

WESCO INTERNATIONAL INC
Form 10-Q
August 03, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

Or

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

FOR THE TRANSITION PERIOD from to

Commission file number 001-14989

WESCO International, Inc.

(Exact name of registrant as specified in its charter)

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| | |
|--|---|
| Delaware (State or other jurisdiction of incorporation or organization) | 25-1723342 (IRS Employer Identification No.) |
| 225 West Station Square Drive Suite 700 | |
| Pittsburgh, Pennsylvania 15219 (Address of principal executive offices) | (412) 454-2200 (Registrant's telephone number, including area code) |
| N/A (Former name, former address and former fiscal year, if changed since last report) | |

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

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 <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company <input type="checkbox"/> |

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

As of July 28, 2011, WESCO International, Inc. had 43,256,867 shares of common stock outstanding.

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

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Table of Contents**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(unaudited)

| <i>Amounts in thousands, except share data</i> | June 30, 2011 | December 31, 2010 |
|---|--------------------------|------------------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 78,615 | \$ 53,577 |
| Trade accounts receivable, net of allowance for doubtful accounts of \$21,090 and \$18,562 in 2011 and 2010, respectively | 920,785 | 792,681 |
| Other accounts receivable | 24,460 | 37,223 |
| Inventories, net | 634,148 | 588,848 |
| Current deferred income taxes | 3,158 | 3,046 |
| Income taxes receivable | 15,856 | 18,146 |
| Prepaid expenses and other current assets | 27,737 | 20,165 |
| Total current assets | 1,704,759 | 1,513,686 |
| Property, buildings and equipment, net | 126,288 | 118,045 |
| Intangible assets, net | 153,452 | 160,307 |
| Goodwill | 992,637 | 985,714 |
| Deferred income taxes | 36,803 | 35,887 |
| Other assets | 12,018 | 13,135 |
| Total assets | \$ 3,025,957 | \$ 2,826,774 |
| Liabilities and Stockholders Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$ 624,233 | \$ 537,505 |
| Accrued payroll and benefit costs | 49,864 | 66,931 |
| Current portion of long-term debt | 4,775 | 3,988 |
| Bank overdrafts | 27,917 | 27,590 |
| Current deferred income taxes | 4,608 | 4,593 |
| Other current liabilities | 65,219 | 67,626 |
| Total current liabilities | 776,616 | 708,233 |
| Long-term debt, net of discount of \$177,216 and \$178,427 in 2011 and 2010, respectively | 753,590 | 725,893 |
| Deferred income taxes | 220,923 | 210,876 |
| Other noncurrent liabilities | 21,521 | 33,178 |
| Total liabilities | \$ 1,772,650 | \$ 1,678,180 |
| Commitments and contingencies (Note 6) | | |
| Stockholders Equity: | | |
| 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, 56,842,977 and 56,576,250 shares issued and 43,281,169 and 43,009,941 shares outstanding in 2011 and 2010, respectively | 569 | 566 |
| Class B nonvoting convertible common stock, \$.01 par value; 20,000,000 shares authorized, 4,339,431 issued and no shares outstanding in 2011 and 2010, respectively | 43 | 43 |
| Additional capital | 1,028,750 | 1,018,683 |
| Retained earnings | 783,050 | 697,676 |

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| | | |
|--|------------------|------------------|
| Treasury stock, at cost; 17,901,239 and 17,905,740 shares in 2011 and 2010, respectively | (591,464) | (591,007) |
| Accumulated other comprehensive income | 32,359 | 22,633 |
| Total stockholders' equity | 1,253,307 | 1,148,594 |
| Total liabilities and stockholders' equity | \$ 3,025,957 | \$ 2,826,774 |

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

Table of Contents**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------|------------------|--------------|
| | June 30, | | June 30, | |
| <i>Amounts in thousands, except per share data</i> | 2011 | 2010 | 2011 | 2010 |
| Net sales | \$ 1,524,515 | \$ 1,259,121 | \$ 2,955,820 | \$ 2,407,720 |
| Cost of goods sold (excluding depreciation and amortization below) | 1,217,666 | 1,016,169 | 2,362,921 | 1,937,352 |
| Selling, general and administrative expenses | 214,212 | 185,977 | 427,971 | 369,016 |
| Depreciation and amortization | 7,641 | 5,620 | 15,187 | 11,721 |
| Income from operations | 84,996 | 51,355 | 149,741 | 89,631 |
| Interest expense, net | 13,931 | 14,400 | 26,572 | 27,930 |
| Other income | | (1,778) | | (4,284) |
| Income before income taxes | 71,065 | 38,733 | 123,169 | 65,985 |
| Provision for income taxes | 20,858 | 10,940 | 35,657 | 18,992 |
| Net income | \$ 50,207 | \$ 27,793 | \$ 87,512 | \$ 46,993 |
| Earnings per share: | | | | |
| Basic | \$ 1.16 | \$ 0.65 | \$ 2.03 | \$ 1.11 |
| Diluted | \$ 1.00 | \$ 0.60 | \$ 1.74 | \$ 1.04 |

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

Table of Contents**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

| <i>Amounts in thousands</i> | Six Months Ended | |
|---|------------------|------------------|
| | 2011 | June 30, 2010 |
| Operating Activities: | | |
| Net income | \$ 87,512 | \$ 46,993 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 15,187 | 11,721 |
| Amortization of debt issuance costs | 1,322 | 1,303 |
| Amortization of debt discount | 1,211 | 2,558 |
| Deferred income taxes | 10,408 | (3,789) |
| Stock-based compensation expense | 9,507 | 7,117 |
| Gain on sale of property, buildings and equipment | 135 | 62 |
| Asset impairment charge | | 3,793 |
| Equity income, net of distributions of \$1,864 | | (2,421) |
| Excess tax benefit from stock-based compensation | (3,379) | (629) |
| Interest related to uncertain tax positions | 1,258 | (310) |
| Changes in assets and liabilities | | |
| Trade and other receivables, net | (106,478) | (80,204) |
| Inventories, net | (40,809) | (21,844) |
| Prepaid expenses and other current assets | 2,112 | 3,217 |
| Accounts payable | 80,863 | 85,756 |
| Accrued payroll and benefit costs | (17,301) | 7,491 |
| Other current and noncurrent liabilities | (19,031) | 7,942 |
| Net cash provided by operating activities | 22,517 | 68,756 |
| Investing Activities: | | |
| Capital expenditures | (15,857) | (6,022) |
| Acquisition payments | (8,308) | (14,296) |
| Proceeds from sale of subsidiary | | 40,000 |
| Equity distribution | | 4,054 |
| Collection of note receivable | | 15,000 |
| Proceeds from sale of assets | 59 | 178 |
| Net cash (used) provided by investing activities | (24,106) | 38,914 |
| Financing Activities: | | |
| Proceeds from issuance of long-term debt | 327,524 | 310,452 |
| Repayments of long-term debt | (299,661) | (424,404) |
| Debt issuance costs | (229) | (596) |
| Proceeds from the exercise of stock options | 199 | 613 |
| Excess tax benefit from stock-based compensation | 3,379 | 629 |
| Purchases of common stock | (5,975) | (111) |
| Increase (decrease) in bank overdrafts | 327 | (9,660) |
| Payments on capital lease obligations | (816) | (830) |
| Net cash provided (used) by financing activities | 24,748 | (123,907) |

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| | | |
|--|-----------|-----------|
| Effect of exchange rate changes on cash and cash equivalents | 1,879 | (288) |
| Net change in cash and cash equivalents | 25,038 | (16,525) |
| Cash and cash equivalents at the beginning of period | 53,577 | 112,329 |
| Cash and cash equivalents at the end of period | \$ 78,615 | \$ 95,804 |

Supplemental disclosures:

Non-cash investing and financing activities:

| | | |
|---|--------|--------|
| Property, buildings and equipment acquired through capital leases | \$ 180 | \$ 164 |
| Issuance of treasury stock | 960 | |

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

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WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. ORGANIZATION

WESCO International, Inc. and its subsidiaries (collectively, "WESCO"), headquartered in Pittsburgh, Pennsylvania, is a full-line distributor of electrical, industrial and communications maintenance, repair and operating ("MRO") and original equipment manufacturers ("OEM") products, construction materials, and advanced supply chain management and logistics services used primarily in the industrial, construction, utility and commercial, institutional and government markets. We serve over 100,000 customers globally, through approximately 400 full service branches and seven distribution centers located primarily in the United States, Canada, Mexico, United Kingdom, Singapore, China, Australia and the United Arab Emirates and a commercial presence in six other countries.

2. ACCOUNTING POLICIES

Basis of Presentation

The unaudited condensed consolidated financial statements of WESCO have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (the "SEC"). The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in WESCO's 2010 Annual Report on Form 10-K filed with the SEC. The December 31, 2010 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States.

The unaudited condensed consolidated balance sheet as of June 30, 2011, the unaudited condensed consolidated statements of income for the six months ended June 30, 2011 and 2010, respectively, and the unaudited condensed consolidated statements of cash flows for the six months ended June 30, 2011 and 2010, respectively, in the opinion of management, have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair statement of the results of the interim periods. All adjustments reflected in the unaudited condensed consolidated financial statements are of a normal recurring nature unless indicated. Results for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Fair Value of Financial Instruments

With the exception of fixed rate long-term debt, the carrying amounts of WESCO's financial assets and liabilities approximate their fair values. At June 30, 2011, the par value of WESCO's fixed rate long-term debt was \$495.2 million and the fair value was approximately \$871.4 million. The fair value of WESCO's long-term debt was estimated based on market price quotes and market comparisons available for instruments with similar terms and maturities.

Recent Accounting Pronouncements

In 2011, the Financial Accounting Standards Board (the "FASB") issued new disclosure guidance related to the presentation of the statement of comprehensive income. This guidance provides an entity the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements; the current option to report other comprehensive income and its components in the statement of changes in stockholders equity was eliminated. This accounting standard is effective for periods beginning on or after December 15, 2011. Other than the change in presentation, this accounting standard will not have an impact on WESCO's financial position, results of operations or cash flows.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to WESCO's financial position, results of operations or cash flows.

Table of Contents**3. STOCK-BASED COMPENSATION**

WESCO's stock-based employee compensation plans are comprised of stock options, stock-settled stock appreciation rights and restricted stock units. Compensation cost for all stock-based awards is measured at fair value on the 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 options and stock-settled appreciation rights is determined using the Black-Scholes valuation model. The fair value of restricted stock units is determined by the grant-date closing price of WESCO's common stock. The forfeiture assumption is based on WESCO's historical employee behavior that is reviewed on an annual basis. No dividends are assumed.

During the three and six month periods ended June 30, 2011 and 2010, WESCO granted the following stock-settled stock appreciation rights and restricted stock units at the following weighted average assumptions:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| Stock-settled appreciations rights granted | 3,650 | 13,250 | 384,517 | 24,000 |
| Restricted stock units | | | 53,919 | |
| Risk free interest rate | 1.8% | 2.2% | 2.4% | 2.2% |
| Expected life | 5.0 years | 5.0 years | 5.0 years | 4.8 years |
| Expected volatility | 48% | 49% | 49% | 49% |

For the three and six months ended June 30, 2011, the weighted average fair value per stock-settled appreciation right granted was \$23.86 and \$26.87, respectively. For the three and six months ended June 30, 2010, the weighted average fair value per stock-settled appreciation right granted was \$17.07 and \$15.08, respectively. For the six months ended June 30, 2011, the weighted average fair value per restricted stock unit granted was \$60.05.

WESCO recognized \$4.5 million and \$3.6 million of non-cash stock-based compensation expense, which is included in selling, general and administrative expenses, for the three months ended June 30, 2011 and 2010, respectively. WESCO recognized \$9.5 million and \$7.1 million of non-cash stock-based compensation expense, which is included in selling, general and administrative expenses, for the six months ended June 30, 2011 and 2010, respectively. As of June 30, 2011, there was \$22.6 million of total unrecognized compensation cost related to non-vested stock-based compensation arrangements for all awards previously made, of which approximately \$6.0 million is expected to be recognized over the remainder of 2011, \$10.0 million in 2012, \$6.1 million in 2013 and \$0.5 million in 2014.

During the six months ended June 30, 2011 and 2010, the total intrinsic value of awards exercised was \$19.1 million and \$1.7 million, respectively, and the total amount of cash received from the exercise of options was \$0.2 million and \$0.6 million, respectively. The tax benefit associated with the exercise of awards for the six months ended June 30, 2011 and 2010 totaled \$3.4 million and \$0.6 million, respectively, and was recorded to additional capital.

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The following table sets forth a summary of stock options and stock-settled stock appreciation rights and related information for the six months ended June 30, 2011:

| | Awards | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value (In Thousands) |
|----------------------------------|-----------|--|--|---|
| Outstanding at December 31, 2010 | 4,498,303 | \$ 36.38 | | |
| Granted | 384,517 | 60.00 | | |
| Exercised | (234,800) | 29.96 | | |
| Forfeited | (76,708) | 46.19 | | |
| Outstanding at June 30, 2011 | 4,571,312 | 38.53 | 6.1 | 90,948 |
| Exercisable at June 30, 2011 | 2,828,159 | 39.09 | 4.5 | 56,256 |

The following table sets forth a summary of restricted stock units and related information for the six months ended June 30, 2011:

| | Awards | Weighted Average Fair Value |
|-------------------------------|-----------|--------------------------------------|
| Unvested at December 31, 2010 | 392,493 | \$ 28.36 |
| Granted | 53,919 | 60.05 |
| Vested | (236,913) | 27.93 |
| Forfeited | (4,680) | 30.84 |
| Unvested at June 30, 2011 | 204,819 | \$ 37.16 |

4. 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 and convertible debt.

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

| | Three Months Ended | |
|--|--------------------|------------------|
| | 2011 | June 30, 2010 |
| <i>Amounts in thousands, except share and per share data</i> | | |
| Net income | \$ 50,207 | \$ 27,793 |
| Weighted average common shares outstanding used in computing basic earnings per share | 43,189,946 | 42,477,630 |
| Common shares issuable upon exercise of dilutive stock options | 1,327,307 | 808,023 |
| Common shares issuable from contingently convertible debentures (see note below for basis of calculation) | 5,804,381 | 2,756,454 |
| Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share | 50,321,634 | 46,042,107 |
| Earnings per share: | | |
| Basic | \$ 1.16 | \$ 0.65 |
| Diluted | \$ 1.00 | \$ 0.60 |
| | Six Months Ended | |
| | 2011 | June 30, 2010 |
| <i>Amounts in thousands, except share and per share data</i> | | |
| Net income reported | \$ 87,512 | \$ 46,993 |
| Weighted average common shares outstanding used in computing basic earnings per share | 43,125,505 | 42,460,469 |
| Common shares issuable upon exercise of dilutive stock options | 1,368,128 | 694,861 |
| Common shares issuable from contingently convertible debentures (see note below for basis of calculation) | 5,880,022 | 1,843,267 |
| Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share | 50,373,655 | 44,998,597 |
| Earnings per share: | | |
| Basic | \$ 2.03 | \$ 1.11 |
| Diluted | \$ 1.74 | \$ 1.04 |

For the three and six months ended June 30, 2011 and 2010, the computation of diluted earnings per share excluded 1.2 million and 1.8 million, respectively, of stock-settled stock appreciation rights at weighted average exercise prices of \$63 per share and \$52 per share, respectively. These amounts were excluded because their effect would have been antidilutive.

Because of WESCO's obligation to settle the par value of the 1.75% Convertible Senior Debentures due 2026 (the "2026 Debentures"), the 6.0% Convertible Senior Debentures due 2029 (the "2029 Debentures") and the previously outstanding 2.625% Convertible Senior Debentures due 2025 (the "2025 Debentures" and together with the 2026 Debentures and 2029 Debentures, the "Debentures") in cash upon conversion, 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 stock method of accounting for share dilution) would be included, which is based upon the amount by which the average stock price exceeds the conversion price. The conversion prices of the 2029 Debentures and 2026 Debentures are \$28.87 and \$88.15, respectively. Share dilution is limited to a maximum of 11,951,939 shares for the 2029 Debentures and 2,507 shares for the 2026 Debentures.

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For the three and six months ended June 30, 2011, the effect of the Debentures on diluted earnings per share was a decrease of \$0.13 and \$0.23, respectively. For the three and six months ended June 30, 2010, the effect of the Debentures on diluted earnings per share was a decrease of \$0.04.

Table of Contents**5. EMPLOYEE BENEFIT PLANS**

A majority of WESCO's employees are covered by defined contribution retirement savings plans for their services 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. For the six months ended June 30, 2011 and 2010, WESCO incurred charges of \$14.8 million and \$11.0 million, respectively, for all such plans. Contributions are made in cash to all employee retirement savings plan accounts, except for the deferred compensation plan. Employees have the option to transfer balances allocated to their accounts into any of the available investment options, including WESCO common stock.

6. COMMITMENTS AND CONTINGENCIES

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 approximately \$50 million. The discovery process is on-going in this matter. WESCO has denied any liability, believes that it has meritorious defenses and intends to vigorously defend itself against these allegations. Accordingly, no liability is recorded for this matter as of June 30, 2011.

7. COMPREHENSIVE INCOME

The following tables set forth comprehensive income and its components:

| <i>Amounts in thousands</i> | Three Months Ended | |
|---|---------------------------|------------------|
| | June 30, | |
| | 2011 | 2010 |
| Net income | \$ 50,207 | \$ 27,793 |
| Foreign currency translation adjustment | 1,742 | (7,578) |
| Comprehensive income | \$ 51,949 | \$ 20,215 |

| <i>Amounts in thousands</i> | Six Months Ended | |
|---|-------------------------|------------------|
| | June 30, | |
| | 2011 | 2010 |
| Net income | \$ 87,512 | \$ 46,993 |
| Foreign currency translation adjustment | 9,726 | (174) |
| Comprehensive income | \$ 97,238 | \$ 46,819 |

8. INCOME TAXES

The effective tax rate for the three months ended June 30, 2011 and 2010 was 29.4% and 28.2%, respectively, and the effective tax rate for the six months ended June 30, 2011 and 2010 was 29.0% and 28.8%, respectively. WESCO's three and six month effective tax rates are lower than the federal statutory rate of 35% primarily due to benefits resulting from the recapitalization of Canadian operations, which are partially offset by nondeductible expenses, state taxes and foreign rate differences. The effective tax rate for the six months ended June 30, 2011 and 2010 reflects discrete adjustments totaling \$2.3 million and \$1.2 million, respectively, primarily related to changes in uncertain tax positions.

The total amount of net unrecognized tax benefits was \$0.8 million and \$3.4 million as of June 30, 2011 and December 31, 2010, respectively. If these tax benefits were recognized in the consolidated financial statements, the portion of these amounts that would affect WESCO's effective tax rate would be \$0.8 million and \$1.9 million, respectively. During the next twelve months, WESCO anticipates an immaterial change in the net unrecognized tax benefits.

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WESCO records interest related to uncertain tax positions as a part of interest expense in the consolidated statement of income. Penalties are recognized as part of income tax expense. During the six months ended June 30, 2011 and 2010, WESCO recognized interest expense of \$1.3 million and \$0.3 million, respectively. As of June 30, 2011 and December 31, 2010, WESCO had an accrued liability for interest related to uncertain tax positions of \$10.7 million and \$9.5 million, respectively. There were no material penalties recorded during the three or six months ended June 30, 2011 or 2010.

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9. OTHER FINANCIAL INFORMATION

WESCO Distribution, Inc. (WESCO Distribution), a 100% owned subsidiary of WESCO International, Inc. (WESCO International), has outstanding \$150.0 million in aggregate principal amount of 7.50% Senior Subordinated Notes due 2017 (the 2017 Notes), and WESCO International has outstanding \$0.2 million in aggregate principal amount of 2026 Debentures and \$345.0 million in aggregate principal amount of 2029 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 2026 Debentures and 2029 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 and the non-guarantor subsidiaries is as follows:

Table of Contents**WESCO INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEETS**

(unaudited)

| | June 30, 2011 (In thousands) | | | | |
|---|---|--------------------------------|-------------------------------|--|---------------------|
| | WESCO International, Inc. | WESCO Distribution, Inc. | Non-Guarantor Subsidiaries | Consolidating and Eliminating Entries | Consolidated |
| Cash and cash equivalents | \$ 6 | \$ 24,892 | \$ 53,717 | \$ | \$ 78,615 |
| Trade accounts receivable, net | | | 920,785 | | 920,785 |
| Inventories, net | | 336,640 | 297,508 | | 634,148 |
| Other current assets | (23,982) | 36,383 | 58,810 | | 71,211 |
| Total current assets | (23,976) | 397,915 | 1,330,820 | | 1,704,759 |
| Intercompany receivables, net | | | 1,834,550 | (1,834,550) | |
| Property, buildings and equipment, net | | 48,331 | 77,957 | | 126,288 |
| Intangible assets, net | | 7,399 | 146,053 | | 153,452 |
| Goodwill and other intangibles, net | | 246,267 | 746,370 | | 992,637 |
| Investments in affiliates and other noncurrent assets | 2,111,566 | 3,363,627 | 15,992 | (5,442,364) | 48,821 |
| Total assets | \$ 2,087,590 | \$ 4,063,539 | \$ 4,151,742 | \$ (7,276,914) | \$ 3,025,957 |
| Accounts payable | \$ | \$ 408,198 | \$ 216,035 | \$ | \$ 624,233 |
| Other current liabilities | 8,015 | 10,816 | 133,552 | | 152,383 |
| Total current liabilities | 8,015 | 419,014 | 349,587 | | 776,616 |
| Intercompany payables, net | 630,347 | 1,204,203 | | (1,834,550) | |
| Long-term debt | 167,783 | 169,124 | 416,683 | | 753,590 |
| Other noncurrent liabilities | 28,138 | | | | |

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Charleston, State of West Virginia, on December 7, 2015.

CITY HOLDING COMPANY

By: /s/ Charles R. Hageboeck
Charles R. Hageboeck

President and Chief
Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

| Name | Capacity | Date |
|----------------------------|--|------------------|
| /s/ Charles R. Hageboeck | President and Chief Executive Officer, | December 7, 2015 |
| Charles R. Hageboeck | Director | |
| /s/ David L. Bumgarner | Chief Financial Officer | December 7, 2015 |
| David L. Bumgarner | (Principal Accounting Officer) | |
| /s/ Philip L. McLaughlin | Chairman of the Board, Director | December 7, 2015 |
| Philip L. McLaughlin* | | |
| /s/ John R. Elliot | Director | December 7, 2015 |
| John R. Elliot* | | |
| /s/ Charles W. Fairchilds | Director | December 7, 2015 |
| Charles W. Fairchilds* | | |
| /s/ William H. File, III | Director | December 7, 2015 |
| William H. File, III* | | |
| /s/ Robert D. Fisher | Director | December 7, 2015 |
| Robert D. Fisher* | | |
| /s/ Jay C. Goldman | Director | December 7, 2015 |
| Jay C. Goldman* | | |
| /s/ Patrick C. Graney, III | Director | December 7, 2015 |
| Patrick C. Graney, III* | | |
| /s/ David W. Hambrick | Director | December 7, 2015 |
| David W. Hambrick* | | |
| /s/ Tracy W. Hylton, II | Director | December 7, 2015 |
| Tracy W. Hylton, II* | | |
| /s/ J. Thomas Jones | Director | December 7, 2015 |
| J. Thomas Jones* | | |
| /s/ C. Dallas Kayser | Director | December 7, 2015 |

C. Dallas Kayser*
/s/ James L.
Rossi Director December
7, 2015
James L. Rossi*

/s/ Sharon H.
Rowe Director December
7, 2015
Sharon H. Rowe*

* The above-named directors of the Registrant sign this registration statement on Form S-3 by Charles R. Hageboeck, their attorney-in-fact, pursuant to Powers of Attorney signed by the above-named directors, which Powers of Attorney are filed with this registration statement on Form S-3 as exhibits.

By: /s/ Charles R. Hageboeck
Charles R. Hageboeck
President and Chief
Executive Officer
Attorney-in-Fact

CITY HOLDING COMPANY
Registration Statement on Form
S-3

EXHIBIT INDEX

| Exhibit No. | Description |
|----------------|---|
| 1.1 | Form of Underwriting Agreement* |
| 4.1 | Form of Certificate of Designation of Series of Preferred Stock* |
| 4.2 | Form of Securities and Warrant Agreement* |
| 5.1 | Opinion of Dinsmore & Shohl LLP |
| 23.1 | Consent of Ernst & Young LLP |
| 23.2 | Consent of Dinsmore & Shohl LLP** |
| 24.1 | Powers of Attorney for Directors and Executive Officers of City Holding Company |

To be filed subsequently by an amendment to the registration statement or as an exhibit to a * document incorporated by reference herein for the specific offering of securities, if any, to which it relates.

** Included in Exhibit 5.1 of this registration statement.