reversal of a valuation allowance against deferred tax assets for tax net operating loss carryforwards. Also contributing to the decrease were non-recurring benefits related to export tax incentives and a change in foreign deferred income taxes.

Net Income. Net income and diluted earnings per share on a consolidated basis totaled $240.6 million and $4.99 per share, respectively, in 2007, compared with $217.3 million and $4.14 per share, respectively, in 2006.

Liquidity and Capital Resources

Total assets were $2.7 billion at December 31, 2008, compared to approximately $2.9 billion at December 31, 2007. The $138.9 million decrease in total assets was principally attributable to the LADD divestiture and the decrease in accounts receivable and inventory due to the decrease in sales activity during the latter half of the fourth quarter. Total liabilities at December 31, 2008 compared to December 31, 2007 decreased by $262.4 million to $2.0 billion. Contributing to the decrease in total liabilities was the decrease in short-term and long-term debt of $175.5 million; a decrease in accounts payable of $54.5 million due to reduced purchasing activity; and a decrease in bank overdrafts of $28.6 million. Stockholders equity increased by 20.3% to $732.0 million at December 31, 2008, compared with $608.5 million at December 31, 2007, primarily as a result of net earnings of $212.7 million and benefits of $16.9 million from the exercise of stock options and $12.9 million from stock-based compensation expense. These increases were partially offset by stock repurchases, which totaled $74.8 million for 2008 and foreign currency translation adjustments of $44.2 million.

The following table sets forth our outstanding indebtedness:

	As of December 31,	
	2008	2007
	(In thousands)	
Accounts receivable securitization facility	$ 295,000	$ 480,000
Mortgage financing facility	42,275	43,638
Revolving credit facility	197,500	187,300
7.50% Senior Subordinated Notes due 2017	150,000	150,000
2.625% Convertible Senior Debentures due 2025	150,000	150,000
1.75% Convertible Senior Debentures due 2026	300,000	300,000
Acquisition related notes	438	552
Capital leases	5,538	4,797
Total debt	1,140,751	1,316,287
Less current portion	(3,823)	(2,676)
Less short-term debt	(295,000)	(502,300)
Total long-term debt	$ 841,928	$ 811,311

Table of Contents

The required annual principal repayments for all long-term debt as of December 31, 2008 is set forth in the following table:

(In thousands)	
2010	$ 3,434
2011	2,939
2012	2,075
2013	233,430
Thereafter	600,050
	$ 841,928

Our liquidity needs arise from fluctuations in our working capital requirements, capital expenditures, share repurchases, acquisitions and debt service obligations. As of December 31, 2008, we had $119.4 million in available borrowing capacity under our revolving credit facility, which combined with our $205.0 million of available borrowing capacity under our Receivables Facility and our invested cash provides us with liquidity of $382.2 million. We believe cash provided by operations and financing activities will be adequate to cover our current operational and business needs.

The worldwide financial turmoil has had significant impacts on global credit markets. We communicate on a regular basis with our lenders regarding our financial and working capital performance and liquidity position. We are in compliance with all covenants and restrictions contained in our debt agreements as of December 31, 2008. In addition, in October of 2008 Moody s Investor Services and Standard & Poor s affirmed our credit ratings and stable outlook.

Over the next several quarters we expect to maintain working capital productivity, and it is expected that excess cash will be directed primarily at debt reduction. Our near term focus will be on our cost structure, right sizing of the business and maintaining ample liquidity and credit availability. We anticipate capital expenditures to decrease in 2009 by approximately $19.0 million from 2008 capital expenditures of $35.3 million. We believe our balance sheet and ability to generate ample cash flow provides us with a durable business model and should allow us to fund expansion needs and growth initiatives in this time of economic contraction while maintaining targeted levels of leverage. To the extent that operating cash flow is materially lower than current levels or external financing sources are not available on terms competitive with those currently available, including increases in interest rates, future liquidity may be adversely affected.

We finance our operating and investing needs as follows:

Accounts Receivable Securitization Facility

We maintain a $500 million Receivables Facility that has a three year term and is subject to renewal in May 2010. Under the Receivables Facility, we sell, on a continuous basis, an undivided interest in all domestic accounts receivable to WESCO Receivables Corporation, a wholly owned SPE. The SPE sells, without recourse, a senior undivided interest in the receivables to third-party conduits and financial institutions for cash while maintaining a subordinated undivided interest in a portion of the receivables, in the form of overcollateralization. We have agreed to continue servicing the sold receivables for the third-party conduits and financial institutions at market rates; accordingly, no servicing asset or liability has been recorded.

Prior to December 2006, we accounted for transfers of receivables pursuant to the Receivables Facility as a sale and removed them from the consolidated balance sheet. In December 2006, the Receivables Facility was amended and restated such that we effectively maintain control of receivables transferred pursuant to the Receivables Facility; therefore the transfers no longer qualify for sale treatment under SFAS No. 140. As a result, all transfers are accounted for as secured borrowings and the receivables sold pursuant to the Receivables Facility are included on the balance sheet as trade receivables, along with our retained subordinated undivided interest in those receivables. In accordance with EITF 02-09, *Accounting for Changes that Result in a Transferor Regaining Control of Financial Assets Sold,* we recognized a pre-tax gain of $2.4 million during the first quarter of 2007.

As of December 31, 2008 and 2007, accounts receivable eligible for securitization totaled approximately $602.9 million and $604.0 million, respectively. The consolidated balance sheets as of December 31, 2008 and 2007 reflect $295.0 million and $480.0 million, respectively, of account receivable balances legally sold to third parties, as well as the related borrowings for equal amounts. The outstanding borrowings are classified as short-term debt in the consolidated balance sheet because under certain conditions the third party conduits and financial institutions may require us to repay all or a portion of the outstanding amount. We are in the process of reviewing the Receivables Facility with the expectation of renewing the current facility with an amended and restated facility with a three-year term.

Prior to the amendment and restatement, interest expense and other costs related to the Receivables Facility were recorded as other expense in the consolidated statement of income. At December 31, 2008, the interest rate on borrowings under this facility was approximately 3.3%.

Table of Contents

Mortgage Financing Facility

In 2003, we finalized a mortgage financing facility of $51.0 million, $42.3 million of which was outstanding as of December 31, 2008. Total borrowings under the mortgage financing facility are subject to a 22-year amortization schedule, with a balloon payment due at the end of the 10-year term. The interest rate on borrowings under this facility is fixed at 6.5%.

Revolving Credit Facility

At December 31, 2008, the aggregate borrowing capacity under our revolving credit facility was $375 million. The revolving credit facility consists of two separate sub-facilities: (i) a U.S. sub-facility and (ii) a Canadian sub-facility and includes a letter of credit sub-limit of up to $55 million. The facility matures on November 1, 2013 and is collateralized by the inventory of WESCO Distribution and the inventory and accounts receivable of WESCO Distribution Canada, L.P. WESCO Distribution s obligations under the revolving credit facility have been guaranteed by WESCO International and by certain of WESCO Distribution s subsidiaries.

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

The above permitted transactions would also be allowed if such excess availability is between $25 million and $50 million and our fixed charge coverage ratio, as defined by the revolving credit agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if excess availability under the revolving credit facility is less than $60 million, then we must maintain a fixed charge coverage ratio of 1.1 to 1.0. At December 31, 2008, the interest rate was 1.7%. We were in compliance with all covenants and restrictions as of December 31, 2008.

During 2008, we borrowed $898.9 million in the aggregate under the revolving credit facility and made repayments in the aggregate amount of $888.7 million. During 2007, aggregate borrowings and repayments were $891.4 million and $801.1 million, respectively. At December 31, 2008, we had an outstanding balance under the facility of $197.5 million. We had $119.4 million available under the facility at December 31, 2008, after giving effect to outstanding letters of credit, as compared to $146.2 million at December 31, 2007.

7.50% Senior Subordinated Notes due 2017

At December 31, 2008, $150 million in aggregate principal amount of the 2017 Notes was outstanding. The 2017 Notes were issued by WESCO Distribution under an indenture dated as of September 27, 2005, with The Bank of New York, as successor to J.P. Morgan Trust Company, National Association, as trustee, and are unconditionally guaranteed on an unsecured senior basis by WESCO International, Inc. The 2017 Notes accrue interest at the rate of 7.50% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15.

At any time on or after October 15, 2010, WESCO Distribution may redeem all or a part of the 2017 Notes. Between October 15, 2010 and October 14, 2011, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 103.75% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 102.50% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 100% of the principal amount.

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

2.625% Convertible Senior Debentures due 2025

At December 31, 2008, $150 million in aggregate principal amount of the 2025 Debentures was outstanding. The 2025 Debentures were issued by WESCO International, Inc. under an indenture dated as of September 27, 2005, with The Bank of New York, as successor to J.P. Morgan Trust Company, National Association, as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The 2025 Debentures

accrue interest at the rate of 2.625% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15. Beginning with the six-month interest period commencing October 15, 2010, we also will pay contingent interest in cash during any six-month interest period in which the trading price of the 2025 Debentures for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the 2025 Debentures. During any interest period when contingent interest shall be payable, the contingent interest payable per $1,000 principal amount of 2025 Debentures will equal 0.25% of the average trading price of $1,000 principal amount of the 2025 Debentures during the five trading days immediately preceding the first day of the applicable six-month interest period. As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedge Activities*, the contingent interest feature of the 2025 Debentures is an embedded derivate that is not considered clearly and closely related to the host contract. The contingent interest component had no significant value at December 31, 2008 or December 31, 2007.

Table of Contents

The 2025 Debentures are convertible into cash and, in certain circumstances, shares of the Company s common stock at any time on or after October 15, 2023, or prior to October 15, 2023 in certain circumstances. The 2025 Debentures will be convertible based on an initial conversion rate of 23.8872 shares of common stock per $1,000 principal amount of the 2025 Debentures (equivalent to an initial conversion price of approximately $41.86 per share). The conversion rate and the conversion price may be adjusted under certain circumstances.

At any time on or after October 15, 2010, we may redeem all or part of the 2025 Debentures at a redemption price equal to 100% of the principal amount of the 2025 Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of 2025 Debentures may require us to repurchase all or a portion of their 2025 Debentures on October 15, 2010, October 15, 2015 and October 15, 2020 at a cash repurchase price equal to 100% of the principal amount of the 2025 Debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. If we undergo certain fundamental changes, as defined in the indenture governing the 2025 Debentures, prior to maturity, holders of 2025 Debentures will have the right, at their option, to require us to repurchase for cash some or all of their 2025 Debentures at a repurchase price equal to 100% of the principal amount of the 2025 Debentures being repurchased, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date.

1.75% Convertible Senior Debentures due 2026

At December 31, 2008, $300 million in aggregate principal amount of the 2026 Debentures was outstanding. The 2026 Debentures were issued by WESCO International under an indenture dated as of November 2, 2006, with The Bank of New York, as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The 2026 Debentures accrue interest at the rate of 1.75% per annum and are payable in cash semi-annually in arrears on each May 15 and November 15. Beginning with the six-month interest period commencing November 15, 2011, we also will pay contingent interest in cash during any six-month interest period in which the trading price of the 2026 Debentures for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the 2026 Debentures. During any interest period when contingent interest shall be payable, the contingent interest payable per $1,000 principal amount of 2026 Debentures will equal 0.25% of the average trading price of $1,000 principal amount of the 2026 Debentures during the five trading days immediately preceding the first day of the applicable six-month interest period. As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedge Activities*, the contingent interest feature of the 2026 Debentures is an embedded derivate that is not considered clearly and closely related to the host contract. The contingent interest component had no significant value at December 31, 2008 or December 31, 2007.

The 2026 Debentures are convertible into cash and, in certain circumstances, shares of the Company s common stock, $0.01 par value, at any time on or after November 15, 2024, or prior to November 15, 2024 in certain circumstances. The 2026 Debentures will be convertible based on an initial conversion rate of 11.3437 shares of common stock per $1,000 principal amount of the 2026 Debentures (equivalent to an initial conversion price of approximately $88.15 per share). The conversion rate and the conversion price may be adjusted under certain circumstances.

At any time on or after November 15, 2011, we may redeem all or a part of the 2026 Debentures at a redemption price equal to 100% of the principal amount of the 2026 Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of 2026 Debentures may require us to repurchase all or a portion of their 2026 Debentures on November 15, 2011, November 15, 2016 and November 15, 2021 at a cash repurchase price equal to 100% of the principal amount of the 2026 Debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. If we undergo certain fundamental changes, as defined in the indenture governing the 2026 Debentures, prior to maturity, holders of 2026 Debentures will have the right, at their option, to require us to repurchase for cash some or all of their 2026 Debentures at a repurchase price equal to 100% of the principal amount of the 2026 Debentures being repurchased, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date.

Covenant Compliance

We were in compliance with all relevant covenants contained in our debt agreements as of December 31, 2008.

Cash Flow

An analysis of cash flows for 2008 and 2007 follows:

Operating Activities. Cash provided by operating activities for 2008 totaled $279.9 million, compared with $262.3 million of cash generated in 2007. The increased level of cash flow is primarily attributable to net income of $212.7 million and adjustments to net income totaling $35.7; a decrease in accounts receivable and inventory of $28.4 million and $26.5 million, respectively, resulting from the decrease in sales activity during the latter half of the fourth quarter; a reduction in prepaid and other current assets of $7.6 million; and an increase in other current and noncurrent liabilities of $0.8 million. Primary uses of cash in 2008 were $31.2 million for the decrease in accounts payable due to the decrease in sales activity and $0.6 million for the decrease in accrued payroll and benefit costs. In 2007, primary sources of cash were net income of $240.6 million and adjustments to net income totaling $48.9 million; an increase in accounts payable of $19.4 million, resulting from the increase in the cost of sales; an increase in other current and noncurrent liabilities of $4.8 million; and a reduction in trade and other receivables of $4.5 million. Cash used by operating activities in 2007 included $33.6 million for the increase in inventory; $19.7 million for the decrease in accrued payroll and benefit costs; and $2.6 million for the increase in prepaid and other current assets.

Table of Contents

Investing Activities. Net cash provided by investing activities in 2008 was $16.4 million, compared with $48.0 million of net cash used in 2007. Included in 2008 were proceeds of $60.0 million for the partial divestiture of the LADD operations, and proceeds of $3.8 million for the sale of assets. Capital expenditures were $35.3 million and $16.1 million in 2008 and 2007, respectively. The increase in capital expenditures in 2008 is primarily due to facility and information technology improvements. In addition, expenditures of $12.1 million and $32.4 million in 2008 and 2007, respectively, were made pursuant to acquisition purchase agreements.

Financing Activities. Net cash used by financing activities in 2008 was $265.0 million, compared with $212.6 million of net cash used in 2007. During 2008, borrowings and repayments of long-term debt of $898.9 million and $888.7 million, respectively, were made to our revolving credit facility. Borrowings and repayments of $130.0 million and $315.0 million respectively, were applied to our Receivables Facility, and there were repayments of $1.4 million to our mortgage financing facility. During 2007, borrowings and repayments of long-term debt of $891.4 million and $801.1 million, respectively, were made to our revolving credit facility. Borrowings and repayments of $134.5 million and $45.0 million, respectively, were applied to our Receivables Facility, and there were repayments of $1.3 million to our mortgage financing facility. In addition, during 2008 and 2007, we purchased shares of our common stock under our share repurchase plan for approximately $74.8 million and $430.6 million, respectively. The exercise of stock-based compensation arrangements resulted in proceeds of $10.7 million and $6.0 million in 2008 and 2007, respectively.

Contractual Cash Obligations and Other Commercial Commitments

The following summarizes our contractual obligations, including interest, at December 31, 2008 and the effect such obligations are expected to have on liquidity and cash flow in future periods.

	2009	2010 to 2011	2012 to 2013	2014 After	Total
			(In millions)		
Contractual cash obligations (including interest):					
Long-term debt		6.4	235.5	600.1	842.0
Current and short-term debt	298.8				298.8
Interest on indebtedness[1]	33.9	49.7	49.5	160.4	293.5
Non-cancelable operating and capital leases	38.6	51.5	20.7	13.8	124.6
Other acquisition notes	0.1	0.3	0.1		0.5
Acquisition agreements	0.3	0.1	0.1		0.5
Severance charges	1.1				1.1
Total contractual cash obligations	$372.8	$108.0	$305.9	$774.3	$1,561.0

(1) Interest on the variable rate debt was calculated using the rates and balances outstanding at December 31, 2008.

Purchase orders for inventory requirements and service contracts are not included in the table above. Generally, our purchase orders and contracts contain clauses allowing for cancellation. We do not have significant agreements to purchase material or goods that would specify minimum order quantities. Also, we do not consider obligations to taxing authorities to be contractual obligations requiring disclosure due to the uncertainty surrounding the ultimate settlement and timing of these obligations. As such, we have not included $10.8 million of such liability in the table above.

Inflation

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

Seasonality

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

Table of Contents

Impact of Recently Issued Accounting Standards

In September 2006, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement applies whenever other accounting standards require or permit assets or liabilities to be measured at fair value but does not expand the use of fair value to new accounting transactions and does not apply to pronouncements that address share-based payment transactions. On February 12, 2008, the FASB issued FASB Staff Position (FSP) SFAS No. 157-2, Effective Date of SFAS No. 157. The FSP amends SFAS 157 to delay the effective date of SFAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually) to fiscal years beginning after November 15, 2008. Except for the delay for nonfinancial assets and liabilities, SFAS 157 was effective for fiscal years beginning after November 15, 2007. Consistent with its requirements, we adopted SFAS 157 for our financial assets and liabilities on January 1, 2008. Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, bank overdrafts and debt. We believe that the recorded values of our financial instruments, except for debt, approximate fair value because of their nature and respective duration. The partial adoption of SFAS 157 did not impact our financial position, results of operations, or cash flows. Nonfinancial assets and liabilities for which we have not applied the provisions of SFAS 157 include those measured at fair value in goodwill and indefinite lived intangible asset impairment testing, and assets acquired and liabilities assumed in a business combination. We have not yet conclusively determined the impact that the implementation of SFAS 157 will have on our non-financial assets and liabilities; however, we do not anticipate that it will have a significant impact on our financial position, results of operations or cash flows. In the event that we acquire a new business or have an impairment issue related to goodwill or indefinite lived intangible assets, the determination of fair value of the assets and liabilities will be subject to SFAS 157.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R) which establishes additional principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date fair value. SFAS 141R is designed to improve the relevance, representational faithfulness and comparability of the financial information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R applies prospectively to business combinations for which the acquisition date is in or after the beginning of the first annual reporting period beginning after December 15, 2008. Aside from the execution of a significant acquisition, we do not anticipate that the adoption of SFAS 141R will have an impact on our financial position, results of operations or cash flows.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3) which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assts* (SFAS 142), and requires additional disclosure. The objective of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other generally accepted accounting principles. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008 and shall be applied prospectively to intangible assets acquired after the effective date. We do not anticipate that the adoption of FSP FAS 142-3 will have an impact on our financial position, results of operations or cash flows.

In May 2008, the FASB issued FSP APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1) which requires an issuer of certain convertible debt instruments to separately account for the liability and equity components of convertible debt instruments in a manner that reflects the issuer s nonconvertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 and requires retrospective application to all periods presented during which any such convertible debt instruments were outstanding. FSP APB 14-1 will change the accounting treatment for our 2025 and 2026 Debentures and will result in an increase to non-cash interest reported in our historical financial statements as well as our future financial statements as long as we continue to have convertible debentures

outstanding. We estimate that the initial impact to the consolidated balance sheet (as of December 31, 2008) will be a decrease in long-term debt of approximately $252.5 million for the recognition of a debt discount, an aggregate increase in equity of approximately $146.3 million, and an increase in deferred income taxes for the basis differential related to long-term debt. The debt discount will be amortized to interest expense resulting in a $0.10- $0.12 decrease in earnings per share in the year of adoption.

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

Foreign Currency Risks

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

Table of Contents

Interest Rate Risk

Fixed Rate Borrowings: Approximately 57% of our debt portfolio is comprised of fixed rate debt. At various times, we have refinanced our debt to mitigate the impact of interest rate fluctuations. In 2005, we issued $150 million aggregate principal amount of our 2017 Notes at 7.5% and $150 million aggregate principal amount of our 2025 Debentures at 2.625%. In 2006, we issued additional fixed rate debt, which included $300 million aggregate principal amount of 2026 Debentures at 1.75%. As these borrowings were issued at fixed rates, interest expense would not be impacted by interest rate fluctuations, although market value would be. The aggregate fair value of these debt instruments was $391.2 million at December 31, 2008. Interest expense on our other fixed rate debt also would not be impacted by changes in market interest rates, and for this debt, fair value approximated carrying value (see note 6 to the consolidated financial statements).

Floating Rate Borrowings: Our variable rate borrowings at December 31, 2008 of $492.5 million include $295.0 million from the Receivables Facility and $197.5 million from the revolving credit facility. The fair value of these debt instruments at December 31, 2008 was approximately $284.4 million and $175.1 million, respectively. We borrow under our revolving credit facility for general corporate purposes, including working capital requirements and capital expenditures. During 2008, our average daily borrowing under the facility was $126.6 million. Borrowings under our facility bear interest at the applicable LIBOR or base rate and therefore we are subject to fluctuations in interest rates. Additionally, we borrow under our Receivables Facility, which bears interest at the 30 day commercial paper rate plus applicable margin. A 100 basis point increase or decrease in interest rates would not have a significant impact on future earnings under our current capital structure.

Table of Contents

Item 8. Financial Statements and Supplementary Data.

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

WESCO International, Inc.

	PAGE
Report of Independent Registered Public Accounting Firm	30
Consolidated Balance Sheets as of December 31, 2008 and 2007	31
Consolidated Statements of Income for the years ended December 31, 2008, 2007 and 2006	32
Consolidated Statements of Stockholders Equity for the years ended December 31, 2008, 2007 and 2006	33
Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006	34
Notes to Consolidated Financial Statements	35

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of WESCO International, Inc.,

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders equity and cash flows present fairly, in all material respects, the financial position of WESCO International, Inc. and its subsidiaries at December 31, 2008 and December 31, 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania

February 20, 2009

Table of Contents

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2008	**2007**
	(Dollars in thousands, except share data)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 86,338	$ 72,297
Trade accounts receivable, net of allowance for doubtful accounts of $19,665 and $17,418 in 2008 and 2007, respectively **(Note 6)**	791,356	844,514
Other accounts receivable	42,758	44,783
Inventories, net	605,678	666,027
Current deferred income taxes **(Note 10)**	2,857	4,026
Income taxes receivable	18,661	38,793
Prepaid expenses and other current assets	10,015	10,059
Total current assets	1,557,663	1,680,499
Property, buildings and equipment, net **(Note 5)**	119,223	104,119
Intangible assets, net **(Note 3)**	88,689	133,791
Goodwill **(Note 3)**	862,778	924,358
Investment in subsidiary **(Note 9)**	46,251	
Deferred income taxes	16,811	
Other assets	29,562	17,120
Total assets	$2,720,977	$2,859,887
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 571,832	$ 626,293
Accrued payroll and benefit costs **(Note 12)**	49,753	51,415
Short-term debt **(Note 6)**	295,000	502,300
Current portion of long-term debt **(Note 6)**	3,823	2,676
Bank overdrafts	30,367	58,948
Current deferred income taxes	1,516	
Other current liabilities	53,718	50,293
Total current liabilities	1,006,009	1,291,925
Long-term debt **(Note 6)**	841,928	811,311
Deferred income taxes **(Note 10)**	120,459	118,084
Other noncurrent liabilities	20,585	30,091
Total liabilities	$1,988,981	$2,251,411
Commitments and contingencies **(Note 14)**		
Stockholders Equity (Note 7 and 8):		

Preferred stock, $.01 par value; 20,000,000 shares authorized, no shares issued or outstanding		
Common stock, $.01 par value; 210,000,000 shares authorized, 55,788,620 and 54,663,418 shares issued and 42,239,962 and 43,144,032 shares outstanding in 2008 and 2007, respectively	557	546
Class B nonvoting convertible common stock, $.01 par value; 20,000,000 shares authorized, 4,339,431 shares issued in 2008 and 2007; no shares outstanding in 2008 and 2007	43	43
Additional capital	842,537	808,739
Retained earnings	497,485	284,794
Treasury stock, at cost; 17,888,089 and 15,858,817 shares in 2008 and 2007, respectively	(590,288)	(511,478)
Accumulated other comprehensive income	(18,338)	25,832
Total stockholders equity	731,996	608,476
Total liabilities and stockholders equity	$2,720,977	$2,859,887

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

Table of Contents

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	2008	**2007**	**2006**
	(In thousands, except share data)		
Net sales	$ 6,110,840	$ 6,003,452	$ 5,320,603
Cost of goods sold (excluding depreciation and amortization below)	4,904,164	4,781,336	4,234,079
Selling, general and administrative expenses	834,278	791,133	692,881
Depreciation and amortization	26,731	36,759	28,660
Income from operations	345,667	394,224	364,983
Interest expense, net	50,076	63,196	24,622
Other (income) expense **(Note 6 and 9)**	(9,352)		22,795
Income before income taxes	304,943	331,028	317,566
Provision for income taxes **(Note 10)**	92,252	90,397	100,246
Net income	$ 212,691	$ 240,631	$ 217,320
Earnings per share **(Note 11)**			
Basic	$ 5.02	$ 5.27	$ 4.46
Diluted	$ 4.91	$ 4.99	$ 4.14

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

Table of Contents

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

rs in thousands, except pe e data)	Comprehensive Income	Common Stock Amount	Common Stock Shares	Class B Common Stock Amount	Class B Common Stock Shares	Additional Capital	Retained Earnings (Deficit)	Retained Earnings Amount	Treasury Stock Shares	Accu O Compr Inc (L
ce, December 31, 2005		$ 518	51,790,725	$ 43	4,339,431	$ 707,407	$ (168,332)	$ (61,821)	(8,418,607)	$ 1
se of stock options, ng tax benefit of $34,966		20	1,999,193			50,807		(8,999)	(165,236)	
based compensation e						11,734				
come	$ 217,320						217,320			
ation adjustment	895									
ehensive income	$ 218,215									
ce, December 31, 2006		538	53,789,918	43	4,339,431	769,948	48,988	(70,820)	(8,583,843)	1
se of stock options, ng tax benefit of $18,360		8	873,500			24,395		(10,077)	(150,841)	
based compensation e						14,403				
ce of treasury stock						(7)		187	22,656	
on of FIN 48, net of tax							(4,825)			
repurchase program								(430,768)	(7,146,789)	
come	$ 240,631						240,631			
ation adjustment	11,302									1
ehensive income	$ 251,933									
ce, December 31, 2007		546	54,663,418	43	4,339,431	808,739	284,794	(511,478)	(15,858,817)	2
se of stock options, ng tax benefit of $10,193		11	1,125,202			20,904		(4,013)	(96,647)	
based compensation e						12,886				
ce of treasury stock						8		42	1,264	
repurchase program								(74,839)	(1,933,889)	
come	$ 212,691						212,691			
ation adjustment	(44,170)									(4
ehensive income	$ 168,521									
ce, December 31, 2008		$ 557	55,788,620	$ 43	4,339,431	$ 842,537	$ 497,485	$ (590,288)	(17,888,089)	$ (1

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

Table of Contents

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2008	2007	2006
		(In thousands)	
Operating Activities:			
Net income	$ 212,691	$ 240,631	$ 217,320
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,731	36,759	28,660
Stock option expense	12,886	14,403	11,734
Amortization of debt issuance costs	3,810	4,192	2,520
Gain on sale of property, buildings and equipment	(2,042)	(371)	(2,607)
Loss on sale of subsidiary	3,005		
Equity income, net of distributions in 2008 of $8,684	(668)		
Excess tax benefit from stock-based compensation	(10,193)	(18,360)	(34,966)
Interest related to uncertain tax positions	366	1,097	
Deferred income taxes	1,772	11,147	18,523
Changes in assets and liabilities:			
Change in receivables facility			(6,500)
Trade and other account receivables, net	28,352	4,462	(11,832)
Inventories, net	26,556	(33,632)	(27,673)
Prepaid expenses and other current assets	7,566	(2,618)	30,030
Accounts payable	(31,198)	19,436	(27,873)
Accrued payroll and benefit costs	(615)	(19,716)	18,725
Other current and noncurrent liabilities	842	4,848	(8,978)
Net cash provided by operating activities	279,861	262,278	207,083
Investing Activities:			
Capital expenditures	(35,284)	(16,118)	(18,359)
Acquisition payments, net of cash acquired	(12,080)	(32,398)	(540,447)
Proceeds from sale of subsidiary	60,000		
Proceeds from sale of assets	3,794	487	4,624
Other investing activities			(1,745)
Net cash provided (used) by investing activities	16,430	(48,029)	(555,927)
Financing Activities:			
Short-term borrowings, net	(185,000)	89,500	
Proceeds from issuance of long-term debt	898,900	891,400	807,604
Repayments of long-term debt	(890,063)	(805,717)	(462,918)
Debt issuance costs	(426)	(754)	(9,464)
Proceeds from exercise of options	10,722	6,043	6,862
Excess tax benefit from stock-based compensation	10,193	18,360	34,966
Repurchase of common stock	(78,852)	(440,845)	
(Decrease) increase in bank overdrafts	(28,581)	31,116	24,138
Payments on capital lease obligations	(1,882)	(1,709)	(1,073)
Net cash (used) provided by financing activities	(264,989)	(212,606)	400,115

Effect of exchange rate changes on cash and cash equivalents	(17,261)	(2,741)	(1)
Net change in cash and cash equivalents	14,041	(1,098)	51,270
Cash and cash equivalents at the beginning of period	72,297	73,395	22,125
Cash and cash equivalents at the end of period	$ 86,338	$ 72,297	$ 73,395
Supplemental disclosures:			
Cash paid for interest	$ 48,151	$ 62,426	$ 44,952
Cash paid for taxes	74,460	52,501	55,139
Non-cash investing and financing activities:			
Property, plant and equipment acquired through capital leases	2,610	2,599	2,144
Deferred acquisition payable related to acquisitions			1,107
Issuance of treasury stock	42	187	

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

Table of Contents

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

WESCO International, Inc. and its subsidiaries (collectively, WESCO), headquartered in Pittsburgh, Pennsylvania, is a full-line distributor of electrical supplies and equipment and is a provider of integrated supply procurement services with operations in the United States, Canada, Mexico, the United Kingdom, Nigeria, United Arab Emirates, Singapore, Australia and China. WESCO currently operates approximately 400 branch locations and seven distribution centers (four in the United States and three in Canada).

2. ACCOUNTING POLICIES

Basis of Consolidation

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

Use of Estimates

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

Revenue Recognition

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

Supplier Volume Rebates

WESCO receives rebates from certain suppliers based on contractual arrangements with such suppliers. An asset, included within other accounts receivable on the balance sheet, represents the estimated amounts due to WESCO under the rebate provisions of such contracts. The corresponding rebate income is recorded as a reduction of cost of goods sold. The appropriate level of such income is derived from the level of actual purchases made by WESCO from suppliers, in accordance with the provisions of Emerging Issues Task Force (EITF) Issue No. 02-16 *, Accounting by a Reseller for Cash Consideration Received from a Vendor* . Receivables under the supplier rebate program were $34.3 million at December 31, 2008 and $40.0 million at December 31, 2007. The total amount recorded as a reduction to cost of goods sold was $61.1 million, $59.2 million and $54.1 million for 2008, 2007 and 2006, respectively.

Shipping and Handling Costs and Fees

WESCO records the majority of costs and fees associated with transporting its products to customers as a component of selling, general and administrative expenses. These costs totaled $59.4 million, $62.0 million and $48.9 million in 2008, 2007 and 2006, respectively.

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 its accounts receivable securitization program (the Receivables Facility) in accordance with SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SFAS No. 140). Prior to December 2006, WESCO accounted for transfers of receivables pursuant to the facility as a sale and

removed them from the consolidated balance sheet. Expenses associated with the facility were reported as other expense in the statement of income. In December 2006, the Receivables Facility was amended and restated such that WESCO effectively maintains control of receivables transferred pursuant to the facility; therefore the transfers no longer qualify for sale treatment under SFAS No. 140. As a result, the transferred receivables remain on the balance sheet, and WESCO recognizes the related secured borrowing. Beginning in 2007, expenses associated with the Receivables Facility were reported as interest expense in the statement of income.

Table of Contents

Allowance for Doubtful Accounts

WESCO maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. WESCO has a systematic procedure using estimates based on historical data and reasonable assumptions of collectibility made at the local branch level and on a consolidated corporate basis to calculate the allowance for doubtful accounts. If the financial condition of WESCO s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for doubtful accounts was $19.7 million at December 31, 2008 and $17.4 million at December 31, 2007. The total amount recorded as selling, general and administrative expense related to bad debts was $10.1 million, $2.2 million and $3.8 million for 2008, 2007 and 2006, respectively.

Inventories

Inventories primarily consist of merchandise purchased for resale and are stated at the lower of cost or market. Cost is determined principally under the average cost method. WESCO makes provisions for obsolete or slow-moving inventories as necessary to reflect reduction in inventory value. Reserves for excess and obsolete inventories were $17.3 million and $20.3 million at December 31, 2008 and 2007, respectively. The total expense related to excess and obsolete inventories, included in cost of goods sold, was $9.2 million, $8.0 million and $4.8 million for 2008, 2007 and 2006, respectively. WESCO absorbs into the cost of inventory the general and administrative expenses related to inventory such as purchasing, receiving and storage and at December 31, 2008 and 2007 $43.0 million and $42.8 million, respectively, of these costs were included in the ending inventory.

Other Assets

WESCO amortizes deferred financing fees over the term of the various debt instruments. Deferred financing fees in the amount of $0.4 million were incurred during the year ending December 31, 2008. As of December 31, 2008 and 2007, the amount of other assets related to unamortized deferred financing fees was $12.9 million and $16.3 million, respectively.

Property, Buildings and Equipment

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

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

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

WESCO assesses its long-lived assets for impairment by periodically reviewing operating performance by branch and respective utilization of real and tangible assets at such sites; and by comparing fair values of real properties against market values of similar properties. Upon closure of any branch, asset usefulness and remaining life are evaluated and any charges taken as appropriate. Of its $119.2 million net book value of property, plant and equipment as of December 31, 2008, $67.5 million consists of land, buildings and leasehold improvements and are geographically dispersed among WESCO s 400 branches and seven distribution centers, mitigating the risk of impairment. Approximately $15.7 million of assets consist of computer equipment and capitalized software and are evaluated for use and serviceability relative to carrying value. The remaining fixed assets, mainly of furniture and fixtures, warehousing equipment and transportation equipment, are similarly evaluated for serviceability and use.

Goodwill and Indefinite Life Intangible Assets

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill and indefinite life intangible assets are tested for impairment annually during the fourth quarter using information available at the end September, or more frequently if events or circumstances occur indicating that their carrying value may not be recoverable. The

evaluation of impairment involves comparing the current fair value of goodwill to the recorded value. WESCO estimates fair value using discounted cash flow analyses, which involves considerable management judgment. Assumptions used for these estimated cash flows are based on a combination of historical results, current internal forecasts, recent economic events and fluctuations in the Company s stock price. No impairment losses were identified in 2008 as a result of this review. At December 31, 2008 and 2007 goodwill and trademarks totaled $900.7 million and $970.6 million, respectively.

Definite Lived Intangible Assets

Intangible assets are amortized over 3 to 19 years. A portion of intangible assets related to customer relationships are amortized using an accelerated method whereas all other intangible assets subject to amortization use a straight-line method which reflects the pattern in which the economic benefits of the respective assets are consumed or otherwise used. Intangible assets are tested for impairment if events or circumstances occur indicating that the respective asset might be impaired.

Table of Contents

Insurance Programs

WESCO uses commercial insurance for auto, workers compensation, casualty and health claims as a risk-reduction strategy to minimize catastrophic losses. The Company s strategy involves large deductibles where WESCO must pay all costs up to the deductible amount. WESCO estimates the reserve based on historical incident rates and costs. The assumptions included in developing this accrual include the period of time from incurrence of a claim until the claim is paid by the insurance provider. Presently, this period is estimated to be nine weeks. The total liability related to the insurance programs was $10.4 million at December 31, 2008 and $10.0 million at December 31, 2007.

Income Taxes

Income taxes are accounted for under the liability method in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances, if any, are provided when a portion or all of a deferred tax asset may not be realized.

WESCO accounts for uncertainty in income taxes under the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. WESCO reviews uncertain tax positions and assesses the need and amount of contingency reserves necessary to cover any probable audit adjustments. WESCO recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

Foreign Currency

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

Stock-Based Compensation

The Company s stock-based employee compensation plans are comprised of fixed non-qualified stock options and stock-settled stock appreciation rights. Beginning January 1, 2006, WESCO adopted SFAS No. 123 (revised 2004) (SFAS 123R), *Share-Based Payment*, using the modified prospective method. Stock options awarded prior to 2006 were accounted for using the measurement provisions of SFAS No. 123 (SFAS 123), *Accounting for Stock-Based Compensation*.

Under SFAS 123R, compensation cost for all stock-based awards is measured at fair value on date of grant and compensation cost is recognized, net of estimated forfeitures, over the service period for awards expected to vest. The fair value of stock-based awards is determined using the Black-Scholes valuation model. Expected volatilities are based on historical volatility of WESCO s common stock. The expected life of the option or stock settled appreciation right is estimated using historical data pertaining to option exercises and employee terminations. The risk-free rate is based on the U.S. Treasury yields in effect at the time of grant. The forfeiture assumption is based on WESCO s historical employee behavior that is reviewed on an annual basis. No dividends are assumed.

WESCO granted the following stock-settled stock appreciation rights at the following weighted average assumptions:

	2008	2007	2006
Stock-settled appreciation rights granted	931,344	628,237	463,132
Risk free interest rate	3.1%	4.9%	4.9%
Expected life	4 years	4 years	4 years
Expected volatility	38%	40%	50%

The weighted average fair value per equity award granted was $13.58, $22.71 and $30.72 for the years ended December 31, 2008, 2007 and 2006, respectively. WESCO recognized $12.9 million, $14.4 million and $11.7 million

of non-cash stock-based compensation expense, which is included in selling, general and administrative expenses, in 2008, 2007 and 2006, respectively.

Treasury Stock

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

Table of Contents

Fair Value of Financial Instruments

The Company s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, a revolving line of credit, a mortgage financing facility, notes payable, debentures and other long-term debt. The estimated fair value of the Company s outstanding indebtedness described in Note 6 at December 31, 2008 and 2007 was $891.5 million and $1,280.1 million respectively. The aggregate fair value of the senior notes and debentures was approximately $391.2 million. The fair values of these fixed rate facilities are estimated based upon market price quotes. The fair values of WESCO s other debt, which includes the mortgage facility, Receivables Facility and revolving credit facility, were approximately $40.3 million, $284.4 million and $175.1 million, respectively. The fair values for these facilities are based upon market price quotes and market comparisons available for instruments with similar terms and maturities. For all remaining WESCO financial instruments, carrying values are considered to approximate fair value due to their short maturities.

Environmental Expenditures

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

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement applies whenever other accounting standards require or permit assets or liabilities to be measured at fair value but does not expand the use of fair value to new accounting transactions and does not apply to pronouncements that address share-based payment transactions. On February 12, 2008, the FASB issued FASB Staff Position (FSP) SFAS No. 157-2, Effective Date of SFAS No. 157. The FSP amends SFAS 157 to delay the effective date of SFAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually) to fiscal years beginning after November 15, 2008. Except for the delay for nonfinancial assets and liabilities, SFAS 157 was effective for fiscal years beginning after November 15, 2007. Consistent with its requirements, WESCO adopted SFAS 157 for its financial assets and liabilities on January 1, 2008. WESCO s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, bank overdrafts and debt. The Company believes that the recorded values of its financial instruments, except for long-term debt, approximate fair value because of their nature and respective duration. The partial adoption of SFAS 157 did not impact WESCO s financial position, results of operations, or cash flows. Nonfinancial assets and liabilities for which we have not applied the provisions of SFAS 157 include those measured at fair value in goodwill and indefinite lived intangible asset impairment testing, and assets acquired and liabilities assumed in a business combination. WESCO has not yet conclusively determined the impact that the implementation of FSP 157 will have on its non-financial assets and liabilities; however, WESCO does not anticipate that SFAS 157 will have a significant impact on its financial position, results of operations or cash flows. In the event that WESCO acquires a new business or has an impairment issue related to goodwill or indefinite lived intangible assets, the determination of fair value of the assets and liabilities will be subject to SFAS 157.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R) which establishes additional principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date fair value. SFAS 141R is designed to improve the relevance, representational faithfulness, and comparability of the financial information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R applies prospectively to business combinations for which the acquisition date is in or after the beginning of the first annual reporting period beginning after December 15, 2008. Aside from the execution of a significant acquisition, WESCO does not anticipate that the adoption of SFAS 141R will have an impact on its financial position, results of operations or cash flows.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3) which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), and requires additional disclosure. The objective of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other generally accepted accounting principles. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008 and shall be applied prospectively to intangible assets acquired after the effective date. WESCO does not anticipate that the adoption of FSP FAS 142-3 will have an impact on its financial position, results of operations or cash flows.

In May 2008, the FASB issued FSP APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1) which requires an issuer of certain convertible debt instruments to separately account for the liability and equity components of convertible debt instruments in a manner that reflects the issuer s nonconvertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 and requires retrospective application to all periods presented during which any such convertible debt instruments were outstanding. FSP APB 14-1 will change the accounting treatment for WESCO s 2.625% Convertible Senior Debentures due 2025 (the 2025 Debentures) and 1.75% Convertible Senior Debentures due 2026 (the 2026 Debentures) and will result in an increase to non-cash interest reported in its historical financial statements as well as its future financial statements as long as WESCO continues to have convertible debentures outstanding. WESCO estimates that the initial impact to the consolidated balance sheet (as of December 31, 2008) will be a decrease in long-term debt of approximately $252.5 million for the recognition of a debt discount, an aggregate increase in equity of approximately $146.3 million, and an increase in deferred income taxes for the basis differential related to long-term debt. The debt discount will be amortized to interest expense resulting in a $0.10- $0.12 decrease in earnings per share in the year of adoption.

Table of Contents

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table sets forth the changes in the carrying amount of goodwill:

	Year Ended December 31	
	2008	2007
	(In thousands)	
Beginning balance January 1	$ 924,358	$ 931,229
Additional consideration paid for prior acquisitions	2,154	
Adjustments to goodwill for prior acquisitions [(1)]	(264)	(26,106)
Additions to goodwill for acquisitions	5,324	19,235
Reductions to goodwill for divestitures	(68,794)	
Ending balance December 31	$ 862,778	$ 924,358

(1) Represents final purchase price adjustments in 2008 and adjustments to deferred taxes in 2007.

Intangible Assets

The components of intangible assets are as follows:

		December 31, 2008			December 31, 2007		
	Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In thousands)					
Intangible Assets:							
Trademarks	Indefinite	$ 37,898		$37,898	$ 46,200		$ 46,200
Non-compete agreements	3-5	6,220	$ (5,477)	743	6,445	$ (5,173)	1,272
Customer relationships	4-19	45,287	(14,031)	31,256	76,000	(16,714)	59,286
Distribution agreements	5-19	21,352	(2,560)	18,792	33,500	(6,467)	27,033
		$110,757	$(22,068)	$88,689	$162,145	$(28,354)	$133,791

WESCO removed $37.7 million of net intangible assets from the consolidated balance sheet during the first quarter of 2008 as a result of the partial divestiture of its LADD operations (see Note 9 Equity Investment). Amortization expense related to intangible assets totaled $7.3 million, $13.1 million and $9.2 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Table of Contents

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

	Estimated Amortization Expense
For the year ended December 31,	
2009	$ 7,382
2010	7,122
2011	5,755
2012	3,507
2013	3,279

4. 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. WESCO s largest supplier accounted for approximately 12%, 10% and 12% of WESCO s purchases for each of the three years, 2008, 2007 and 2006, respectively and therefore, WESCO could potentially incur risk due to supplier concentration. Based upon WESCO s broad customer base, the Company has concluded that it has no material credit risk as a result of customer concentration.

5. PROPERTY, BUILDINGS AND EQUIPMENT

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

	December 31,	
	2008	**2007**
	(In thousands)	
Buildings and leasehold improvements	$ 83,758	$ 76,684
Furniture, fixtures and equipment	124,966	117,774
Software costs	55,177	49,187
	263,901	243,645
Accumulated depreciation and amortization	(176,427)	(162,897)
	87,474	80,748
Land	18,690	20,115
Construction in progress	13,059	3,256
	$ 119,223	$ 104,119

Depreciation expense was $14.7 million, $19.0 million and $15.7 million, and capitalized software amortization was $4.7 million, $4.7 million and $3.8 million, in 2008, 2007 and 2006, respectively. The unamortized software cost was $9.0 million and $7.9 million as of December 31, 2008 and 2007, respectively. Furniture, fixtures and equipment include capitalized leases of $8.5 million and $6.0 million and related accumulated amortization of $2.1 million and $1.2 million as of December 31, 2008 and 2007, respectively.

Table of Contents

6. DEBT

The following table sets forth WESCO s outstanding indebtedness:

	As of December 31,	
	2008	2007
	(In thousands)	
Accounts receivable securitization facility	$ 295,000	$ 480,000
Mortgage financing facility	42,275	43,638
Revolving credit facility	197,500	187,300
7.50% Senior Subordinated Notes due 2017	150,000	150,000
2.625% Convertible Senior Debentures due 2025	150,000	150,000
1.75% Convertible Senior Debentures due 2026	300,000	300,000
Acquisition related notes	438	552
Capital leases	5,538	4,797
Total debt	1,140,751	1,316,287
Less current portion	(3,823)	(2,676)
Less short-term debt	(295,000)	(502,300)
Total long-term debt	$ 841,928	$ 811,311

Accounts Receivable Securitization Facility

WESCO maintains a $500 million Receivables Facility that has a three year term and is subject to renewal in May 2010. Under the Receivables Facility, WESCO sells, on a continuous basis, an undivided interest in all domestic accounts receivable to WESCO Receivables Corporation, a wholly owned special purpose entity (SPE). The SPE sells, without recourse, a senior undivided interest in the receivables to third-party conduits and financial institutions for cash while maintaining a subordinated undivided interest in a portion of the receivables, in the form of overcollateralization. WESCO has agreed to continue servicing the sold receivables for the third-party conduits and financial institutions at market rates; accordingly, no servicing asset or liability has been recorded.

Prior to December 2006, WESCO accounted for transfers of receivables pursuant to the Receivables Facility as a sale and removed them from the consolidated balance sheet. In December 2006, the Receivables Facility was amended and restated such that WESCO effectively maintains control of receivables transferred pursuant to the Receivables Facility; therefore the transfers no longer qualify for sale treatment under SFAS No. 140. As a result, all transfers are accounted for as secured borrowings and the receivables sold pursuant to the Receivables Facility are included on the balance sheet as trade receivables, along with WESCO s retained subordinated undivided interest in those receivables. In accordance with EITF 02-09, *Accounting for Changes that Result in a Transferor Regaining Control of Financial Assets Sold,* WESCO recognized a pre-tax gain of $2.4 million during the first quarter of 2007.

As of December 31, 2008 and 2007, accounts receivable eligible for securitization totaled approximately $602.9 million and $604.0 million, respectively. The consolidated balance sheets as of December 31, 2008 and 2007 reflect $295.0 million and $480.0 million, respectively, of account receivable balances legally sold to third parties, as well as the related borrowings for equal amounts. The outstanding borrowings are classified as short-term debt in the consolidated balance sheet because under certain conditions the third party conduits and financial institutions may require WESCO to repay all or a portion of the outstanding amount.

Prior to the amendment and restatement, interest expense and other costs related to the Receivables Facility were recorded as other expense in the consolidated statement of income. At December 31, 2008, the interest rate on borrowings under this facility was approximately 3.3%.

Mortgage Financing Facility

In February 2003, WESCO finalized a mortgage financing facility of $51 million, $42.3 million of which was outstanding as of December 31, 2008. Total borrowings under the mortgage financing facility are subject to a 22-year

amortization schedule, with a balloon payment due at the end of the 10-year term. The interest rate on borrowings under this facility is fixed at 6.5%.

Revolving Credit Facility

At December 31, 2008, the aggregate borrowing capacity under the revolving credit facility was $375 million. The revolving credit facility consists of two separate sub-facilities: (i) a U.S. sub-facility and (ii) a Canadian sub-facility and includes a letter of credit sub-limit of up to $55 million. The facility matures on November 1, 2013 and is collateralized by the inventory of WESCO Distribution and the inventory and accounts receivable of WESCO Distribution Canada, L.P. WESCO Distribution s obligations under the revolving credit facility have been guaranteed by WESCO International and by certain of WESCO Distribution s subsidiaries.

Table of Contents

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

The above permitted transactions would also be allowed if such excess availability is between $25 million and $50 million and WESCO s fixed charge coverage ratio, as defined by the revolving credit agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if excess availability under the revolving credit facility is less than $60 million, then WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0. At December 31, 2008, the interest rate was approximately 1.7%. WESCO was in compliance with all covenants and restrictions as of December 31, 2008.

During 2008, WESCO borrowed $898.9 million in the aggregate under the Revolving Credit Facility and made repayments in the aggregate amount of $888.7 million. During 2007, aggregate borrowings and repayments were $891.4 million and $801.1 million, respectively. At December 31, 2008, WESCO had an outstanding balance under the facility of $197.5 million. WESCO had $119.4 million available under the facility at December 31, 2008, after giving effect to an outstanding letter of credit, as compared to approximately $146.2 million at December 31, 2007.

7.50% Senior Subordinated Notes due 2017

At December 31, 2008, $150 million in aggregate principal amount of the 7.50% Senior Subordinated Notes due 2017 (the 2017 Notes) was outstanding. The 2017 Notes were issued by WESCO Distribution in an indenture dated as of September 27, 2005 with The Bank of New York, as successor to J.P. Morgan Trust Company, National Association, as trustee, and are unconditionally guaranteed on an unsecured basis by WESCO International, Inc. The 2017 Notes accrue interest at the rate of 7.50% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15.

At any time on or after October 15, 2010, WESCO Distribution may redeem all or a part of the 2017 Notes. Between October 15, 2010 and October 14, 2011, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 103.75% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 102.50% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 100% of the principal amount.

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

2.625% Convertible Senior Debentures due 2025

At December 31, 2008, $150 million in aggregate principal amount of 2.625% Convertible Senior Debentures due 2025 (the 2025 Debentures) was outstanding. The 2025 Debentures were issued by WESCO International under an indenture dated as of September 27, 2005 with The Bank of New York, as successor to J.P. Morgan Trust Company, National Association, as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The 2025 Debentures accrue interest at the rate of 2.625% per annum and are payable in cash semi-annually in arrears on each April 15 and October 15. Beginning with the six-month interest period commencing October 15, 2010, WESCO will also pay contingent interest in cash during any six-month interest period in which the trading price of the 2025 Debentures for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the 2025 Debentures. During any interest period when contingent interest shall be payable, the contingent interest payable per $1,000 principal amount of 2025 Debentures will equal 0.25% of the average trading price of $1,000 principal amount of the 2025 Debentures during the five trading days immediately preceding the first day of the applicable six-month interest period. As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedge Activities,* the contingent interest feature of the 2025 Debentures is an embedded derivate that is not considered clearly

and closely related to the host contract. The contingent interest component had no significant value at December 31, 2008 or 2007.

The 2025 Debentures are convertible into cash and, in certain circumstances, shares of WESCO International s common stock, $0.1 par value, at any time on or after October 15, 2023, or prior to October 15, 2023 in certain circumstances. The 2025 Debentures will be convertible based on an initial conversion rate of 23.8872 shares of common stock per $1,000 principal amount of the 2025 Debentures (equivalent to an initial conversion price of approximately $41.86 per share). The conversion rate and the conversion price may be adjusted under certain circumstances

At any time on or after October 15, 2010, WESCO International may redeem all or a part of the 2025 Debentures at a redemption price equal to 100% of the principal amount of the 2025 Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of 2025 Debentures may require WESCO to repurchase all or a portion of their 2025 Debentures on October 15, 2010, October 15, 2015 and October 15, 2020 at a cash repurchase price equal to 100% of the principal amount of the 2025 Debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. If WESCO International undergoes certain fundamental changes, as defined in the indenture governing the 2025 Debentures, prior to maturity, holders of 2025 Debentures will have the right, at their option, to require WESCO International to repurchase for cash some or all of their 2025 Debentures at a repurchase price equal to 100% of the principal amount of the 2025 Debentures being repurchased, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date.

Table of Contents

1.75% Convertible Senior Debentures due 2026

At December 31, 2008, $300 million in aggregate principal amount of 1.75% Convertible Senior Debentures due 2026 (the 2026 Debentures) was outstanding. The 2026 Debentures were issued by WESCO International under an indenture dated as of November 2, 2006 with The Bank of New York, as Trustee, and are unconditionally guaranteed on an unsecured senior subordinated basis by WESCO Distribution. The 2026 Debentures accrue interest at the rate of 1.75% per annum and are payable in cash semi-annually in arrears on each May 15 and November 15. Beginning with the six-month interest period commencing November 15, 2011, WESCO will also pay contingent interest in cash during any six-month interest period in which the trading price of the 2026 Debentures for each of the five trading days ending on the second trading day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the 2026 Debentures. During any interest period when contingent interest shall be payable, the contingent interest payable per $1,000 principal amount of 2026 Debentures will equal 0.25% of the average trading price of $1,000 principal amount of the 2026 Debentures during the five trading days immediately preceding the first day of the applicable six-month interest period. As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedge Activities*, the contingent interest feature of the 2026 Debentures is an embedded derivate that is not considered clearly and closely related to the host contract. The contingent interest component had no significant value at December 31, 2008 or 2007.

The 2026 Debentures are convertible into cash and, in certain circumstances, shares of WESCO International s common stock, $0.01 par value, at any time on or after November 15, 2024, or prior to November 15, 2024 in certain circumstances. The 2026 Debentures will be convertible based on an initial conversion rate of 11.3437 shares of common stock per $1,000 principal amount of the 2026 Debentures (equivalent to an initial conversion price of approximately $88.15 per share). The conversion rate and the conversion price may be adjusted under certain circumstances.

At any time on or after November 15, 2011, WESCO International may redeem all or a part of the 2026 Debentures at a redemption price equal to 100% of the principal amount of the 2026 Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of 2026 Debentures may require WESCO to repurchase all or a portion of their 2026 Debentures on November 15, 2011, November 15, 2016 and November 15, 2021 at a cash repurchase price equal to 100% of the principal amount of the 2026 Debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. If WESCO International undergoes certain fundamental changes, as defined in the indenture governing the 2026 Debentures, prior to maturity, holders of 2026 Debentures will have the right, at their option, to require WESCO International to repurchase for cash some or all of their 2026 Debentures at a repurchase price equal to 100% of the principal amount of the 2026 Debentures being repurchased, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date.

Covenant Compliance

WESCO was in compliance with all relevant covenants contained in its debt agreements as of December 31, 2008.

The following table sets forth the aggregate principal repayment requirements for all long-term debt (in thousands):

2010	$ 3,434
2011	2,939
2012	2,075
2013	233,430
Thereafter	600,050
	$ 841,928

WESCO s credit agreements contain various restrictive covenants that, among other things, impose limitations on (i) dividend payments or certain other restricted payments or investments; (ii) the incurrence of additional indebtedness and guarantees or issuance of additional stock; (iii) creation of liens; (iv) mergers, consolidation or sales

of substantially all of WESCO s assets; (v) certain transactions among affiliates; (vi) payments by certain subsidiaries to WESCO; and (vii) capital expenditures. In addition, the revolving credit agreement requires WESCO to meet certain fixed charge coverage tests depending on availability.

Table of Contents

7. CAPITAL STOCK

Preferred Stock

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

Common Stock

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

Under the terms of the Revolving Credit Facility, WESCO International is restricted from declaring or paying dividends and as such, at December 31, 2008 and 2007, no dividends had been declared, and therefore no retained earnings were reserved for dividend payments.

8. SHARE REPURCHASE PLAN

On September 28, 2007, WESCO announced that its Board of Directors authorized a new stock repurchase program in the amount of up to $400 million with an expiration date of September 30, 2009. The shares may be repurchased from time to time in the open market or through privately negotiated transactions. The stock repurchase program may be implemented or discontinued at any time by WESCO. During the twelve month period ended December 31, 2008, WESCO repurchased approximately 1.9 million shares for $74.8 million.

In addition, during 2008, WESCO purchased approximately 0.1 million shares from employees for $4.0 million in connection with the settlement of tax withholding obligations arising from the exercise of common stock units and stock-settled stock appreciation rights.

9. EQUITY INVESTMENT

During the first quarter of 2008, WESCO and Deutsch Engineering Connecting Devices, Inc. (Deutsch) completed a transaction with respect to WESCO s LADD operations, which resulted in a joint venture in which Deutsch owns a 60% interest and WESCO owns a 40% interest. Deutsch paid to WESCO aggregate consideration of approximately $75 million, consisting of $60 million in cash plus a $15 million promissory note, which is included in other assets in the consolidated balance sheet. Deutsch is entitled, but not obliged, to acquire the remaining 40% after January 1, 2010. As a result of this transaction, WESCO recognized an after-tax loss of approximately $2.1 million and removed from the consolidated balance sheet net assets of approximately $119.6 million, of which $68.8 million was related to goodwill and $37.7 million was related to intangible assets. WESCO accounts for its investment in the joint venture using the equity method of accounting as prescribed by Accounting Principles Board No. 18, *The Equity Method of Accounting for Investments in Common Stock*. Accordingly, earnings from the joint venture are recorded as other income in the consolidated statement of income.

Table of Contents

10. INCOME TAXES

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

	Year Ended December 31		
	2008	2007	2006
		(In thousands)	
Current taxes:			
Federal[1]	$ 70,701	$ 66,986	$ 63,859
State	13,544	25,438	11,581
Foreign	6,235	(13,174)	6,552
Total current.	90,480	79,250	81,992
Deferred taxes:			
Federal	11,010	19,815	16,938
State	2,243	(9,859)	2,101
Foreign	(11,481)	1,191	(785)
Total deferred	1,772	11,147	18,254
	$ 92,252	$ 90,397	$ 100,246

(1) Tax benefits related to stock options and other equity instruments recorded directly to additional paid in capital totaled $10.2 million, $18.4 million and $35.0 million in 2008, 2007 and 2006, respectively.

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

	Year Ended December 31		
	2008	2007	2006
		(In thousands)	
United States	$337,564	$357,426	$270,081
Foreign	(32,621)	(26,398)	47,485
	$304,943	$331,028	$317,566

Table of Contents

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

	Year Ended December 31		
	2008	2007	2006
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	3.4	3.3	2.8
Nondeductible expenses	0.7	0.5	0.4
Domestic tax benefit from foreign operations	(1.0)	(2.0)	(3.2)
Foreign tax rate differences[1]	(6.7)	(7.0)	(3.3)
Federal tax credits	(0.1)	(0.1)	
Domestic production activity deduction	(0.3)	(0.2)	(0.1)
Adjustment related to uncertain tax positions	(0.8)	0.6	
Adjustment related to foreign currency exchange gains[2]		(0.6)	
Change in valuation allowance[3]		(2.6)	
Other	0.1	0.4	
	30.3%	27.3%	31.6%

(1) Includes a tax benefit of $20.1 million, $21.2 million and $10.0 million in 2008, 2007 and 2006 respectively from the recapitalization of WESCO s Canadian operations and in 2008 the effect of differences between the recorded provision and the final filed tax return for prior year.

(2) Includes a benefit of $1.8 million in 2007 from foreign

exchange gains related to the recapitalization of Canadian operations.

(3) WESCO recorded an $8.5 million reversal of valuation allowances against deferred tax assets for state net operating loss carryforwards. The reversal was recorded as a discrete tax benefit in the third quarter of 2007.

As of December 31, 2008 and 2007, WESCO had state tax benefits derived from net operating loss carryforwards of approximately $8.9 million ($5.8 million, net of federal income tax) and $11.8 million ($7.7 million, net of federal income tax), respectively. In addition, WESCO had tax benefits from net operating losses resulting from the recapitalization of our Canadian operations of $17.0 million. The amounts will begin expiring in 2009 and 2027, respectively. Utilization of WESCO s state net operating loss carryforwards is subject to annual limitations imposed by state statute. Such annual limitations could result in the expiration of the net operating loss and tax credit carryforwards before utilization. Management anticipates utilizing the net operating losses prior to the expiration of statues of limitations; accordingly, WESCO has not recorded a valuation allowance.

As of December 31, 2008, WESCO had approximately $115.4 million of undistributed earnings related to its foreign subsidiaries. Management believes that these earnings will be indefinitely reinvested in foreign jurisdiction; accordingly, WESCO has not provided for U.S. federal income taxes related to these earnings.

Table of Contents

The following table sets forth deferred tax assets and liabilities:

	December 31			
	2008		2007	
	(In thousands)			
	Assets	Liabilities	Assets	Liabilities
Accounts receivable	$ 5,125	$	$ 6,419	$
Inventory		4,287		3,880
Depreciation		4,266		7,006
Amortization of intangible assets		117,079		120,105
Convertible debt interest		26,152		15,751
Employee benefits	19,021		14,127	
Tax loss carryforwards	22,810		7,723	
Other	7,175	4,655	6,702	2,288
Total deferred taxes	$54,131	$156,439	$34,971	$149,030

In accordance with FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48), WESCO analyses its filing positions for all open tax years in all jurisdictions. The Company is currently under examination in several tax jurisdictions, both within the United States and outside the United States, and remains subject to examination until the statute of limitations expires for the respective tax jurisdictions. The following summary sets forth the tax years that remain open in the company s major tax jurisdictions:

United States Federal	2000 and forward
United States States	2004 and forward
Canada	1996 and forward

The following table sets forth the reconciliation of gross unrecognized tax benefits:

	December 31, 2008	December 31, 2007
	(In thousands)	
Beginning balance January 1	$10,015	$ 8,418
Additions based on tax positions related to the current year	1,677	1,941
Additions for tax positions of prior years		1,117
Reductions for tax positions of prior years	(2,477)	(226)
Settlements	(427)	(652)
Lapse in statute of limitations	(1,337)	(583)
Ending balance December 31	$ 7,451	$10,015

The total amount of unrecognized tax benefits were $7.5 million and $10.0 million as of December 31, 2008 and December 31, 2007, respectively. If these tax benefits were recognized in the consolidated financial statements, the portion of these amounts that would reduce the Company s effective tax rate would be $6.3 million and $8.1 million, respectively. During the fourth quarter of 2008, WESCO reduced its unrecognized tax benefits by $4.2 million, of which $1.1 million was related to interest, due to the settlement of Internal Revenue Service tax examination issues, the expiration of statutes of limitations, and reductions to prior year tax positions.

During the next twelve months, it is reasonably possible that certain issues will be settled by the resolution of Internal Revenue Service tax examinations or the expiration of statutes of limitations. An estimate of the amount of change in unrecognized tax benefits cannot be made at this time as the outcome of the audits and the timing of the settlements are subject to significant uncertainty.

WESCO records interest related to uncertain tax positions as a part of interest expense in the consolidated statement of income. Any penalties are recognized as part of income tax expense. As of December 31, 2008 and December 31, 2007, WESCO had an accrued liability of $3.5 million and $4.4 million, respectively, for interest related to uncertain tax positions. As of December 31, 2008 and 2007, WESCO had a liability for tax penalties of $0.5 million.

Table of Contents

11. EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income by the weighted average common shares outstanding during the periods. Diluted earnings per share are computed by dividing net income by the weighted average common shares and common share equivalents outstanding during the periods. The dilutive effect of common share equivalents is considered in the diluted earnings per share computation using the treasury stock method, which includes consideration of stock-based compensation required by SFAS 123R and SFAS No. 128, *Earnings Per Share*.

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

	Year Ended December 31		
	2008	2007	2006
	(Dollars in thousands, except share data)		
Net income	$ 212,691	$ 240,631	$ 217,320
Weighted average common shares outstanding used in computing basic earnings per share	42,357,748	45,699,537	48,724,343
Common shares issuable upon exercise of dilutive stock options	947,977	1,691,102	2,569,798
Common shares issuable from contingently convertible debentures (see below for basis of calculation)		859,690	1,169,553
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share	43,305,725	48,250,329	52,463,694
Earnings per share			
Basic	$ 5.02	$ 5.27	$ 4.46
Diluted	$ 4.91	$ 4.99	$ 4.14

As of December 31, 2008, 2007 and 2006, the computation of diluted earnings per share excluded stock-settled stock appreciation rights (SARs) of approximately 2.0 million, 1.1 million and 0.5 million at a weighted average exercise prices of $52.30 per share, $63.82 per share and $68.88 per share, respectively. These amounts were excluded because their effect would have been antidilutive.

Under EITF Issue No. 04-8 *The Effect of Contingently Convertible Instruments on Diluted Earnings Per Share*, and EITF Issue No. 90-19 *Convertible Bonds with Issuer Option to Settle for Cash upon Conversion* , and because of WESCO s obligation to settle the par value of the 2025 Debentures and 2026 Debentures (collectively, the Debentures) in cash, WESCO is not required to include any shares underlying the Debentures in its diluted weighted average shares outstanding until the average stock price per share for the period exceeds the conversion price of the respective Debentures. At such time, only the number of shares that would be issuable (under the treasury method of accounting for share dilution) will be included, which is based upon the amount by which the average stock price exceeds the conversion price. The conversion prices of the 2026 Debentures and 2025 Debentures are $88.15 and $41.86, respectively. Share dilution is limited to a maximum of 3,403,110 shares for the 2026 Debentures and 3,583,080 shares for the 2025 Debentures. Since the average stock price for twelve-month period ending December 31, 2008 was less than the conversion prices, there was no impact of the Debentures on diluted earnings per share. For the periods ended December 31, 2007 and 2006, the effect of the 2025 Debentures on diluted earnings per share was a decrease of $0.09 and $0.10, respectively.

12. EMPLOYEE BENEFIT PLANS

A majority of WESCO s employees are covered by defined contribution retirement savings plans for their service rendered subsequent to WESCO s formation. WESCO also offers a deferred compensation plan for select individuals.

For U.S. participants, WESCO will make contributions in an amount equal to 50% of the participant s total monthly contributions up to a maximum of 6% of eligible compensation. For Canadian participants, WESCO will make contributions in an amount ranging from 1% to 7% of the participant s eligible compensation based on years of continuous service. In addition, employer contributions may be made at the discretion of the Board of Directors. Discretionary employer contributions charges of $9.5 million, $7.3 million and $12.8 million were incurred in 2008, 2007 and 2006, respectively. For the years ended December 31, 2008, 2007 and 2006, WESCO incurred charges of $14.6 million, $17.8 million and $21.5 million, respectively, for all such plans. Contributions are made in cash to employee retirement savings plan accounts. Employees then have the option to transfer balances allocated to their accounts into any of the available investment options, including WESCO common stock.

Table of Contents

13. STOCK-BASED COMPENSATION

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

An initial reserve of 6,936,000 shares of common stock has been authorized for issuance under the LTIP. This reserve automatically increases by (i) the number of shares of common stock covered by unexercised options granted under prior plans that are canceled or terminated after the effective date of the LTIP, and (ii) the number of shares of common stock surrendered by employees to pay the exercise price and/or minimum withholding taxes in connection with the exercise of stock options granted under our prior plans. As of December 31, 2008, 3.1 million shares of common stock were reserved under the LTIP for future equity award grants.

Awards granted vest and become exercisable once criteria based on time or financial performance are achieved. If the financial performance criteria are not met, all the awards will vest after nine years and nine months. All awards vest immediately in the event of a change in control. Each award terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

As of December 31, 2008, there was $18.6 million of total unrecognized compensation expense related to non-vested stock-based compensation arrangements for all awards previously made of which approximately $10.5 million is expected to be recognized in 2009, $6.1 million in 2010 and $2.0 million in 2011.

The total intrinsic value of awards exercised during the years ended December 31, 2008 and 2007 was $28.7 million and $50.8 million, respectively. The total amount of cash received from the exercise of options was $10.7 million and $6.0 million, respectively. The tax benefit associated with the exercise of stock options and SARs totaled $10.2 million and $18.4 million in 2008 and 2007, respectively. WESCO uses the direct only method and tax law ordering approach to calculate the tax effects of stock-based compensation. The tax benefit was recorded as a credit to additional paid-in capital.

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

	2008			2007		2006	
	Awards	Weighted Average Exercise Price	Aggregate Intrinsic Value (In thousands)	Awards	Weighted Average Exercise Price	Awards	Weighted Average Exercise Price
Beginning of year	4,213,863	$28.85		4,578,822	$20.78	6,303,936	$14.02
Granted	931,344	39.78		628,237	59.67	467,132	68.84
Exercised	(1,149,240)	10.16		(935,156)	10.10	(2,125,913)	11.25
Cancelled	(62,932)	58.15		(58,040)	27.38	(66,333)	
End of year	3,933,035	36.44	$7,760	4,213,863	28.85	4,578,822	20.78
Exercisable at end of year	2,465,137	$29.57	$7,739	2,133,280	$20.79	2,332,360	$11.84

The following table sets forth exercise prices for equity awards outstanding as of December 31, 2008:

					Weighted

Range of exercise price	Awards Outstanding	Awards Exercisable	Average Remaining Contractual Life
$ 0.00 - $10.00	570,004	570,004	3.3
$10.00 - $20.00	233,587	225,000	5.5
$20.00 - $30.00	500,686	497,686	5.3
$30.00 - $40.00	718,520	674,275	6.3
$40.00 - $50.00	912,346	22,666	9.4
$50.00 - $60.00	2,540	1,693	7.2
$60.00 - $70.00	995,352	473,813	7.9
	3,933,035	2,465,137	6.8

Table of Contents

14. COMMITMENTS AND CONTINGENCIES

Future minimum rental payments required under operating leases, primarily for real property that have noncancelable lease terms in excess of one year as of December 31, 2008, are as follows:

(In thousands)	
2009	$36,348
2010	29,467
2011	19,143
2012	13,452
2013	6,624
Thereafter	13,817

Rental expense for the years ended December 31, 2008, 2007 and 2006 was $48.7 million, $47.3 million and $38.7 million, respectively.

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

WESCO is a co-defendant in a lawsuit filed in a state court in Indiana in which a customer alleges that WESCO sold defective products manufactured or remanufactured by others and is seeking monetary damages in the amount of $52 million. WESCO has denied any liability, believes that it has meritorious defenses and intends to vigorously defend itself against these allegations.

15. SEGMENTS AND RELATED INFORMATION

WESCO provides distribution of product and services through its nine operating segments which have been aggregated as one reportable segment. The sale of electrical products and maintenance repair and operating supplies represents more than 90% of the consolidated net sales, income from operations and assets for 2008, 2007 and 2006. WESCO has over 250,000 unique product stock keeping units and markets more than 1,000,000 products for customers. It is impractical to disclose net sales by product, major product group or service group. There were no material amounts of sales or transfers among geographic areas and no material amounts of export sales.

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

	Net Sales Year Ended December 31,			Long-Lived Assets December 31,		
(In thousands)	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
United States	$5,305,744	$5,229,147	$4,606,783	$121,301	$107,711	$113,312
Foreign Operations						
Canada	673,284	633,406	599,244	10,692	13,122	13,177
Other foreign	131,812	140,899	114,576	892	406	703
Subtotal Foreign Operations	805,096	774,305	713,820	11,584	13,528	13,880
Total U.S. and Foreign	$6,110,840	$6,003,452	$5,320,603	$132,885	$121,239	$127,192

16. OTHER FINANCIAL INFORMATION

WESCO Distribution has outstanding $150 million in aggregate principal amount of 2017 Notes, and WESCO International has outstanding $150 million in aggregate principal amount of 2025 Debentures and $300 million in

aggregate principal amount of 2026 Debentures. The 2017 Notes are fully and unconditionally guaranteed by WESCO International on a subordinated basis to all existing and future senior indebtedness of WESCO International. The 2025 Debentures and 2026 Debentures are fully and unconditionally guaranteed by WESCO Distribution on a senior subordinated basis to all existing and future senior indebtedness of WESCO Distribution.

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

Table of Contents

CONDENSED CONSOLIDATING BALANCE SHEETS

	December 31, 2008 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Cash and cash equivalents	$	$ 18,453	$ 67,885	$	$ 86,338
Trade accounts receivable			791,356		791,356
Inventories		421,178	184,500		605,678
Other current assets	(12,100)	44,469	41,922		74,291
Total current assets	(12,100)	484,100	1,085,663		1,557,663
Intercompany receivables, net		(1,388,994)	1,862,220	(473,226)	
Property, buildings and equipment, net		46,389	72,834		119,223
Intangible assets, net		9,549	79,140		88,689
Goodwill and other intangibles, net		395,546	467,232		862,778
Investments in affiliates and other noncurrent assets	1,667,322	3,074,554	19,133	(4,668,385)	92,624
Total assets	$ 1,655,222	$ 2,621,144	$ 3,586,222	$ (5,141,611)	$ 2,720,977
Accounts payable		445,346	126,486		571,832
Short-term debt			295,000		295,000
Other current liabilities		69,076	70,101		139,177
Total current liabilities		514,422	491,587		1,006,009
Intercompany payables, net	473,226			(473,226)	
Long-term debt	450,000	350,601	41,327		841,928
Other noncurrent liabilities		95,145	45,899		141,044
Stockholders equity	731,996	1,660,976	3,007,409	(4,668,385)	731,996
Total liabilities and stockholders equity	$ 1,655,222	$ 2,621,144	$ 3,586,222	$ (5,141,611)	$ 2,720,977

	December 31, 2007 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated

Cash and cash equivalents	$ (7)	$ 32,140	$ 40,164	$	$ 72,297
Trade accounts receivable			844,514		844,514
Inventories		433,641	232,386		666,027
Other current assets	(16)	35,956	61,721		97,661
Total current assets	(23)	501,737	1,178,785		1,680,499
Intercompany receivables, net		(1,352,902)	1,806,458	(453,556)	
Property, buildings and equipment, net		33,642	70,477		104,119
Intangible assets, net		10,368	123,423		133,791
Goodwill and other intangibles, net		393,263	531,095		924,358
Investments in affiliates and other noncurrent assets	1,512,055	2,912,423	2, 822	(4,410,180)	17,120
Total assets	$ 1,512,032	$ 2,498,531	$ 3,713,060	$ (4,863,736)	$ 2,859,887
Accounts payable		467,859	158,434		626,293
Short-term debt		22,300	480,000		502,300
Other current liabilities		96,180	67,152		163,332
Total current liabilities		586,339	705,586		1,291,925
Intercompany payables, net	453,556			(453,556)	
Long-term debt	450,000	318,608	42,703		811,311
Other noncurrent liabilities		90,468	57,707		148,175
Stockholders equity	608,476	1,503,116	2,907,064	(4,410,180)	608,476
Total liabilities and stockholders equity	$ 1,512,032	$ 2,498,531	$ 3,713,060	$ (4,863,736)	$ 2,859,887

Table of Contents

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Year Ended December 31, 2008
(In thousands)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	$	$4,376,325	$1,734,515	$	$6,110,840
Cost of goods sold, excluding depreciation and amortization		3,556,737	1,347,427		4,904,164
Selling, general and administrative expenses	7	643,173	191,098		834,278
Depreciation and amortization		14,164	12,567		26,731
Results of affiliates operations	202,029	100,346		(302,375)	
Interest (income) expense, net	(22,753)	23,210	49,619		50,076
Other (income) expense		(9,352)			(9,352)
Provision for income taxes	12,084	46,709	33,459		92,252
Net income (loss)	$212,691	$ 202,030	$ 100,345	$(302,375)	$ 212,691

Year Ended December 31, 2007
(In thousands)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	$	$4,161,129	$1,842,323	$	$6,003,452
Cost of goods sold, excluding depreciation and amortization		3,371,101	1,410,235		4,781,336
Selling, general and administrative expenses	11	646,309	144,813		791,133
Depreciation and amortization		17,223	19,536		36,759
Results of affiliates operations	221,160	211,698		(432,858)	
Interest (income) expense, net	(36,311)	44,384	55,123		63,196
Other (income) expense					
Provision for income taxes	16,829	72,650	918		90,397
Net income (loss)	$240,631	$ 221,160	$ 211,698	$(432,858)	$ 240,631

Year Ended December 31, 2006

	(In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	$	$4,096,952	$1,223,651	$	$5,320,603
Cost of goods sold, excluding depreciation and amortization		3,306,356	927,723		4,234,079
Selling, general and administrative expenses	26	536,535	156,320		692,881
Depreciation and amortization		14,597	14,063		28,660
Results of affiliates operations	194,374	102,051		(296,425)	
Interest (income) expense, net	(38,552)	34,775	28,399		24,622
Other expense (income)		53,390	(30,595)		22,795
Provision for income taxes	15,580	58,976	25,690		100,246
Net income (loss)	$217,320	$ 194,374	$ 102,051	$(296,425)	$ 217,320

Table of Contents

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2008 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided by operating activities	$ 38,274	$ 193,118	$ 48,469	$	$ 279,861
Investing activities:					
Capital expenditures		(33,590)	(1,694)		(35,284)
Acquisitions		(12,080)			(12,080)
Sale of subsidiary		60,000			60,000
Other		3,794			3,794
Net cash provided (used) by investing activities		18,124	(1,694)		16,430
Financing activities:					
Net borrowings (repayments)	19,670	(194,466)	(1,367)		(176,163)
Equity transactions	(57,937)				(57,937)
Other		(30,463)	(426)		(30,889)
Net cash used by financing activities	(38,267)	(224,929)	(1,793)		(264,989)
Effect of exchange rate changes on cash and cash equivalents			(17,261)		(17,261)
Net change in cash and cash equivalents	7	(13,687)	27,721		14,041
Cash and cash equivalents at beginning of period	(7)	32,140	40,164		72,297
Cash and cash equivalents at end of period	$	$ 18,453	$ 67,885	$	$ 86,338

	Year Ended December 31, 2007 (In thousands)				
	WESCO	WESCO	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated

	International, Inc.	Distribution, Inc.			
Net cash provided by operating activities	$ 36,094	$ 226,157	$ 27	$	$ 262,278
Investing activities:					
Capital expenditures		(14,547)	(1,571)		(16,118)
Acquisitions		(32,398)			(32,398)
Other		487			487
Net cash used by investing activities		(46,458)	(1,571)		(48,029)
Financing activities:					
Net borrowings (repayments)	380,808	(204,337)	(1,288)		175,183
Equity transactions	(416,442)				(416,442)
Other	(465)	29,156	(38)		28,653
Net cash used by financing activities	(36,099)	(175,181)	(1,326)		(212,606)
Effect of exchange rate changes on cash and cash equivalents			(2,741)		(2,741)
Net change in cash and cash equivalents	(5)	4,518	(5,611)		(1,098)
Cash and cash equivalents at beginning of period	(2)	27,622	45,775		73,395
Cash and cash equivalents at end of period	$ (7)	$ 32,140	$ 40,164	$	$ 72,297

Table of Contents

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (continued)

	Year Ended December 31, 2006 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash (used) provided by operating activities	$ (61,824)	$ 221,154	$ 47,753	$	$ 207,083
Investing activities:					
Capital expenditures		(16,730)	(1,629)		(540,447)
Acquisitions		(540,447)			(32,398)
Other		(1,745)	2,592		847
Net cash (used) provided by investing activities		(558,922)	963		(557,959)
Financing activities:					
Net borrowings (repayments)	328,209	48,551	(6,977)		369,783
Equity transactions	(258,172)	300,000			41,828
Other	(8,215)	(1,249)			(9,464)
Net cash provided (used) by financing activities	61,822	347,302	(6,977)		402,147
Effect of exchange rate changes on cash and cash equivalents			(1)		(1)
Net change in cash and cash equivalents	(2)	9,534	41,738		51,270
Cash and cash equivalents at beginning of period		18,088	4,037		22,125
Cash and cash equivalents at end of period	$ (2)	$ 27,622	$ 45,775	$	$ 73,395

Table of Contents

17. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following table sets forth selected quarterly financial data for the years ended December 31, 2008 and 2007:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Net sales	$1,465,206	$1,587,753	$1,628,087	$1,429,794
Cost of goods sold	1,169,561	1,277,423	1,311,731	1,145,449
Income from operations	77,073	96,836	98,551	73,207
Income before income taxes	65,254	86,936	88,698	64,055
Net income	44,830	60,127	65,868	41,866
Basic earnings per share [C]	1.05	1.41	1.56	1.00
Diluted earnings per share [D]	1.02	1.38	1.53	0.99
Net cash provided by operating activities	91,961	48,793 [A]	86,173 [A]	52,934
Net cash provided (used) by investing activities	48,598	(7,643) [A]	(7,397) [A]	(17,128)
Net cash used by financing activities	(116,126)	(21,299)	(88,575)	(38,989)
2007				
Net sales	$1,450,556	$1,518,108	$1,545,607	$1,489,181
Cost of goods sold	1,151,533	1,210,022	1,232,520	1,187,261
Income from operations	82,535	103,605	109,296	98,788
Income before income taxes	70,315	86,820	91,727	82,166
Net income	48,158	59,667	71,774 [B]	61,032
Basic earnings per share [C]	0.98	1.30	1.62	1.39
Diluted earnings per share [D]	0.93	1.22	1.54	1.34
Net cash provided by operating activities	75,801	52,471	78,937	55,069
Net cash used by investing activities	(6,401)	(8,288)	(3,888)	(29,452)
Net cash used by financing activities	(87,256)	(36,233)	(71,049)	(18,068)

[A] Net cash provided by operating activities and net cash used by investing activities were revised for the second and third quarters of 2008 to correct the classification of equity distributions of $2.8 million and $3.1 million,

respectively. The revised amounts reflect the distributions as cash provided by operating activities.

(B) Pursuant to SFAS 109, *Accounting for Income Taxes*, an $8.5 million valuation allowance reversal was recorded against deferred tax assets for net operating loss carryforwards. The reversal was recorded as a discrete tax benefit in the third quarter of 2007.

(C) Earnings per share (EPS) in each quarter is computed using the weighted average number of shares outstanding during that quarter while EPS for the full year is computed by taking the average of the weighted average number of shares outstanding each quarter. Thus, the sum of the four quarters EPS

may not equal the full-year EPS.

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

Table of Contents

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

None.

Item 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Management s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control Integrated Framework* , our management concluded that our internal control over financial reporting was effective as of December 31, 2008.

The effectiveness of the Company s internal control over financial reporting as of December 31, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Changes in Internal Control Over Financial Reporting

During the last fiscal quarter of 2008, there were no changes in the Company s internal control over financial reporting identified in connection with management s evaluation of the effectiveness of the Company s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Item 9B. Other Information.

None.

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information set forth under the captions Board of Directors and Executive Officers in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders is incorporated herein by reference.

Codes of Ethics and Business Conduct

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

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

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

The information required by Item 10 that relates to our Directors and executive officers is incorporated by reference from the information appearing under the captions Corporate Governance , Board and Committee Meetings and Security Ownership in our definitive Proxy Statement that is to be filed with the SEC pursuant to the Exchange Act within 120 days of the end of our fiscal year on December 31, 2008.

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

Item 11. Executive Compensation.

The information set forth under the captions Compensation Discussion and Analysis and Director Compensation in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders is incorporated herein by reference.

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

The information set forth under the caption Security Ownership in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders is incorporated herein by reference.

The following table provides information as of December 31, 2008 with respect to the shares of our common stock that may be issued under our existing equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	3,933,035	$ 36.44	3,092,278
Equity compensation plans not approved by security holders			
Total	3,933,035	$ 36.44	3,092,278

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information set forth under the captions Transactions with Related Persons and Corporate Governance in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information set forth under the caption Independent Registered Public Accounting Firm Fees and Services in our definitive Proxy Statement for our 2009 Annual Meeting of Stockholders is incorporated herein by reference.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedule.

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

(a) (1) ***Financial Statements***

The list of financial statements required by this item is set forth in Item 8, Financial Statements and Supplementary Data, and is incorporated herein by reference.

(2) ***Financial Statement Schedule***

Schedule II Valuation and Qualifying Accounts

(b) ***Exhibits***

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
2.1	Recapitalization Agreement, dated as of March 27, 1998, among Thor Acquisitions L.L.C., WESCO International, Inc. (formerly known as CDW Holding Corporation) and certain security holders of WESCO International, Inc.	Incorporated by reference to Exhibit 2.1 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
3.1	Restated Certificate of Incorporation of WESCO International, Inc.	Incorporated by reference to Exhibit 3.1 to WESCO s Registration Statement on Form S-4 (No. 333-70404)
3.2	By-laws of WESCO International, Inc.	Incorporated by reference to Exhibit 3.2 to WESCO s Registration Statement on Form S-4 (No. 333-70404)
4.1	Indenture, dated as of September 22, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to WESCO s Current Report on Form 8-K, dated September 21, 2005
4.2	Form of 2.625% Convertible Senior Debenture due 2025 (included in Exhibit 4.1).	Incorporated by reference to Exhibit 4.3 to WESCO s Current Report on Form 8-K, dated September 21, 2005
4.3	Indenture, dated as of September 22, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.4 to WESCO s Current Report on Form 8-K, dated September 21, 2005
4.4	Form of 7.50% Senior Subordinated Note due 2017, (included in Exhibit 4.3).	Incorporated by reference to Exhibit 4.6 to WESCO s Current Report on Form 8-K, dated September 21, 2005

10.1	CDW Holding Corporation Stock Purchase Plan.	Incorporated by reference to Exhibit 10.1 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.2	Form of Stock Subscription Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO s Registration Statement on Form S-4 (No. 333-43225)

Table of Contents

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.3	CDW Holding Corporation Stock Option Plan.	Incorporated by reference to Exhibit 10.3 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.4	Amendment to CDW Holding Corporation Stock Option Plan	Incorporated by reference to Exhibit 10.1 to WESCO s Current Report on Form 8-K, dated March 2, 2006
10.5	Form of Stock Option Agreement.	Incorporated by reference to Exhibit 10.4 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.6	Form of Amendment to Stock Option Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO s Current Report on Form 8-K, dated March 2, 2006
10.7	CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference to Exhibit 10.5 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.8	Amendment to CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference to Exhibit 10.3 to WESCO s Current Report on Form 8-K, dated March 2, 2006
10.9	Form of Branch Stock Option Agreement.	Incorporated by reference to Exhibit 10.6 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.10	Form of Amendment to Branch Stock Option Agreement.	Incorporated by reference to Exhibit 10.4 to WESCO s Current Report on Form 8-K, dated March 2, 2006
10.11	WESCO International, Inc. 1998 Stock Option Plan.	Incorporated by reference to Exhibit 10.1 to WESCO s Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.12	Amendment to WESCO International, Inc. 1998 Stock Option Plan.	Incorporated by reference to Exhibit 10.5 to WESCO s Current Report on Form 8-K dated March 2, 2006
10.13	Form of Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO s Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.14	Form of Amendment to Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.6 to WESCO s Current Report on Form 8-K dated

		March 2, 2006
10.15	1999 Deferred Compensation Plan for Non-Employee Directors.	Incorporated by reference to Exhibit 10.22 to WESCO s Annual Report on Form 10-K for the year ended December 31, 1998
10.16	1999 Long-Term Incentive Plan.	Incorporated by reference to Exhibit 10.22 to WESCO s Registration Statement on Form S-1 (No. 333-73299)

Table of Contents

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.17	Office Lease Agreement, dated as of May 24, 1995, by and between Commerce Court Property Holding Trust, as Landlord, and WESCO Distribution, Inc., as Tenant, as amended by First Amendment to Lease, dated as of June 1995 and by Second Amendment to Lease, dated as of December 29, 1995.	Incorporated by reference to Exhibit 10.10 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.18	Lease, dated as of April 1, 1992, by and between The E.T. Hermann and Jane D. Hermann 1978 Living Trust and Westinghouse Electric Corporation, as renewed by the renewal letter, dated as of December 13, 1996, from WESCO Distribution, Inc., as successor in interest to Westinghouse Electric Corporation, to Utah State Retirement Fund, as successor in interest to The E.T. Hermann and Jane D. Hermann 1978 Living Trust.	Incorporated by reference to Exhibit 10.11 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.19	Third Amendment to Lease, dated as of December 22, 2004, by and between US Institutional Real Estate Equities, L.P., as successor in interest to Utah State Retirement Fund and The E.T. Hermann and Jane D. Hermann 1978 Living Trust, and WESCO Distribution, Inc., as successor in interest to Westinghouse Electric Corporation.	Incorporated by reference to Exhibit 10.19 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2005
10.20	Agreement of Lease, dated as of September 3, 1998, by and between Atlantic Construction, Inc., as landlord, and WESCO Distribution-Canada, Inc., as tenant, as renewed by the Renewal Agreement, dated April 14, 2004, by and between Atlantic Construction, Inc., as landlord, and WESCO Distribution-Canada, Inc., as tenant.	Incorporated by reference to Exhibit 10.20 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2005
10.21	Lease dated December 13, 2002 between WESCO Distribution, Inc. and WESCO Real Estate IV, LLC.	Incorporated by reference to Exhibit 10.27 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2002
10.22	Lease Guaranty dated December 13, 2002 by WESCO International, Inc. in favor of WESCO Real Estate IV, LLC.	Incorporated by reference to Exhibit 10.28 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2002
10.23		

	Amended and Restated Registration and Participation Agreement, dated as of June 5, 1998, among WESCO International, Inc. and certain security holders of WESCO International, Inc. named therein.	Incorporated by reference to Exhibit 10.19 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.24	Employment Agreement, dated as of June 5, 1998, between WESCO Distribution, Inc. and Roy W. Haley.	Incorporated by reference to Exhibit 10.20 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
10.25	Employment Agreement, dated as of July 29, 2004, between WESCO International, Inc. and John Engel.	Incorporated by reference to Exhibit 10.1 to WESCO s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
10.26	Employment Agreement, dated as of December 15, 2005, between WESCO International, Inc. and Stephen A. Van Oss.	Incorporated by reference to Exhibit 10.26 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2005

Table of Contents

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.27	Amended and Restated Credit Agreement, dated as of September 28, 2005, by and among WESCO Distribution, Inc., the other credit parties signatory thereto from time to time, General Electric Capital Corporation, as Agent and U.S. Lender, GECC Capital Markets Group, as Lead Arranger, GE Canada Finance Holding Company, as Canadian Agent and a Canadian Lender, Bank of America, N.A., as Syndication Agent, and The CIT Group/Business Credit, Inc. and Citizens Bank of Pennsylvania, as Co-Documentation Agents.	Incorporated by reference to Exhibit 10.1 to WESCO s Current Report on Form 8-K, September 28, 2005
10.28	Intercreditor Agreement, dated as of March 19, 2002, among PNC Bank, National Association, General Electric Capital Corporation, WESCO Receivables Corp., WESCO Distribution, Inc., Fifth Third Bank, N.A., Mellon Bank, N.A., The Bank of Nova Scotia, Herning Enterprises, Inc. and WESCO Equity Corporation.	Incorporated by reference to Exhibit 10.21 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2001
10.29	Second Amended and Restated Receivables Purchase Agreement dated as of September 2, 2003 among WESCO Receivables Corp., WESCO Distribution, Inc., and the Lenders identified therein.	Incorporated by reference to Exhibit 10.1 to WESCO s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003
10.30	Second Amendment to Second Amended and Restated Receivables Purchase Agreement and Waiver, dated August 31, 2004.	Incorporated by reference to Exhibit 10.4 to WESCO s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
10.31	Third Amendment to Second Amended and Restated Receivables Purchase Agreement, dated September 23, 2004.	Incorporated by reference to Exhibit 10.5 to WESCO s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
10.32	Sixth Amendment to Second Amended and Restated Receivables Purchase Agreement, dated October 4, 2005.	Incorporated by reference to Exhibit 10.2 to WESCO s Current Report on Form 8-K, September 28, 2005
10.33	Seventh Amendment to Second Amended and Restated Receivables Purchase Agreement, dated December 29, 2006.	Incorporated by reference to Exhibit 10.1 to WESCO s Current Report on Form 8-K, December 29, 2006
10.34	Eighth Amendment to Second Amended and Restated Receivables Purchase Agreement, dated February 22, 2007.	Incorporated by reference to Exhibit 10.1 to WESCO s Current Report on Form 8-K, February 22, 2007

10.35	Loan Agreement between Bear Stearns Commercial Mortgage, Inc. and WESCO Real Estate IV, LLC, dated December 13, 2002.	Incorporated by reference to Exhibit 10.26 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2002
10.36	Guaranty of Non-Recourse Exceptions Agreement dated December 13, 2002 by WESCO International, Inc. in favor of Bear Stearns Commercial Mortgage, Inc.	Incorporated by reference to Exhibit 10.29 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2002
10.37	Environmental Indemnity Agreement dated December 13, 2002 made by WESCO Real Estate IV, Inc. and WESCO International, Inc. in favor of Bear Stearns Commercial Mortgage, Inc.	Incorporated by reference to Exhibit 10.30 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2002

Table of Contents

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
10.38	Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 2.01 to WESCO s Current Report on Form 8-K, dated September 11, 1998
10.39	Amendment dated March 29, 2002 to Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 10.25 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2002
10.40	Agreement and Plan of Merger, dated August 16, 2005, by and among Carlton-Bates Company, the shareholders of Carlton-Bates Company signatory thereto, the Company Representative (as defined therein), WESCO Distribution, Inc. and C-B WESCO, Inc.	Incorporated by reference to Exhibit 10.3 to WESCO s Current Report on Form 8-K, dated September 28, 2005
10.41	First Amendment to the Third Amended and Restated Credit Agreement, dated November 15, 2007. first	Incorporated by reference to Exhibit 10.41 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2007
10.42	Second Amendment to the Third Amended and Restated Credit Agreement, dated December 14, 2007.	Incorporated by reference to Exhibit 10.42 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2007
10.43	Employment Agreement, dated as of October 2, 2006, between WESCO International, Inc. and Steven J. Riordan.	Incorporated by reference to Exhibit 10.42 to WESCO s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008
10.44	Form of Stock Appreciation Rights Agreement.	Incorporated by reference to Exhibit 10.43 to WESCO s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008
10.45	Third Amendment to the Third Amended and Restated Credit Agreement, dated December 19, 2008.	Filed herewith
10.46	Ninth Amendment to Second Amended and Restated Receivables Purchase Agreement, dated January 29, 2009.	Filed herewith
21.1	Significant Subsidiaries of WESCO.	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP.	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) promulgated under the	Filed herewith

	Exchange Act.	
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) promulgated under the Exchange Act.	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith

Table of Contents

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith

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

Copies of exhibits may be retrieved electronically at the Securities and Exchange Commission s home page at www.sec.gov. Exhibits will also be furnished without charge by writing to Stephen A. Van Oss, Senior Vice President and Chief Financial and Administrative Officer, 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania 15219. Requests may also be directed to (412) 454-2200.

Table of Contents

SIGNATURES

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

WESCO INTERNATIONAL, INC.

By: /s/ ROY W. HALEY
Name: Roy W. Haley
Title: Chairman of the Board and Chief Executive Officer
Date: February 27, 2009

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

Signature	Title	Date
/s/ ROY W. HALEY Roy W. Haley	Chairman and Chief Executive Officer (Principal Executive Officer)	February 27, 2009
/s/ STEPHEN A. VAN OSS Stephen A. Van Oss	Director and Senior Vice President and Chief Financial and Administrative Officer (Principal Financial and Accounting Officer)	February 27, 2009
/s/ JOHN J. ENGEL John J. Engel	Director and Senior Vice President and Chief Operating Officer	February 27, 2009
/s/ JAMES L. SINGLETON James L. Singleton	Director	February 27, 2009
/s/ ROBERT J. TARR, JR. Robert J. Tarr, Jr.	Director	February 27, 2009
/s/ KENNETH L. WAY Kenneth L. Way	Director	February 27, 2009
/s/ GEORGE L. MILES, JR. George L. Miles, Jr.	Director	February 27, 2009
/s/ SANDRA BEACH LIN Sandra Beach Lin	Director	February 27, 2009
/s/ WILLIAM J. VARESCHI William J. Vareschi	Director	February 27, 2009
/s/ STEVEN A. RAYMUND Steven A. Raymund	Director	February 27, 2009

/s/ LYNN M. UTTER Lynn M. Utter	Director	February 27, 2009
/s/ JOHN K. MORGAN John K. Morgan	Director	February 27, 2009

Table of Contents

Schedule II Valuation and Qualifying Accounts

(in thousands)	**Col. A** Balance at Beginning of Period	**Col. B** Charged to Expense	**Col. C (In thousands)** Charged to Other Accounts[1]	**Col. D** Deductions[2]	**Col. E** Balance at End of Period
Allowance for doubtful accounts:					
Year ended December 31, 2008	$17,418	$10,103	$ (10)	$ (7,846)	$19,665
Year ended December 31, 2007	12,641	2,182	5,526	(2,931)	17,418
Year ended December 31, 2006	12,609	3,810	8,971	(12,749)	12,641

(1) Represents allowance for doubtful accounts in connection with certain acquisitions and divestitures.

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

(in thousands)	**Col. A** Balance at Beginning of Period	**Col. B** Charged to Expense	**Col. C (In thousands)** Charged to Other Accounts[1]	**Col. D** Deductions[2]	**Col. E** Balance at End of Period
Inventory reserve:					
Year ended December 31, 2008	$20,279	$9,162	$ (272)	$(11,833)	$17,336
Year ended December 31, 2007	22,978	8,023	7	(10,729)	20,279
Year ended December 31, 2006	12,466	5,967	12,296	(7,751)	22,978

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

divestitures.

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

(in thousands)	**Col. A** Balance at Beginning of Period	**Col. B** Charged (benefit) to Expense	**Col. C (In thousands)** Charged to Other Accounts	**Col. D** Deductions	**Col. E** Balance at End of Period
Income tax valuation allowance:					
Year ended December 31, 2008	$	$	$	$	$
Year ended December 31, 2007	13,055	(13,055)			
Year ended December 31, 2006	15,693	(2,638)			13,055