WESCO INTERNATIONAL INC
Form 10-K/A
March 05, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(Amendment No. 1)

(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, 2007

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**	**15219**
(Address of principal executive offices)	(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 $2,651.0 million as of June 30, 2007, 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, 2008, 42,832,207 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 2008 Annual Meeting of Stockholders.

EXPLANATORY NOTE

This Amendment No. 1 to our Annual Report on Form 10-K amends Item 8, Financial Statements and Supplementary Data, of Part II and Item 15, Exhibits and Financial Statement Schedules, of Part IV of our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission on February 29, 2008. Due to a clerical error, the name of our independent registered public accounting firm was inadvertently omitted from its report appearing in such Item 8. Prior to our filing of our Annual Report on Form 10-K, our independent registered public accounting firm provided executed copies of both its report and its consent, which was filed as Exhibit 23.1. There are no other changes to Item 8 of Part II other than the inclusion of the name of our independent registered public accounting firm in its report appearing in such Item 8.

WESCO INTERNATIONAL, INC.
Annual Report on Form 10-K for the Fiscal Year Ended
December 31, 2007
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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.

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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 (the Company) at December 31, 2007 and December 31, 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 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, 2007, 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.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for stock-based compensation as of January 1, 2006.

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 29, 2008

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31 2007	December 31 2006
	(Dollars in thousands, except share data)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 72,297	$ 73,395
Trade accounts receivable, net of allowance for doubtful accounts of $17,418 and $12,641 in 2007 and 2006, respectively **(Note 7)**	844,514	829,962
Other accounts receivable	44,783	43,011
Inventories, net	666,027	613,569
Current deferred income taxes **(Note 10)**	4,026	14,991
Income taxes receivable	38,793	34,016
Prepaid expenses and other current assets	10,059	9,068
Total current assets	1,680,499	1,618,012
Property, buildings and equipment, net **(Note 6)**	104,119	107,016
Intangible assets, net **(Note 3)**	133,791	147,550
Goodwill **(Note 3)**	924,358	931,229
Other assets	17,120	20,176
Total assets	$2,859,887	$2,823,983
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 626,293	$ 590,304
Accrued payroll and benefit costs **(Note 13)**	51,415	69,945
Short-term debt **(Note 7)**	502,300	390,500
Current portion of long-term debt **(Note 7)**	2,676	5,927
Deferred acquisition payable **(Note 4)**	1,285	3,453
Bank overdrafts	58,948	27,833
Other current liabilities	49,008	65,710
Total current liabilities	1,291,925	1,153,672
Long-term debt **(Note 7)**	811,311	743,887
Deferred income taxes **(Note 10)**	118,084	149,677
Other noncurrent liabilities	30,091	13,520
Total liabilities	$2,251,411	$2,060,756
Commitments and contingencies **(Note 15)**		
Stockholders Equity (Note 8 and 9):		
Preferred stock, $.01 par value; 20,000,000 shares authorized, no shares issued or outstanding		

Common stock, $.01 par value; 210,000,000 shares authorized, 54,663,418 and 53,789,918 shares issued and 43,144,032 and 49,545,506 shares outstanding in 2007 and 2006, respectively	546	538
Class B nonvoting convertible common stock, $.01 par value; 20,000,000 shares authorized, 4,339,431 shares issued in 2007 and 2006; no shares outstanding in 2007 and 2006	43	43
Additional capital	808,739	769,948
Retained earnings	284,794	48,988
Treasury stock, at cost; 15,858,817 and 8,583,843 shares in 2007 and 2006, respectively	(511,478)	(70,820)
Accumulated other comprehensive income	25,832	14,530
Total stockholders equity	608,476	763,227
Total liabilities and stockholders equity	$2,859,887	$2,823,983

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	2007	**2006**	**2005**
	(In thousands, except share data)		
Net sales	$6,003,452	$5,320,603	$4,421,103
Cost of goods sold (excluding depreciation and amortization below)	4,781,336	4,234,079	3,580,398
Selling, general and administrative expenses	791,133	692,881	612,780
Depreciation and amortization	36,759	28,660	18,639
Income from operations	394,224	364,983	209,286
Interest expense, net	63,196	24,622	30,183
Loss on debt extinguishment, net **(Note 7)**			14,914
Other expenses **(Note 7)**		22,795	13,305
Income before income taxes	331,028	317,566	150,884
Provision for income taxes **(Note 10)**	90,397	100,246	47,358
Net income	$ 240,631	$ 217,320	$ 103,526
Earnings per share **(Note 12)**			
Basic	$ 5.27	$ 4.46	$ 2.20
Diluted	$ 4.99	$ 4.14	$ 2.10

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

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

llars in thousands, excep share data)	Comprehensive Income	Common Stock Amount	Common Stock Shares	Class B Common Stock Amount	Class B Common Stock Shares	Additional Capital	Retained Earnings (Deficit)	Treasury Stock Amount	Treasury Stock Shares	Accumu Oth Compreh Inco (Los
ance, December 31, 2004		$ 505	50,483,970	$ 43	4,339,431	$ 676,465	$ (271,858)	$ (61,449)	(8,407,790)	$ 9,8
rcise of stock options, uding tax benefit of 815		13	1,306,755			22,347		(372)	(10,817)	
ck-based compensation ense						8,595				
income	$ 103,526						103,526			
nslation adjustment	3,788									3,7
nprehensive income	$ 107,314									
ance, December 31, 2005		518	51,790,725	43	4,339,431	707,407	(168,332)	(61,821)	(8,418,607)	13,(
rcise of stock options, uding tax benefit of 966		20	1,999,193			50,807		(8,999)	(165,236)	
ck-based compensation ense						11,734				
income	$ 217,320						217,320			
nslation adjustment	895									8
nprehensive income	$ 318,215									
ance, December 31, 2006		538	53,789,918	43	4,339,431	769,948	48,988	(70,820)	(8,583,843)	14,
rcise of stock options, uding tax benefit of 360		8	873,500			24,395		(10,077)	(150,841)	
ck-based compensation ense						14,403				
ance of treasury stock						(7)		187	22,656	
ption of FIN 48, net of							(4,825)			
re repurchase program								(430,768)	(7,146,789)	
income	$ 240,631						240,631			
nslation adjustment	11,302									11,
nprehensive income	$ 251,933									
ance, December 31, 2007		$ 546	54,663,418	$ 43	4,339,431	$ 808,739	$ 284,794	$ (511,478)	(15,858,817)	$ 25,8

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

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

	Year Ended December 31		
	2007	**2006**	**2005**
		(In thousands)	
Operating Activities:			
Net income	$ 240,631	$ 217,320	$ 103,526
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on debt extinguishment, (net of premium in 2005 of $6,803)			1,446
Depreciation and amortization	36,759	28,660	18,639
Accretion and amortization of original issue discounts and purchase discounts, respectively			1,218
Amortization of gain on interest rate swap			(3,118)
Stock option expense	14,403	11,734	8,595
Amortization of debt issuance costs	4,192	2,520	1,263
Gain on sale of property, buildings and equipment	(371)	(2,607)	(36)
Excess tax benefit from stock-based compensation	(18,360)	(34,966)	
Interest related to uncertain tax positions	1,097		
Deferred income taxes	11,147	18,523	3,560
Changes in assets and liabilities:			
Change in receivables facility		(6,500)	189,000
Trade and other account receivables, net	4,462	(11,832)	(83,660)
Inventories, net	(33,632)	(27,673)	(60,220)
Prepaid expenses and other current assets	(2,618)	30,030	12,386
Accounts payable	19,436	(27,873)	95,657
Accrued payroll and benefit costs	(19,716)	18,725	6,700
Other current and noncurrent liabilities	4,848	(8,978)	141
Net cash provided by operating activities	262,278	207,083	295,097
Investing Activities:			
Capital expenditures	(16,118)	(18,359)	(14,154)
Acquisition payments, net of cash acquired	(32,398)	(540,447)	(278,829)
Proceeds from sale of assets	487	4,624	
Other investing activities		(1,745)	2,014
Net cash used by investing activities	(48,029)	(555,927)	(290,969)
Financing Activities:			
Proceeds from issuance of long-term debt	1,025,900	807,604	643,000
Repayments of long-term debt	(850,717)	(462,918)	(662,641)
Debt issuance costs	(754)	(9,464)	(9,043)
Proceeds from exercise of options	6,043	6,862	8,173
Excess tax benefit from stock-based compensation	18,360	34,966	
Repurchase of common stock	(440,845)		
Increase in bank overdrafts	31,116	24,138	3,695
Payments on capital lease obligations	(1,709)	(1,073)	(215)

Net cash (used) provided by financing activities	(212,606)	400,115	(17,031)
Effect of exchange rate changes on cash and cash equivalents	(2,741)	(1)	505
Net change in cash and cash equivalents	(1,098)	51,270	(12,398)
Cash and cash equivalents at the beginning of period	73,395	22,125	34,523
Cash and cash equivalents at the end of period	$ 72,297	$ 73,395	$ 22,125
Supplemental disclosures:			
Cash paid for interest	$ 62,426	$ 44,952	$ 29,606
Cash paid for taxes	52,501	55,139	28,917
Non-cash investing and financing activities:			
Property, plant and equipment acquired through capital leases	2,599	2,144	2,000
Deferred acquisition payable related to acquisitions		1,107	5,000
Note issued in connection with acquisition			3,329
Issuance of treasury stock	187		

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

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

1. ORGANIZATION

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

2. ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of WESCO International, Inc. (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 $40.0 million at December 31, 2007 and $35.9 million at December 31, 2006. The total amount recorded as a reduction to cost of goods sold was $59.2 million, $54.1 million and $47.2 million for 2007, 2006 and 2005, 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 $62.0 million, $48.9 million and $44.5 million in 2007, 2006 and 2005, 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 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.

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 $17.4 million at December 31, 2007 and $12.6 million at December 31, 2006. The total amount recorded as selling, general and administrative expense related to bad debts was $2.2 million, $3.8 million and $8.6 million for 2007, 2006 and 2005, 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 $20.3 million and $23.0 million at December 31, 2007 and 2006, respectively. The total expense related to excess and obsolete inventories, included in cost of goods sold, was $8.0 million, $4.8 million and $4.1 million for 2007, 2006 and 2005, 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, 2007 and 2006 $42.8 million and $38.7 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 $0.8 million related to amended financing was incurred during the year ending December 31, 2007. As of December 31, 2007 and 2006, the amount of other assets related to unamortized deferred financing fees was $16.3 million and $19.7 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 $104.1 million net book value of property, plant and equipment as of December 31, 2007, $63.4 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 $16.5 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 annually for impairment 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 and current internal forecasts. No impairment losses were identified in 2007 as a result of this review. At December 31, 2007 and 2006 goodwill and indefinite life intangible assets totaled $970.6 million and $977.4 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.

Insurance Programs

WESCO uses commercial insurance for auto, workers compensation, casualty and health claims as a risk-reduction strategy to minimize catastrophic losses. Our strategy involves large deductibles where WESCO must pay all costs up to the deductible amount. WESCO estimates our reserve based on historical incident rates and costs. The assumptions included in developing this accrual include the period of time from incurrence of a claim until the claim is paid by the insurance provider. Presently, this period is estimated to be eight weeks. The total liability related to the insurance programs was $10.0 million at December 31, 2007 and $9.5 million at December 31, 2006.

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.

During the first quarter of 2007, WESCO adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for uncertainty in income taxes. The adoption of FIN 48 resulted in an increase of approximately $4.8 million in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings. WESCO reviews uncertain tax positions and assesses the need and amount of contingency reserves necessary to cover any probable audit adjustments.

Foreign Currency

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

Stock-Based Compensation

The Company s stock-based employee compensation plans are comprised of fixed 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, which is consistent with the valuation techniques previously utilized for stock-based awards in footnote disclosures required under SFAS 123. 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:

	2007	**2006**	**2005**
Stock-settled appreciation rights granted	628,237	463,132	908,889
Risk free interest rate	4.9%	4.9%	3.0%
Expected life	4 years	4 years	4 years
Expected volatility	40%	50%	59%

The weighted average fair value per equity award granted was $22.71, $30.72 and $15.23 for the years ended December 31, 2007, 2006 and 2005, respectively. WESCO recognized $14.4 million, $11.7 and $8.6 million of non-cash stock-based compensation expense, which is included in selling, general and administrative expenses, in 2007, 2006 and 2005, respectively.

For the year ended December 31, 2005, WESCO s pro forma net income and earnings per share would have been adjusted to the amounts indicated below to reflect the additional fair value compensation, net of tax, as if the fair-value based method of accounting for stock-based awards had been applied to all outstanding awards:

Dollars in thousands, except per share amounts		**Year Ended December 31, 2005**
Net income reported	$	103,526
Add: Stock-based compensation expense included in reported net income, net of related tax		5,896
Deduct: Stock-based employee compensation expense determined under SFAS No. 123 for all awards net of related tax		(6,404)
Pro forma net income	$	103,018
Earnings per share:		
Basic as reported	$	2.20
Basic pro forma	$	2.19
Diluted as reported	$	2.10
Diluted pro forma	$	2.09

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.

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 7 at December 31, 2007 and 2006 was $1,280.1 million and $1,214.0 million respectively. The fair values of the senior notes and debentures are estimated based upon market price quotes. The carrying values of WESCO s other long-term debt, which include the mortgage facility and revolving credit facility are considered to approximate fair value, 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 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. 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 nonfinancial 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. WESCO is currently evaluating the effect that the implementation of SFAS 157 will have on its financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Liabilities* (SFAS 159) which provides companies with an option to report certain financial assets and liabilities at fair value, with changes in value recognized in earnings each reporting period. SFAS 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. WESCO does not anticipate that the adoption of SFAS 159 will have an impact on its financial position, results of operations, or cash flows.

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. WESCO is currently evaluating the effect that the implementation of SFAS 141R will have on its financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an Amendment of ARB No. 51* (SFAS 160). This statement amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements* (ARB 51) to establish accounting and reporting standards for a noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 is effective for fiscal years beginning after December 15, 2008. WESCO is currently evaluating the effect that the implementation of SFAS 160 will have on its financial position, results of operations and cash flows.

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

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

	Year Ended December 31	
	2007	**2006**
	(In thousands)	
Beginning balance January 1	$931,229	$542,217
Adjustments to goodwill for prior acquisitions: (1)		
Communications Supply Holding, Inc.	(26,454)	
Fastec Industrial Corp.		26
Carlton-Bates Company.		8,000
Additions to goodwill for acquisitions:		
Communications Supply Holding, Inc.		380,977
Cascade Controls Corporation	1,418	
J-Mark Inc	11,548	
Monti Electric Supply, Inc.	6,269	
Foreign currency translation	348	9
Ending balance December 31	$924,358	$931,229

(1) Represents final purchase price adjustments.

Intangible Assets

The components of intangible assets are as follows:

		December 31, 2007			December 31, 2006		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount

		(In thousands)					
Intangible Assets:							
Trademarks	Indefinite	$ 46,200		$ 46,200	$ 46,200		$ 46,200
Non-compete agreements	3-5	6,445	$ (5,173)	1,272	6,445	$ (4,529)	1,916
Customer relationships	4-19	76,000	(16,714)	59,286	76,000	(7,306)	68,694
Distribution agreements	5-19	33,500	(6,467)	27,033	33,500	(2,760)	30,740
		$ 162,145	$ (28,354)	$ 133,791	$ 162,145	$ (14,595)	$ 147,550

Amortization expense related to intangible assets totaled $13.1 million, $9.2 million and $2.2 million for the years ended December 31, 2007, 2006 and 2005, respectively.

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,	
2008	$ 7,377
2009	7,380
2010	7,174
2011	5,755
2012	3,507

4. ACQUISITIONS

The following table sets forth the consideration paid for acquisitions:

	Year Ended December 31		
	2007	**2006**	**2005**
		(In thousands)	
Details of acquisitions:			
Fair value of assets acquired	$ 32,207	$ 684,005	$ 331,302
Amounts earned under acquisition agreements			5,560
Fair value of liabilities assumed	(5,146)	(147,784)	(48,673)
Deferred acquisition payable		(1,107)	(5,000)
Deferred acquisition payments and note conversion	1,727	4,872	1,013
Note issued to seller			(3,329)
Final purchase price adjustment	3,610	5,500	
Cash paid for acquisitions	$ 32,398	$ 545,486	$ 280,873
Supplemental cash flow disclosure related to acquisitions:			
Cash paid for acquisitions	$ 32,398	$ 545,486	$ 280,873
Less: cash acquired		(5,039)	(2,044)
Cash paid for acquisitions, net of cash acquired	$ 32,398	$ 540,447	$ 278,829

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

Acquisition of Communications Supply Holdings, Inc.

On November 3, 2006, WESCO International completed its acquisition of Communications Supply Holdings, Inc. (Communications Supply). On that day, a wholly-owned subsidiary of WESCO Distribution, Inc. (WESCO Distribution) merged with and into Communications Supply, which became a wholly-owned subsidiary of WESCO Distribution. WESCO paid at closing a cash merger price of approximately $530.1 million, net of $5.0 million of cash acquired and $1.1 million of deferred payments, of which $17.0 million was held in escrow to address post-closing adjustments relating to working capital and potential indemnification claims. To fund the merger price paid at closing, WESCO Distribution borrowed $105.0 million under its Receivables Facility and $102.0 million under its revolving credit facility and used the borrowings, together with the $292.5 million of net proceeds from the offering of the 2026 Debentures and approximately $30.6 million of other available cash.

During 2007, WESCO evaluated the calculation of the acquired working capital, along with the calculation of various direct acquisition costs. These calculations resulted in an increase to the purchase price in the amount of approximately $4.0 million. WESCO made payments totaling $4.0 million, which included purchase price adjustments totaling $3.6 million and a deferred payment of $0.4 million to the previous owners of Communications Supply.

In addition, during the three months ended September 30, 2007, WESCO finalized a plan for the integration of Communications Supply into the WESCO operations. Pursuant to EITF Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, charges totaling approximately $0.7 million were recognized as a part of the purchase price allocation. These charges relate to termination benefit costs and are expected to be paid over the next 15 month period.

The final allocation of assets acquired and liabilities assumed for the 2006 acquisition is summarized below.

	Communications Supply Holdings, Inc. (Final) (In thousands)
Assets Acquired	
Cash and equivalents	$ 5,039
Trade accounts receivable	102,582
Inventories	84,868
Deferred income taxes short-term	7,199
Other accounts receivable	8,286
Prepaid expenses	1,491
Income taxes receivable	15,925
Property, buildings and equipment	5,493
Intangible assets	71,295
Goodwill	354,522
Other noncurrent assets	849
Total assets acquired	657,549
Liabilities Assumed	
Accounts payable	45,241
Accrued and other current liabilities	37,592
Deferred acquisition payable	1,107
Restructure reserve	687
Deferred income taxes long-term	32,140
Other noncurrent liabilities	554
Total liabilities assumed	117,321
Fair value of net assets acquired, including intangible assets	$ 540,228

Communications Supply is a national distributor of wire, cable, network infrastructure, and low voltage specialty system products for data, voice and security network communication applications. Communications Supply sells it products through its 37 branches and sales offices located throughout the United States. Communications Supply also adds new product categories, new strategic supplier relationships and provides acquisition opportunities to penetrate further into the low voltage specialty systems and industrial OEM and MRO markets.

The final purchase price was allocated to the respective assets and liabilities based upon their estimated fair values as of the acquisition date. The fair value of the intangible assets was estimated by management and the allocation resulted in intangible assets of $71.3 million and goodwill of $354.5 million, of which $11.7 million is deductible for tax purposes. The goodwill is primarily being generated by the trained and assembled workforce and their ability to create and develop a highly diversified customer base. The intangible assets include supplier relationships of $21.4 million amortized over a range of 12 to 19 years, customer relationships of $21.4 million amortized over a range of 4 to 7 years, non-compete agreements of $0.7 million amortized over 3 years, and trademarks of $27.8 million.

Trademarks have an indefinite life and are not being amortized. No residual value is estimated for the depreciable intangible assets.

The operating results of Communications Supply have been included in WESCO s consolidated financial statements since November 3, 2006. Unaudited pro forma results of operations (in thousands, except per share data) for the year ended December 31, 2006 are included below as if the acquisition occurred on the first day of the respective period. This summary of the unaudited pro forma results of operations is not necessarily indicative of what WESCO s results of operations would have been had Communications Supply been acquired at the beginning of 2006, nor does it purport to represent results of operations for any future periods. Seasonality of sales is not a significant factor to these pro forma combined results of operations.

	Year Ended December 31 2006 (In thousands, except per share amounts)
Net sales	$ 5,837,625
Net income	$ 228,192
Earnings per common share:	
Basic	$ 4.72
Diluted	$ 4.38

Acquisition of Carlton-Bates Company

On September 29, 2005, WESCO acquired Carlton-Bates Company (Carlton-Bates), headquartered in Little Rock, Arkansas. As part of the acquisition, WESCO developed a plan for the integration of Carlton-Bates into the WESCO operations. This plan was finalized during the three-month period ended September 30, 2006. Pursuant to EITF Issue No. 95-3, certain charges related to the Carlton-Bates acquisition integration were recognized as a part of the purchase price allocation. During the three-months ended September 30, 2007, WESCO determined that charges totaling approximately $0.5 million were no longer required. As a result, these charges were removed from the restructure reserve and recorded to other income. A summary of the charges for the year ended December 31, 2007 is as follows:

Amounts in thousands	Balance at December 31, 2006	Cash Payments	Adjustments	Balance at December 31, 2007
Termination Benefits	$ 24	$ 23	$ 1	$
Cost of closing redundant facilities	1,392	123	493	776
Other	104	104		
Total	$ 1,520	$ 250	$ 494	$ 776

Acquisition of Fastec Industrial Corp.

On July 29, 2005, WESCO acquired the assets and business of Fastec Industrial Corp. To consummate this acquisition, WESCO issued a $3.3 million promissory note. The note was paid in full in January 2007.

5. 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 10%, 12% and 12% of WESCO s purchases for each of the three years, 2007, 2006 and 2005, respectively and therefore, WESCO could potentially incur risk due to supplier concentration. Based upon WESCO s broad customer base, the Company has concluded that it has no credit risk due to customer concentration.

6. PROPERTY, BUILDINGS AND EQUIPMENT

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

	December 31, 2007	2006
	(in thousands)	
Buildings and leasehold improvements	$ 76,684	$ 73,382
Furniture, fixtures and equipment	117,774	117,214
Software costs	49,187	44,566

	243,645	235,162
Accumulated depreciation and amortization	(162,897)	(149,327)
	80,748	85,835
Land	20,115	19,053
Construction in progress	3,256	2,128
	$ 104,119	$ 107,016

Depreciation expense was $19.0 million, $15.7 million and $14.5 million, and capitalized software amortization was $4.7 million, $3.8 million and $4.1 million, in 2007, 2006 and 2005, respectively. The unamortized software cost was $7.9 million as of December 31, 2007 and 2006. Furniture, fixtures and equipment include capitalized leases of $6.0 million and $3.7 million and related accumulated amortization of $1.2 million and $0.5 million as of December 31, 2007 and 2006, respectively.

7. DEBT

The following table sets forth WESCO s outstanding indebtedness:

	December 31, 2007	December 31, 2006
	(In thousands)	
Revolving credit facility	$ 187,300	$ 97,000
Mortgage financing facility	43,638	44,925
Acquisition related notes:		
Fastec		3,329
Other	552	666
Capital leases	4,797	3,894
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
Accounts Receivable Securitization Facility	480,000	390,500
	1,316,287	1,140,314
Less current portion	(2,676)	(5,927)
Less short-term debt	(502,300)	(390,500)
	$ 811,311	$ 743,887

9.125% Senior Subordinated Notes due 2008

In June 1998 and August 2001, WESCO Distribution, Inc. completed offerings of $300 million and $100 million, respectively, in aggregate principal amount of 9.125% Senior Subordinated Notes due 2008 (the 2008 Notes). The 2008 Notes were issued at an average issue price of 98% of par, and net proceeds received from the sales of the 2008 Notes were approximately $376 million in the aggregate. During 2003 and 2004, WESCO repurchased $21.1 million and $55.3 million, respectively, in aggregate principal amount of 2008 Notes and recorded a net loss of $2.6 million in 2004 and a net gain of $0.6 million in 2003. WESCO redeemed all of the remaining principal amount of the 2008 Notes during 2005, incurring a charge of $14.9 million. The charge included the payment of a redemption price at 101.521% of par and the write-off of unamortized original issue discount and debt issue costs.

Accounts Receivable Securitization Facility

WESCO maintains an accounts receivable securitization program (the Receivables Facility) under which it 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.

On February 22, 2007, WESCO amended the Receivables Facility. The amendment increased the purchase commitment under the Receivables Facility from $400 million to $500 million, included Communications Supply Corporation and its subsidiaries as originators under the Receivables Facility and extended the term of the Receivables Facility to May 9, 2010.

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.

As of December 31, 2007 and 2006, accounts receivable eligible for securitization totaled approximately $604.0 million and $531.3 million, respectively. The consolidated balance sheets as of December 31, 2007 and 2006 reflect $480.0 million and $390.5 million, respectively, of account receivable balances legally sold to third parties, as well as the related borrowings for equal amounts.

Effective with the amendment in December 2006, WESCO regained control of previously transferred accounts receivable balances. EITF 02-09, *Accounting for Changes that Result in a Transferor Regaining Control of Financial Assets Sold,* requires that re-recognized assets be recorded at fair value. Accordingly, WESCO reflected re-recognized trade receivables with an estimated fair value of $390.5 million in the balance sheet at December 31, 2006, along with the retained subordinated undivided interest of $137.9 million. As a result of this change in accounting treatment, WESCO recognized a pre-tax gain of $2.4 million during the three months ended March 31, 2007.

Interest expense and other costs associated with the Receivables Facility totaled $28.3 million, $22.8 million and $13.3 million in 2007, 2006 and 2005, respectively. 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, 2007, the interest rate on borrowings under this facility was approximately 5.7%.

Mortgage Financing Facility

In February 2003, WESCO finalized a mortgage financing facility of $51 million, $43.6 million of which was outstanding as of December 31, 2007. 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, 2007, 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 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.

On December 14, 2007, WESCO Distribution amended the facility. The amendment increased the borrowing limit under the Canadian sub-facility from $65 million to $75 million, increased the letter of credit sub-facility from $50 million to $55 million, allowed for the disposition of WESCO s LADD operations, a part of Carlton Bates Company, which was acquired in September 2005, and extended the maturity date of the Revolving Credit Facility to November 1, 2013.

Availability under the facility is limited to the amount of eligible inventory and eligible accounts receivable and Canadian inventory and 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, 2007, the interest rate was 6.2%. WESCO was in compliance with all covenants as of December 31, 2007.

During 2007, WESCO borrowed $891.4 million in the aggregate under the Revolving Credit Facility and made repayments in the aggregate amount of $801.1 million. During 2006, aggregate borrowings and repayments were $507.6 million and $439.6 million, respectively. At December 31, 2007, WESCO had an outstanding balance under the facility of $187.3 million. WESCO had approximately $146.2 million available under the facility at December 31, 2007, after giving effect to an outstanding letter of credit, as compared to approximately $326.9 million at December 31, 2006.

7.50% Senior Subordinated Notes due 2017

At December 31, 2007, $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 103.750% of the principal amount. Between October 15, 2011 and October 14, 2012, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 102.500% of the principal amount. On and after October 15, 2013, WESCO Distribution may redeem all or a part of the 2017 Notes at a redemption price equal to 100% of the principal amount.

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

2.625% Convertible Senior Debentures due 2025

At December 31, 2007, $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, 2007 or 2006.

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.

1.75% Convertible Senior Debentures due 2026

On November 2, 2006, WESCO International issued $300 million in aggregate principal amount of 1.75% Convertible Senior Debentures due 2026 (the 2026 Debentures). 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, commencing May 15, 2007. 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, 2007 or 2006.

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, 2007.

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

2008	$ 504,976
2009	3,032
2010	2,793
2011	2,460
2012	2,120
Thereafter	800,906
	$ 1,316,287

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.

8. 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, 2007 and 2006, no dividends had been declared, and therefore no retained earnings were reserved for dividend payments.

9. SHARE REPURCHASE PLANS

On September 28, 2007, WESCO announced that the $400 million stock repurchase program, reported on February 1, 2007, had been completed. WESCO also 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 three and twelve month periods ended December 31, 2007, WESCO repurchased approximately 0.8 million shares for $30.6 million and approximately 7.1 million shares for $430.6 million, respectively.

In addition, during 2007, WESCO purchased approximately 0.2 million shares from employees for $10.1 million in connection with the settlement of tax withholding obligations arising from the exercise of common stock units and stock-settled stock appreciation rights.

10. INCOME TAXES

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

	Year Ended December 31		
	2007	2006	2005
		(In thousands)	
Current taxes:			
Federal	$ 66,986	$ 63,859	$18,141
State	25,438	11,581	1,699
Foreign	(13,174)	6,552	6,212
Total current.	79,250	81,992	26,052
Deferred taxes:			
Federal	19,815	16,938	20,734
State	(9,859)	2,101	2,567
Foreign	1,191	(785)	(1,995)
Total deferred	11,147	18,254	21,306
	$ 90,397	$100,246	$47,358

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

	Year Ended December 31		
	2007	2006	2005
		(In thousands)	
United States	$357,426	$270,081	$126,098
Foreign	(26,398)	47,485	24,786
	$331,028	$317,566	$150,884

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

	Year Ended December 31		
	2007	**2006**	**2005**
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	3.3	2.8	1.8
Nondeductible expenses	0.5	0.4	0.7
Domestic tax benefit from foreign operations	(2.0)	(3.2)	(3.1)
Foreign tax rate differences(1)	(7.0)	(3.3)	(3.3)
Federal tax credits(2)	(0.1)		(0.8)
Domestic production activity deduction	(0.2)	(0.1)	
Section 965 dividend(3)			0.7
Adjustment related to uncertain tax positions	0.6		
Adjustment related to foreign currency exchange gains(4)	(0.6)		
Change in valuation allowance(5)	(2.6)		
Other	0.4		0.4
	27.3%	31.6%	31.4%

(1) Includes tax benefit of $21.2 million, $10.0 million and $5.1 million in 2007, 2006 and 2005 respectively from recapitalization of WESCO s Canadian operations.

(2) Represents a benefit of $0.6 million and $1.2 million in 2007 and 2005, respectively, from research and development credits.

(3)

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

WESCO intended to utilize these earnings through expansion of its business operations outside the United States for an indefinite period of time.

(4) Includes a benefit of $1.8 million in 2007 from foreign exchange gains related to the recapitalization of Canadian operations.

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

As of December 31, 2007 and 2006, WESCO had state tax benefits derived from net operating loss carryforwards of approximately $9.3 million ($6.0 million, net of federal income tax) and $13.1 million ($8.5 million, net of federal income tax), respectively. The amounts will begin expiring in 2008. The net deferred tax asset of $13.1 million at December 31, 2006 was fully offset by a valuation allowance. During 2007, WESCO recorded a reversal of this valuation allowance based on achieving substantial profitability and a favorable assessment of expected future operating results in jurisdictions in which WESCO s net operating losses may be utilized in future periods. 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.

As of December 31, 2007, WESCO had approximately $33.8 million of undistributed earnings related to its foreign subsidiaries. Management believes that these earnings will be indefinitely reinvested in foreign jurisdiction;

accordingly, WESCO has not provided for U.S. federal income taxes related to these earnings.

The following table sets forth deferred tax assets and liabilities:

	December 31			
	2007		2006	
	(In thousands)			
	Assets	Liabilities	Assets	Liabilities
Accounts receivable	$ 6,419	$	$ 8,962	$
Inventory		3,880		269
Other	21,159	19,671	13,603	7,305
Current deferred tax	27,578	23,552	22,565	7,574
Intangibles		120,105		141,168
Property, buildings and equipment		7,006		7,289
Other	13,366	4,339	340	1,560
Long-term deferred tax	$13,366	$131,450	$ 340	$150,017

11. ACCOUNTING FOR UNCERTAIN TAX POSITIONS

On January 1, 2007, WESCO adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). As a result of the implementation of FIN 48, WESCO recognized an increase of $4.8 million in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings.

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	1999 and forward
United States States	2003 and forward
Canada	1996 and forward

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

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

The total amount of unrecognized tax benefits were $10.0 million and $8.4 million as of December 31, 2007 and January 1, 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 $8.1 million and $6.5 million, respectively. We do not anticipate any material change in the total amount of unrecognized tax benefits to occur within the next twelve months.

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, 2007 and January 1, 2007, WESCO had an accrued liability of $4.4 million and $3.3 million, respectively, for interest related to uncertain tax positions. As of January 1, 2007, WESCO recorded a liability for tax penalties of $0.5 million.

12. 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 No. 123 (R) 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		
	2007	2006	2005
	(Dollars in thousands, except share data)		
Net income	$ 240,631	$ 217,320	$ 103,526
Weighted average common shares outstanding used in computing basic earnings per share	45,699,537	48,724,343	47,085,524
Common shares issuable upon exercise of dilutive stock options	1,691,102	2,569,798	2,152,912
Common shares issuable from contingently convertible debentures (see note 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	48,250,329	52,463,694	49,238,436
Earnings per share			
Basic	$ 5.27	$ 4.46	$ 2.20
Diluted	$ 4.99	$ 4.14	$ 2.10

Stock-settled stock appreciation rights (SARs) of 0.3 million, 0.1 million and 1.7 million at a weighted average exercise price of $65.90, $68.79 and $28.00 per share were outstanding as of December 31, 2007, 2006 and 2005, respectively, were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the years ending December 31, 2007, 2006, and 2005.

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 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, 2007 was approximately $55.0 per share, 859,690 shares underlying the 2025 Debentures were included in the diluted share count. 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.

13. EMPLOYEE BENEFIT PLANS

A majority of WESCO s employees are covered by defined contribution retirement savings plans for their service rendered subsequent to WESCO s formation. 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 and can be based on WESCO s financial performance. Discretionary employer contributions were made in the amount of $7.3 million, $12.8 million and $10.4 million in 2007, 2006 and 2005, respectively. For the years ended December 31, 2007, 2006 and 2005, WESCO contributed to all such plans $17.8 million, $21.5 million and $17.5 million, respectively, which was charged to expense. Contributions are made in cash to employee retirement savings plan accounts. Employees then have the option to transfer into any of their investment options, including WESCO stock.

14. STOCK-BASED COMPENSATION

Stock Purchase Plans

In connection with the 1998 recapitalization, WESCO established a stock purchase plan (1998 Stock Purchase Plan) under which certain employees may be granted an opportunity to purchase WESCO s common stock. The maximum number of shares available for purchase may not exceed 427,720. There were no shares issued in 2007, 2006 or 2005.

Stock Option Plans

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

An initial reserve of 6,936,000 shares of common stock has been authorized for issuance under the LTIP. This reserve automatically increases by (i) the number of shares of common stock covered by unexercised options granted under prior plans that are canceled or terminated after the effective date of the LTIP, and (ii) the number of shares of common stock surrendered by employees to pay the exercise price and/or minimum withholding taxes in connection with the exercise of stock options granted under our prior plans. As of December 31, 2007, 3.9 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, 2007, there was $19.6 million of total unrecognized compensation expense related to non-vested stock-based compensation arrangements for all awards previously made of which approximately $10.9 million is expected to be recognized in 2008, $6.5 million in 2009 and $2.2 million in 2010.

The total intrinsic value of awards exercised during the years ended December 31, 2007 and 2006 was $50.8 million and $109.9 million, respectively. The total amount of cash received from the exercise of options was $6.0 million and $15.9 million, respectively. The tax benefit associated with the exercise of stock options and SARs was determined using the tax law ordering approach and totaled $18.4 million and $35.0 million in 2007 and 2006, respectively. The tax benefit was recorded as a credit to additional paid-in capital. In accordance with SFAS 123R, WESCO presents all tax benefits resulting from the exercise of stock options and SARs as financing cash flows in the Consolidated Statements of Cash Flows.

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

	2007			2006		2005	
	Awards	Weighted Average Exercise Price	Aggregate Intrinsic Value (In Thousands)	Awards	Weighted Average Exercise Price	Awards	Weighted Average Exercise Price
Beginning of year	4,578,822	$20.78		6,303,936	$14.02	7,217,473	$10.26
Granted	628,237	59.67		467,132	68.84	908,889	31.85
Exercised	(935,156)	10.10		(2,125,913)	11.25	(1,328,954)	7.08
Cancelled	(58,040)	27.38		(66,333)		(493,472)	10.52
End of year	4,213,863	28.85	$ 71,139	4,578,822	20.78	6,303,936	14.02
Exercisable at end of year	2,133,280	20.79	$ 44,412	2,332,360	$11.84	1,805,305	$10.83

The following table sets forth exercise prices for equity awards outstanding as of December 31, 2007:

Range of exercise price	Awards Outstanding	Awards Exercisable	Weighted Average Remaining Contractual Life
$0.00 - $10.00	822,504	822,504	4.6
$10.00 - $20.00	1,092,660	249,250	1.8
$20.00 - $30.00	511,853	511,853	6.7
$30.00 - $40.00	699,824	398,328	7.5
$40.00 - $50.00	39,854	8,744	9.2
$50.00 - $60.00	2,650	884	8.2
$60.00 - $70.00	1,044,518	141,717	9.1
	4,213,863	2,133,280	5.8

15. COMMITMENTS AND CONTINGENCIES

Future minimum rental payments required under operating leases, primarily for real property that have noncancelable lease terms in excess of one year as of December 31, 2007, are as follows:

(In thousands)

2008	$36,569
2009	29,276
2010	22,895
2011	13,794
2012	10,520
Thereafter	11,356

Rental expense for the years ended December 31, 2007, 2006 and 2005 was $47.3 million, $38.7 million and $33.2 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 will vigorously defend itself against these allegations.

16. 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 2007, 2006 and 2005. 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)	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
United States	$5,229,147	$4,606,783	$3,829,755	$107,711	$113,312	$102,266
Foreign operations						
Canada	633,406	599,244	499,817	13,122	13,177	12,375
Other foreign	140,899	114,576	91,531	406	703	1,546
Subtotal foreign operations	774,305	713,820	591,348	13,528	13,880	13,921
Total U.S. and Foreign	$6,003,452	$5,320,603	$4,421,103	$121,239	$127,192	$116,187

17. OTHER FINANCIAL INFORMATION

WESCO Distribution issued $150 million in aggregate principal amount of 2017 Notes, and WESCO International issued $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:

CONDENSED CONSOLIDATING BALANCE SHEETS

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

December 31, 2006 (In thousands)	WESCO International, Inc	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated

Cash and cash equivalents	$ (2)	$ 27,622	$ 45,775	$	$ 73,395
Trade accounts receivable			829,962		829,962
Inventories		402,082	211,487		613,569
Other current assets		42,242	58,844		101,086
Total current assets	(2)	471,946	1,146,068		1,618,012
Intercompany receivables, net		(1,487,030)	1,559,778	(72,748)	
Property, buildings and equipment, net		34,472	72,544		107,016
Intangible assets, net		11,314	136,236		147,550
Goodwill and other intangibles, net		374,026	557,203		931,229
Investments in affiliates and other noncurrent assets	1,285,977	2,693,146	2,604	(3,961,551)	20,176
Total assets	$1,511,254	$ 2,497,750	$3,684,345	$(4,816,772)	$2,876,577
Accounts payable		434,092	156,212		590,304
Short-term debt			390,500		390,500
Other current liabilities		64,631	108,237		172,868
Total current liabilities		498,723	654,949		1,153,672
Intercompany payables, net	72,748			(72,748)	
Long-term debt	450,000	250,002	43,885		743,887
Other noncurrent liabilities		74,472	88,725		163,197
Stockholders equity	763,227	1,274,677	2,686,874	(3,961,551)	763,227
Total liabilities and stockholders equity	$1,285,975	$ 2,097,874	$3,474,433	$(4,034,299)	$2,823,983

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	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 expense (income), 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 expense (income), net	(38,552)	34,775	28,399		24,622
Other (income) expense		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

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2007 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) 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 provided (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

	Year Ended December 31, 2006 (In thousands)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities	$ (61,824)	$ 221,154	$ 47,753	$	$ 207,083

Investing activities:					
Capital expenditures		(16,730)	(1,629)		(18,359)
Acquisitions		(540,447)			(540,447)
Other		(1,745)	2,592		847
Net cash used 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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

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

18. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following table sets forth selected quarterly financial data for the years ended December 31, 2007 and 2006:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
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(A),(D)	59,667(A),(D)	71,774(A),(B), (C),(D)	61,032(A),(D)
Basic earnings per share (I)	0.98	1.30	1.62	1.39
Diluted earnings per share (J)	0.93	1.22	1.54	1.34
2006				
Net sales	$1,265,508	$1,335,976	$1,343,066	$1,376,053
Cost of goods sold	1,012,403	1,065,422	1,067,406	1,088,848
Income from operations	76,925	94,728	100,177	93,153
Income before income taxes	65,473	82,851	89,269	79,973
Net income	44,450(E),(G)	55,178(E),(G)	59,385(E),(G)	58,307(E),(F),(G)
Basic earnings per share (H)	0.93	1.13	1.21	1.18
Diluted earnings per share (I)	0.86	1.05	1.13	1.10

(A) Income tax benefits from the recapitalization of the Canadian operations for the first, second, third and fourth quarters of 2007 were $3.6 million, $5.3 million, $5.5 million and $6.8 million, respectively. The fourth quarter reflects benefits realized as a result of a change in estimate related to Canadian interest expense.

(B) An income tax benefit of $1.8 million from a foreign currency exchange gain related to the recapitalization of Canadian operations was recorded in the third quarter of 2007.

(C) 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.

(D) Stock option expense for the first, second, third and fourth quarters of 2007 was $3.3 million, $3.3 million, $4.7 million and $3.2 million, respectively.

(E) Income tax benefits from the

recapitalization of the Canadian operations for the first, second, third and fourth quarters of 2006 were $2.1 million, $2.2 million, $2.1 million and $3.6 million, respectively. The fourth quarter reflects increased utilization of foreign tax credits.

(F) On November 3, 2006, Communications Supply Holdings, Inc. was acquired and the sales resulting from this acquisition for the fourth quarter of 2006 were $95.6 million.

(G) Stock option expense for the first, second, third and fourth quarters of 2006 was $2.6 million, $2.5 million, $3.4 million and $3.2 million, respectively.

(H) 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.

(I) 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.

19. SUBSEQUENT EVENTS

On December 14, 2007, WESCO announced that it had entered into a strategic arrangement with Deutsch Engineered Connecting Devices, Inc. (Deutsch) with respect to its LADD operations. On January 2, 2008, WESCO and Deutsch completed the transaction 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. Deutsch is entitled, but not obliged, to acquire the remaining 40% after January 1, 2010. As a result of the transaction, WESCO recognized a pre-tax gain of approximately $3.0 million.

At the end of December, WESCO repurchased approximately 0.3 million shares under its previously announced share repurchase program. WESCO settled the transaction in January for approximately $13.3 million.

PART IV

Item 15. Exhibits and Financial Statement Schedule.

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

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

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

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

Schedule II Valuation and Qualifying Accounts

(b) ***Exhibits***

Exhibit No.	Description of Exhibit	Prior Filing or Sequential Page Number
2.1	Recapitalization Agreement, dated as of March 27, 1998, among Thor Acquisitions L.L.C., WESCO International, Inc. (formerly known as CDW Holding Corporation) and certain security holders of WESCO International, Inc.	Incorporated by reference to Exhibit 2.1 to WESCO s Registration Statement on Form S-4 (No. 333-43225)
3.1	Restated Certificate of Incorporation of WESCO International, Inc.	Incorporated by reference to Exhibit 3.1 to WESCO s Registration Statement on Form S-4 (No. 333-70404)
3.2	By-laws of WESCO International, Inc.	Incorporated by reference to Exhibit 3.2 to WESCO s Registration Statement on Form S-4 (No. 333-70404)
4.1	Indenture, dated as of September 22, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 to WESCO s Current Report on Form 8-K, dated September 21, 2005
4.2	Form of 2.625% Convertible Senior Debenture due 2025 (included in Exhibit 4.1).	Incorporated by reference to Exhibit 4.3 to WESCO s Current Report on Form 8-K, dated September 21, 2005
4.3	Indenture, dated as of September 22, 2005, by and among WESCO International, Inc., WESCO Distribution, Inc. and J.P. Morgan Trust Company, National Association, as Trustee.	Incorporated by reference to Exhibit 4.4 to WESCO s Current Report on Form 8-K, dated September 21, 2005
4.4	Form of 7.50% Senior Subordinated Note due 2017, (included in Exhibit 4.3).	Incorporated by reference to Exhibit 4.6 to WESCO s Current Report on Form 8-K, dated September 21, 2005
10.1	CDW Holding Corporation Stock Purchase Plan.	Incorporated by reference to Exhibit 10.1 to WESCO s Registration Statement on Form S-4 (No. 333-43225)

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

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

	Form of Amendment to Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.6 to WESCO s Current Report on Form 8-K dated March 2, 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)

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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

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	Incorporated by reference to Exhibit 10.26 to WESCO s Annual Report on

	December 13, 2002.	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

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.	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
12.1	Statement re computation of ratios.	Incorporated by reference to Exhibit 12.1 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2007
21.1	Significant Subsidiaries of WESCO.	Incorporated by reference to Exhibit 21.1 to WESCO s Annual Report on Form 10-K for the year ended December 31, 2007
23.1	Consent of PricewaterhouseCoopers LLP.	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) promulgated under the Exchange Act.	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) promulgated under the Exchange Act.	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.2		Filed herewith

Certification of Chief Financial Officer pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002.

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

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

SIGNATURES

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

WESCO INTERNATIONAL, INC.

By: /s/ Roy W. Haley
Name: Roy W. Haley
Title: Chairman of the Board and Chief Executive Officer
Date: March 5, 2008

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, 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
Year ended December 31, 2005	12,481	8,601	$1,543	(10,016)	12,609

(1) Represents allowance for doubtful accounts in connection with certain acquisitions and the on-balance sheet treatment of the AR Securitization Facility.

(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, 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
Year ended December 31, 2005	10,070	4,081	1,840	(3,525)	12,466

(1)

Represents inventory reserves in connection with certain acquisitions.

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

(in thousands)	**Col. A** Balance at Beginning of Period	**Col. B** Charged to Expense	**Col. C (In thousands)** Charged to Other Accounts(1)	**Col. D** Deductions(2)	**Col. E** Balance at End of Period
Income tax valuation allowance:					
Year ended December 31, 2007	$13,055	$(13,055)	$	$	$
Year ended December 31, 2006	15,693	(2,638)			13,055
Year ended December 31, 2005	13,439	2,254			15,693

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