

WESCO INTERNATIONAL INC

Form 11-K

June 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-14989

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

WESCO DISTRIBUTION, INC. RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

WESCO INTERNATIONAL, Inc.

225 West Station Square Drive

Suite 700

Pittsburgh, Pennsylvania 15219-1122

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* Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

II. EXHIBITS

Exhibit 23 – Consent of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator
WESCO Distribution, Inc. Retirement Savings Plan
Pittsburgh, Pennsylvania

We have audited the accompanying statements of net assets available for benefits of the WESCO Distribution, Inc. Retirement Savings Plan (the "Plan") as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years ended December 31, 2015 and 2014, in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2015 and 2014 have been subjected to audit procedures performed in conjunction with the audits of the Plan's financial statements. The supplemental schedules are the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BDO USA, LLP
Pittsburgh, Pennsylvania
June 27, 2016

WESCO Distribution, Inc.
 Retirement Savings Plan
 Statements of Net Assets Available for Benefits
 December 31, 2015 and 2014

	December 31,	
	2015	2014
Investments at fair value (Notes 2, 4, and 5)		
Shares of registered investment companies	\$ 382,700,071	\$ 390,143,674
Stock funds and self-directed accounts	16,890,780	27,230,001
Common/collective trust funds	158,620,061	132,536,862
RAFI Enhanced Large Company Fund	—	35,278,719
	558,210,912	585,189,256
Receivables		
Employer contributions	547,387	10,208,553
Promissory notes from participants (Note 6)	13,877,227	13,716,227
Net assets available for benefits at fair value	572,635,526	609,114,036
Adjustment from fair value to contract value for interest in the Stable Value Fund relating to fully benefit-responsive contracts (Note 5)	(2,154,693)	(4,205,911)
Net assets available for benefits	\$ 570,480,833	\$ 604,908,125

The accompanying notes are an integral part of these financial statements.

WESCO Distribution, Inc.
 Retirement Savings Plan
 Statements of Changes in Net Assets Available for Benefits
 For the Years Ended December 31, 2015 and 2014

	2015	2014
Additions		
Employee contributions	\$26,642,175	\$27,105,739
Employee rollovers	3,200,438	1,886,423
Employer contributions (including discretionary contributions)	9,013,325	19,187,627
Net appreciation from shares of registered investment companies	—	18,868,006
Net appreciation from common/collective trust funds	3,071,613	3,116,690
Net appreciation from the RAFI Enhanced Large Company Fund	—	3,841,535
Interest and dividend income	6,050,905	8,020,612
Total additions	47,978,456	82,026,632
Deductions		
Net depreciation from the RAFI Enhanced Large Company Fund	1,053,565	—
Net depreciation from stock funds and self-directed accounts	8,437,817	3,839,548
Net depreciation from shares of registered investment companies	6,637,336	—
Distributions to participants	65,247,331	61,961,398
Administrative expenses	1,029,699	761,614
Total deductions	82,405,748	66,562,560
Net (decrease) increase	(34,427,292)	15,464,072
Transfers in from Talcup Union Plan (Note 8)	—	99,667
Net assets available for benefits		
Beginning of period	604,908,125	589,344,386
End of period	\$570,480,833	\$604,908,125

The accompanying notes are an integral part of these financial statements.

WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements
December 31, 2015 and 2014

1. Major Features of the Plan

Background

WESCO Distribution, Inc. Retirement Savings Plan (the "Plan") was established as of February 28, 1994 (date of inception). At the date of inception, certain employees of the predecessor company became employees of WESCO Distribution, Inc. (the "Company") and participants in the Plan. At the date of inception, all funds held by the prior plans of the predecessor company related to the employees of the Company were transferred to the Plan.

The Plan is a participant-directed defined contribution plan covering certain employees of the Company and former employees with a fund balance of at least \$5,000 who elected to maintain their funds in the Plan. Former employees cannot make contributions to the Plan.

Participation for eligible employees requires an employee to be scheduled to work at least 1,000 hours per year and requires an employee to be paid through the Plan sponsor's payroll system.

Amendment to the Plan

On September 28, 2015, the Plan's Administrative and Investment Committee executed the ninth amendment to the Plan (the "Ninth Amendment"). Pursuant to the terms of the Ninth Amendment, on November 13, 2015, the WESCO Pooled Stock Fund was frozen to new investments and no additional contributions or transfers into such fund were permitted. Participants were allowed to transfer all or a portion of their balance in the WESCO Pooled Stock Fund to one or more of the other investment options provided for by the Plan. The WESCO Pooled Stock Fund has not been divested and changes in the value of the common stock underlying the WESCO Pooled Stock Fund will continue to be reinvested.

Contributions

The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Participants may elect to make tax deferred contributions ranging from 1% up to the lesser of 50% of their eligible compensation or \$18,000 and \$17,500 for 2015 and 2014, respectively. Participant contributions are recorded if they are withheld from the participant's wages. The \$18,000 limit may be adjusted in future years by the Internal Revenue Service ("IRS"). The sum of the tax deferred contributions and the after-tax contributions cannot exceed 50% of the participant's eligible compensation. Subject to limitation, the Company matches contributions made by employees into the Plan at an amount equal to 50% of a participant's total monthly contributions up to 6%, for a maximum employer match of 3% of their compensation. Also, the Company may, at the Board of Directors' discretion, make a discretionary contribution to the Plan provided certain predetermined profit levels are attained. The Company made no discretionary contributions for the year ended December 31, 2015. Discretionary contributions of approximately \$10,209,000 were made for the Plan's year ended December 31, 2014.

Participants may rollover into the Plan amounts representing distributions from other qualified retirement plans, an individual retirement account or an annuity. For the years ended December 31, 2015 and 2014, the Plan accepted employee rollover contributions of approximately \$3,200,000 and \$1,886,000, respectively.

The Plan includes a negative enrollment policy. Under this policy, if an individual does not submit an automatic enrollment waiver or elect a deferral rate, the employee will be automatically enrolled in the Plan at a 3% deferral rate. The deferral rate is increased by 1% each September 1 until the deferral rate equals 6%.

Participants who have attained age 50 before the close of the plan year are eligible to make catch-up contributions in addition to pre-tax contributions. A catch-up contribution is a pre-tax contribution that exceeds the annual deferral

limit. For 2015 and 2014, a participant's total catch-up contribution could not exceed \$6,000 and \$5,500, respectively. The catch up contribution limits are determined by the IRS and then indexed for inflation. In addition to cash, in-kind contributions are permitted which may consist of stocks, bonds, property or other securities.

WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements
December 31, 2015 and 2014

Vesting

Participants are fully vested in the value of their contributions and related investment income at all times and vest in their allocated share of employer matching and discretionary contributions according to the following table:

Less than two years of service	0 %
Two years of service	20 %
Three years of service	40 %
Four years of service	66 %
Five or more years of service	100 %

Distributions

A participant may not withdraw any amount from their vested account balance unless they are age 59½, retire, become deceased or disabled, terminate employment, or experience financial hardship.

A participant who qualifies for a hardship withdrawal is suspended from making contributions to the Plan for six months. Under present IRS rules, a "hardship" means an immediate and heavy need to draw on financial resources to meet obligations related to health, education, housing, or death of a family member.

A participant, upon termination of service, may either receive a lump-sum payment of their vested account balance or transfer their balance to the trustee or custodian of another eligible retirement plan.

Forfeitures

Employer contributions forfeited by participants not vested at their termination date are used to reinstate previously forfeited account balances of former participants who have returned to the Company, reduce employer contributions in accordance with the Plan's provisions or pay Plan expenses. Total forfeitures that reduced employer contributions in 2015 and 2014 were approximately \$1,347,000 and \$1,179,000, respectively. As of December 31, 2015, a balance of approximately \$333,000 was available to reduce employer contributions in 2016.

Participant Accounts

An account is maintained for each participant, which is credited with the participant's and the employer's matching contributions and an allocation of employer's discretionary contributions, and plan earnings and charged with benefit payments and an allocation of plan losses and administrative expenses. Allocations are based on participant contributions or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

Promissory Notes from Participants

Participants are permitted to borrow against a portion of their vested account balance, pursuant to nondiscriminatory rules established by the Administrative and Investment Committee, up to a maximum of \$50,000 or 50% of their vested account balance. Each loan is to be repaid over a period not to exceed five years.

Plan Termination

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, participants will become 100% vested in their accounts, and all vested assets shall be distributed to the participants in accordance with the terms of the Plan, or in such other manner, not inconsistent with the requirements of any applicable law or regulation, as the Company may in its sole discretion determine.

WESCO Distribution, Inc.
Retirement Savings Plan
Notes to Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies

Accounting Principles

The financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States of America. The following are the significant accounting policies followed by the Plan:

Basis of Accounting

The accounting records of the Plan are maintained on the accrual basis of accounting. Accounts of participants who have elected to withdraw from the Plan, but to whom disbursements of funds from the Plan have not been made, are included as a component of net assets available for benefits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan has adopted a framework for measuring fair value under current accounting pronouncements that requires fair value measurements and enhanced disclosures about fair value measurements. This framework defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. Disclosures include a fair value hierarchy that requires an entity to maximize the use of observable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

• Level 1 - Observable inputs such as quoted prices in active markets for identical investments that the Plan has the ability to access.

• Level 2 - Inputs include: