INGRAM MICRO INC
Form 10-Q
July 25, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 28, 2014

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: 1-12203

Ingram Micro Inc.
(Exact name of Registrant as specified in its charter)

Delaware	62-1644402
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1600 E. St. Andrew Place, Santa Ana, California 92705-4926
(Address, including zip code, of principal executive offices)
(714) 566-1000
(Registrant's telephone number, including area code)

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 the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant had 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 for such shorter period that the registrant was required to submit and post such files). Yes x 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	x	Accelerated Filer	¨
Non-Accelerated Filer	¨ (Do not check if a smaller reporting company)	Smaller Reporting Company	¨

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

The Registrant had 155,603,720 shares of Class A Common Stock, par value $0.01 per share, outstanding at June 28, 2014.

1

Table of Contents

INGRAM MICRO INC.
INDEX

Part I. Financial Information

Table of Contents

Part I. Financial Information
Item 1. Financial Statements
INGRAM MICRO INC.
CONSOLIDATED BALANCE SHEET
(In 000s, except par value)
(Unaudited)

	June 28, 2014	December 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$470,691	$674,390
Trade accounts receivable (less allowances of $70,973 and $69,533)	4,881,336	5,454,832
Inventory	4,205,002	3,724,447
Other current assets	572,905	521,902
Total current assets	10,129,934	10,375,571
Property and equipment, net	488,012	488,699
Goodwill	532,037	527,526
Intangible assets, net	354,567	375,423
Other assets	46,157	23,976
Total assets	$11,550,707	$11,791,195
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$5,704,082	$6,175,604
Accrued expenses	530,818	710,040
Short-term debt and current maturities of long-term debt	106,622	48,772
Total current liabilities	6,341,522	6,934,416
Long-term debt, less current maturities	1,053,602	797,454
Other liabilities	106,153	109,700
Total liabilities	7,501,277	7,841,570
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred Stock, $0.01 par value, 25,000 shares authorized; no shares issued and outstanding	—	—
Class A Common Stock, $0.01 par value, 500,000 shares authorized; 192,962 and 191,877 shares issued and 155,604 and 154,356 shares outstanding in 2014 and 2013, respectively	1,930	1,919
Class B Common Stock, $0.01 par value, 135,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	1,435,919	1,413,949
Treasury stock, 37,358 and 37,521 shares in 2014 and 2013, respectively	(636,493)	(639,300)
Retained earnings	3,136,933	3,061,487
Accumulated other comprehensive income	111,141	111,570
Total stockholders' equity	4,049,430	3,949,625
Total liabilities and stockholders' equity	$11,550,707	$11,791,195

See accompanying notes to these consolidated financial statements.

Table of Contents

INGRAM MICRO INC.
CONSOLIDATED STATEMENT OF INCOME
(In 000s, except per share data)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net sales	$10,909,379	$10,308,015	$21,293,368	$20,570,459
Cost of sales	10,275,634	9,712,261	20,049,043	19,389,400
Gross profit	633,745	595,754	1,244,325	1,181,059
Operating expenses:				
Selling, general and administrative	497,592	465,325	987,236	939,403
Amortization of intangible assets	14,421	11,997	28,573	23,762
Reorganization costs	23,513	4,636	61,937	13,302
	535,526	481,958	1,077,746	976,467
Income from operations	98,219	113,796	166,579	204,592
Other expense (income):				
Interest income	(1,312)	(2,026)	(2,737)	(3,855)
Interest expense	18,425	14,303	37,747	29,941
Net foreign exchange loss	582	3,682	2,170	1,748
Other	3,561	4,211	8,544	7,080
	21,256	20,170	45,724	34,914
Income before income taxes	76,963	93,626	120,855	169,678
Provision for income taxes	26,350	23,940	45,409	50,233
Net income	$50,613	$69,686	$75,446	$119,445
Basic earnings per share	$0.33	$0.46	$0.49	$0.79
Diluted earnings per share	$0.32	$0.45	$0.47	$0.77

See accompanying notes to these consolidated financial statements.

Table of Contents

INGRAM MICRO INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In 000s)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net income	$50,613	$69,686	$75,446	$119,445
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	4,545	(46,897)	(429)	(65,980)
Net unrealized gain (loss) on foreign currency forward contracts designated as cash flow hedges	—	(118)	—	304
Other comprehensive income (loss), net of tax	4,545	(47,015)	(429)	(65,676)
Comprehensive income	$55,158	$22,671	$75,017	$53,769

See accompanying notes to these consolidated financial statements.

Table of Contents

INGRAM MICRO INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(In 000s)
(Unaudited)

	Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013
Cash flows from operating activities:		
Net income	$75,446	$119,445
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	71,089	62,558
Stock-based compensation	16,460	13,957
Excess tax benefit from stock-based compensation	(3,703)	(1,135)
Write-off of assets	8,302	2,277
Gain on sale of land and building	—	(1,045)
Noncash charges for interest and bond discount amortization	1,181	1,131
Deferred income taxes	(5,767)	2,429
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	593,179	980,723
Inventory	(466,876)	(161,272)
Other current assets	(49,659)	(20,321)
Accounts payable	(568,496)	(650,770)
Change in book overdrafts	78,263	(15,552)
Accrued expenses	(201,703)	(4,410)
Cash provided (used) by operating activities	(452,284)	328,015
Cash flows from investing activities:		
Capital expenditures	(40,897)	(39,457)
Sale of marketable securities, net	1,100	1,042
Proceeds from sale of land and building	—	1,169
Cost-based investment	(10,000)	—
Acquisitions and earn-out payment, net of cash acquired	(17,367)	(325)
Cash used by investing activities	(67,164)	(37,571)
Cash flows from financing activities:		
Proceeds from exercise of stock options	11,511	15,693
Excess tax benefit from stock-based compensation	3,703	1,135
Net proceeds from (repayments of) revolving credit facilities	311,187	(165,263)
Cash provided (used) by financing activities	326,401	(148,435)
Effect of exchange rate changes on cash and cash equivalents	(10,652)	(10,264)
Increase (decrease) in cash and cash equivalents	(203,699)	131,745
Cash and cash equivalents, beginning of period	674,390	595,147
Cash and cash equivalents, end of period	$470,691	$726,892

See accompanying notes to these consolidated financial statements.

Table of Contents

INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)
(Unaudited)

Note 1 – Organization and Basis of Presentation

Ingram Micro Inc. and its subsidiaries are primarily engaged in the distribution of information technology ("IT") products, supply chain services and mobile device lifecycle services worldwide. Ingram Micro Inc. and its subsidiaries operate in North America; Europe; Asia-Pacific, Middle East and Africa; and Latin America.

The consolidated financial statements include the accounts of Ingram Micro Inc. and its subsidiaries. Unless the context otherwise requires, the use of the terms "Ingram Micro," "we," "us" and "our" in these notes to the consolidated financial statements refers to Ingram Micro Inc. and its subsidiaries. These consolidated financial statements have been prepared by us, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). In the opinion of management, the accompanying unaudited consolidated financial statements contain all material adjustments (consisting of only normal, recurring adjustments) necessary to fairly state our consolidated financial position as of June 28, 2014, our consolidated results of operations and comprehensive income for the thirteen and twenty-six weeks ended June 28, 2014 and June 29, 2013 and our consolidated cash flows for the twenty-six weeks ended June 28, 2014 and June 29, 2013. All significant intercompany accounts and transactions have been eliminated in consolidation. As permitted under the applicable rules and regulations of the SEC, these consolidated financial statements do not include all disclosures and footnotes normally included with annual consolidated financial statements and, accordingly, should be read in conjunction with the consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K filed with the SEC for the year ended December 28, 2013. The consolidated results of operations for the thirteen and twenty-six weeks ended June 28, 2014 may not be indicative of the consolidated results of operations that can be expected for the full year.

Historically, our reporting units coincided with the geographic operating segments of our IT product distribution business, including North America, Europe, Asia-Pacific and Latin America. In the fourth quarter of 2012, we acquired BrightPoint Inc., or BrightPoint, a global leader in providing devices lifecycle services to the wireless industry, and added this as a reporting segment. Since the acquisition of BrightPoint, we have continued to integrate the BrightPoint operations into our existing infrastructure, including distribution centers, offices, ERP systems and shared service centers. As we approach completion of this integration, the legacy BrightPoint results of operations are included in our geographic segments, North America, Europe, Asia-Pacific and Latin America, commencing in the second quarter of 2014. As a result, we have retrospectively presented the segment information included in Note 11 to conform to the new presentation. The measure of segment profit is income from operations.

Book Overdrafts

Book overdrafts of $426,100 and $347,837 as of June 28, 2014 and December 28, 2013, respectively, represent checks issued on disbursement bank accounts but not yet paid by such banks. These amounts are classified as accounts payable in our consolidated balance sheet. We typically fund these overdrafts through normal collections of funds or transfers from other bank balances at other financial institutions. Under the terms of our facilities with the banks, the respective financial institutions are not legally obligated to honor the book overdraft balances as of June 28, 2014 and December 28, 2013, or any balance on any given date.

Trade Accounts Receivable Factoring Programs

We have several uncommitted factoring programs under which trade accounts receivable of several large customers may be sold, without recourse, to financial institutions. Available capacity under these programs is dependent on the amount of trade accounts receivable already sold into these programs and the financial institutions' willingness to purchase such receivables. At June 28, 2014 and December 28, 2013, we had a total of $289,263, and $381,451, respectively, of trade accounts receivable sold to and held by financial institutions under these programs. Factoring fees of $942 and $630 incurred for the thirteen weeks ended June 28, 2014 and June 29, 2013, respectively, and $2,098 and $1,162 for the twenty-six weeks ended June 28, 2014 and June 29, 2013, respectively, related to the sale of trade accounts receivable under these facilities are included in "other" in the other expense (income) section of our consolidated statement of income.

Table of Contents
INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

Note 2 – Share Repurchase Program

Our Board of Directors has authorized a $400,000 share repurchase program that expires on October 27, 2015, of which $124,095 was remaining for repurchase at June 28, 2014. Under this program, we may repurchase shares in the open market and through privately negotiated transactions. Our repurchases are funded with available borrowing capacity and cash. The timing and amount of specific repurchase transactions will depend upon market conditions, corporate considerations and applicable legal and regulatory requirements. We account for repurchased shares of common stock as treasury stock. Treasury shares are recorded at cost and are included as a component of stockholders' equity in our consolidated balance sheet. We have issued shares of common stock out of our cumulative balance of treasury shares. Such shares are issued to certain of our associates upon the exercise of their options or vesting of their equity awards under the Ingram Micro Inc. 2011 Incentive Plan, as amended (the "2011 Incentive Plan") (see Note 4). We did not repurchase shares during the twenty-six weeks ended June 28, 2014. Our treasury stock issuance activity for the twenty-six weeks ended June 28, 2014 is summarized in the table below:

	Shares	Weighted Average Price Per Share	Amount
Cumulative balance of treasury stock at December 28, 2013	37,521	$17.04	$639,300
Issuance of Class A Common Stock	163	17.22	2,807
Cumulative balance of treasury stock at June 28, 2014	37,358	$17.04	$636,493

Note 3 – Earnings Per Share

We report a dual presentation of Basic Earnings per Share ("Basic EPS") and Diluted Earnings per Share ("Diluted EPS"). Basic EPS excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the reported period. Diluted EPS uses the treasury stock method to compute the potential dilution that could occur if stock-based awards and other commitments to issue common stock were exercised.

The computation of Basic EPS and Diluted EPS is as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net income	$50,613	$69,686	$75,446	$119,445
Weighted average shares	155,365	152,511	155,069	151,799
Basic EPS	$0.33	$0.46	$0.49	$0.79
Weighted average shares, including the dilutive effect of stock-based awards (3,821 and 2,353 for the thirteen weeks ended June 28, 2014 and June 29, 2013, respectively, and 3,893 and 2,940 for the twenty-six weeks ended June 28, 2014 and June 29, 2013, respectively)	159,186	154,864	158,962	154,739
Diluted EPS	$0.32	$0.45	$0.47	$0.77

There were approximately 1,400 and 3,251 stock-based awards for the thirteen weeks ended June 28, 2014 and June 29, 2013, respectively, and 2,993 and 3,184 stock-based awards for the twenty-six weeks ended June 28, 2014 and June 29, 2013, respectively, that were not included in the computation of Diluted EPS because the exercise price was greater than the average market price of the Class A Common Stock during the respective periods, thereby having an antidilutive effect.

Note 4 – Stock-Based Compensation

We currently have a single stock incentive plan, the Ingram Micro, Inc. 2011 Incentive Plan amended during the second quarter of 2013 (the "2011 Incentive Plan"), for the granting of equity-based incentive awards. We grant time- and/or performance-vested restricted stock and/or restricted stock units, in addition to stock options, to key employees and members of our Board of Directors. The performance measures for vesting of restricted stock and restricted stock units for grants to management for the periods presented are based on earnings growth, return on invested capital, total shareholder return, income from operations as a percent of revenue and income before tax. Awards granted under the 2011 Incentive Plan were as follows:

Table of Contents
INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Stock options granted [(a)]	639	—	700	52
Restricted stock and restricted stock units granted [(a)]	1,276	2,674	1,363	3,636
Stock-based compensation expense	$8,574	$6,541	$16,460	$13,957
Related income tax benefit	$2,720	$1,884	$5,426	$4,094
Exercised stock options	149	293	695	1,048
Vested restricted stock and/or restricted stock units [(b)]	414	181	841	2,059

(a) As of June 28, 2014, approximately 14,588 shares were available for grant under the 2011 Incentive Plan, taking into account granted options, time-vested restricted stock units/awards and performance-vested restricted stock units assuming maximum achievement.

(b) Includes 0 and 0 shares, for the thirteen weeks ended June 28, 2014 and June 29, 2013, respectively, and 145 and 1,535 shares, for the twenty-six weeks ended June 28, 2014 and June 29, 2013, respectively, which were issued based on performance-based grants previously approved by the Human Resources Committee of the Board of Directors. The remainder of the shares are time-based grants.

Note 5 – Derivative Financial Instruments

We use foreign currency forward contracts that are not designated as hedges primarily to manage currency risk associated with foreign currency-denominated trade accounts receivable, accounts payable and intercompany loans. The notional amounts and fair values of derivative instruments in our consolidated balance sheet were as follows:

	Notional Amounts [(1)]		Fair Value	
	June 28, 2014	December 28, 2013	June 28, 2014	December 28, 2013
Derivatives not receiving hedge accounting treatment recorded in:				
Other current assets				
Foreign exchange contracts	$664,641	$334,519	$3,819	$2,942
Accrued expenses				
Foreign exchange contracts	1,182,516	1,486,407	(5,224)	(8,887)
Total	$1,847,157	$1,820,926	$(1,405)	$(5,945)

(1) Notional amounts represent the gross amount of foreign currency bought or sold at maturity for foreign exchange contracts.

The amount recognized in earnings from our derivative instruments not receiving hedge accounting treatment, including ineffectiveness, is recorded in foreign currency exchange gain or loss as follows and was largely offset by the change in fair value of the underlying hedged assets or liabilities:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net gain (loss) recognized in earnings	$7,693	$10,267	$(6,974)	$29,361

Note 6 – Fair Value Measurements

Our assets and liabilities carried at fair value are classified and disclosed in one of the following three categories: Level 1 – quoted market prices in active markets for identical assets and liabilities; Level 2 – observable market-based inputs or unobservable inputs that are corroborated by market data; and Level 3 – unobservable inputs that are not corroborated by market data.

As of June 28, 2014, our assets and liabilities measured at fair value on a recurring basis are categorized in the table below:

9

Table of Contents
INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

	June 28, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable trading securities [(a)]	$55,497	$55,497	$—	$—
Derivative assets	3,819	—	3,819	—
Total assets at fair value	$59,316	$55,497	$3,819	$—
Liabilities:				
Derivative liabilities	$5,224	$—	$5,224	$—
Contingent consideration	7,893	—	—	7,893
Total liabilities at fair value	$13,117	$—	$5,224	$7,893

(a) Included in other current assets in our consolidated balance sheet.

As of December 28, 2013, our assets and liabilities measured at fair value on a recurring basis are categorized in the table below:

	December 28, 2013			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents, consisting primarily of money market accounts and short-term certificates of deposit	$50,735	$50,735	$—	$—
Marketable trading securities [(a)]	53,856	53,856	—	—
Derivative assets	2,942	—	2,942	—
Total assets at fair value	$107,533	$104,591	$2,942	$—
Liabilities:				
Derivative liabilities	$8,887	$—	$8,887	$—
Contingent consideration	3,650	—	—	3,650
Total liabilities at fair value	$12,537	$—	$8,887	$3,650

(a) Included in other current assets in our consolidated balance sheet.

The fair value of the cash equivalents approximated cost and the gain or loss on the marketable trading securities was recognized in the consolidated statement of income to reflect these investments at fair value.

Our senior unsecured notes due in 2022 and 2017 are stated at amortized cost, and their respective fair values were determined based on Level 2 criteria. The fair values and carrying values of these notes are shown in the table below:

	June 28, 2014				
	Fair Value				
	Total	Level 1	Level 2	Level 3	Carrying Value
Liabilities:					
Senior unsecured notes, 5.25% due 2017	$326,550	$—	$326,550	$—	$300,000
Senior unsecured notes, 5.00% due 2022	312,825	—	312,825	—	298,544
	$639,375	$—	$639,375	$—	$598,544

Table of Contents
INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

	December 28, 2013 Fair Value				
	Total	Level 1	Level 2	Level 3	Carrying Value
Liabilities:					
Senior unsecured notes, 5.25% due 2017	$318,000	$—	$318,000	$—	$300,000
Senior unsecured notes, 5.00% due 2022	301,200	—	301,200	—	298,454
	$619,200	$—	$619,200	$—	$598,454

Note 7 – Acquisitions, Goodwill and Intangible Assets
During the second quarter of 2014, we completed the acquisitions of DAT Repair GMBH ("DRG"), Global Mobility Products ("GMP"), and Pinnacle Service Solutions ("Pinnacle") for cash of $17,367 and an estimated future earn out payment of $4,243, of which $4,500 was preliminarily allocated to goodwill and $14,000 to acquired intangible assets. The goodwill recognized in connection with these acquisitions is primarily attributable to the assembled workforce and our expectation of expanding our mobility and supply chain solutions portfolio. These entities have been included in our consolidated results of operations since their respective acquisition dates.
Pro forma results of operations have not been presented for the 2014 acquisitions because the historical results of these acquisitions, individually and in aggregate, were not material to our consolidated results of operations.
Finite-lived identifiable intangible assets are amortized over their remaining estimated lives ranging up to 20 years with the predominant amounts having lives of 3 to 10 years. The gross and net carrying amounts of finite-lived identifiable intangible assets are as follows:

	June 28, 2014	December 28, 2013
Gross carrying amount of finite-lived intangible assets	$506,663	$496,789
Net carrying amount of finite-lived intangible assets	$354,567	$375,423

Note 8 – Reorganization Costs
2014 Actions
In order to further enhance our ability to innovate and respond to market needs with greater speed and efficiency, on February 13, 2014 we announced a plan to proceed with a global organizational effectiveness program that involves the following three critical aspects:

1. Aligning and leveraging our infrastructure globally with our evolving businesses, opportunities and resources;
2. De-layering and simplifying the organization to enable us to be more nimble, responsive and collaborative; and
3. Maintaining investments in expertise and capabilities to continue to transform our business mix in faster growing, higher margin businesses.

As a result of the organizational effectiveness program and continued acquisition integration activities, we recognized reorganization charges of $54,553 in the first six months of 2014 primarily related to employee termination benefits and $7,528 for a previously acquired trade name that we wrote-off as we integrated certain operations under the Ingram Micro brand.
2013 Actions
During the third quarter of 2013, we announced a plan to reduce headcount in Germany to respond to the market environment resulting in reorganization charges primarily related to employee termination benefits. In addition, we exited a BrightPoint facility in the U.S. resulting in reorganization charges primarily related to facility exit costs and employee termination benefits.

During 2013, we began integrating certain BrightPoint operations into Ingram Micro, resulting in headcount reductions and facility exit costs. We continued to move certain transaction-oriented service and support functions in Europe to our European shared services center and exited a portion of one of our Australian offices. Associated with these actions, we incurred reorganization costs primarily related to employee termination benefits throughout our regions and facility exit costs in Australia.

2012 Actions and Prior Actions

In 2012 and earlier, we implemented headcount reductions primarily in Australia and New Zealand to better align our operating expenses with each country’s then lower sales volumes. Additionally, we moved certain transactions-oriented service and support functions to shared service centers in Asia-Pacific and Europe. We closed our in-country Argentina operations and are now servicing this market through our export operations in Miami. Associated with these actions, we incurred net reorganization costs related to employee termination benefits. We also launched various other outsourcing and optimization plans to improve operating efficiencies and better align our level of operating expenses with sales volumes, resulting in headcount reductions in certain operations in North America, Europe and Latin America. While these reorganization actions were completed prior to the periods included herein, future cash outlays are required for future lease payments related to exited facilities.

Table of Contents
INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

A summary of the reorganization and expense-reduction program costs incurred in the thirteen weeks ended June 28, 2014 and June 29, 2013 are as follows:

	Reorganization Costs					
	Headcount Reduction	Employee Termination Benefits	Facility and Other Costs	Total Reorganization Costs	Adjustments to Prior Year Costs	Total Costs
Thirteen weeks ended June 28, 2014						
North America		$994	$7,528	$ 8,522	$—	$8,522
Europe		14,194	—	14,194	—	14,194
Asia-Pacific		657	7	664	—	664
Latin America		133	—	133	—	133
Total	103	$15,978	$7,535	$ 23,513	$—	$23,513
Thirteen weeks ended June 29, 2013						
North America		$1,753	$1,064	$ 2,817	$—	$2,817
Europe		850	—	850	(25)	825
Asia-Pacific		298	696	994	—	994
Latin America		—	—	—	—	—
Total	98	$2,901	$1,760	$ 4,661	$(25)	$4,636

	Reorganization Costs					
	Headcount Reduction	Employee Termination Benefits	Facility and Other Costs	Total Reorganization Costs	Adjustments to Prior Year Costs	Total Costs
Twenty-six weeks ended June 28, 2014						
North America		$7,426	$7,528	$ 14,954	$—	$14,954
Europe		44,514	—	44,514	(36)	44,478
Asia-Pacific		2,011	7	2,018	(115)	1,903
Latin America		602	—	602	—	602
Total	825	$54,553	$7,535	$ 62,088	$(151)	$61,937
Twenty-six weeks ended June 29, 2013						
North America		$2,486	$1,064	$ 3,550	$—	$3,550
Europe		5,660	—	5,660	(188)	5,472
Asia-Pacific		319	3,973	4,292	(12)	4,280
Latin America		—	—	—	—	—
Total	218	$8,465	$5,037	$ 13,502	$(200)	$13,302

INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

The remaining liabilities and 2014 activities associated with the aforementioned actions are summarized in the table below:

	Reorganization Liability					
	Remaining Liability at December 28, 2013	Expenses (Income), Net	Amounts Paid and Charged Against the Liability	Foreign Currency Translation	Remaining Liability at June 28, 2014	
2014 Reorganization actions						
Employee termination benefits	$—	$54,553	$(12,857)	$(525)	$41,171	
Facility and other costs	—	7,535	(7,535)	—	—	
	—	62,088	(20,392)	(525)	41,171	(a)
2013 Reorganization actions						
Employee termination benefits	12,889	(151)	(8,014)	28	4,752	
Facility and other costs	5,506	—	(1,342)	102	4,266	
Subtotal	18,395	(151)	(9,356)	130	9,018	(b)
2012 and prior reorganization actions						
Employee termination benefits	1,059	—	(1,059)	—	—	
Facility and other costs	3,020	—	(1,690)	(21)	1,309	(c)
Subtotal	4,079	—	(2,749)	(21)	1,309	
	$22,474	$61,937	$(32,497)	$(416)	$51,498	

(a) We expect the remaining liabilities to be substantially utilized by the end of 2015.
(b) We expect the remaining liabilities to be substantially utilized by the end of 2016.
(c) We expect the remaining liabilities to be fully utilized by the end of 2015.

Note 9 – Debt
The carrying value of our outstanding debt consists of the following:

	June 28, 2014	December 28, 2013
Senior unsecured notes, 5.25% due 2017	$300,000	$300,000
Senior unsecured notes, 5.00% due 2022, net of unamortized discount of $1,456 and $1,546, respectively	298,544	298,454
North America revolving trade accounts receivable-backed financing program	450,000	199,000
Lines of credit and other debt	111,680	48,772
	1,160,224	846,226
Short-term debt and current maturities of long-term debt	(106,622)	(48,772)
	$1,053,602	$797,454

Note 10 – Income Taxes

Our effective tax rate for the thirteen weeks ended June 28, 2014 was 34.2% compared to 25.6% for the thirteen weeks ended June 29, 2013. For the twenty-six weeks ended June 28, 2014 and June 29, 2013, our effective tax rate was 37.6% and 29.6%, respectively. Under U.S. accounting rules for income taxes, quarterly effective tax rates may vary significantly depending on the actual operating results in the various tax jurisdictions, as well as changes in the valuation allowance related to the expected recovery of deferred tax assets. In 2014, our effective tax rate was negatively impacted by approximately four and seven percentage points as a result of a portion of reorganization costs recorded in the thirteen weeks and the twenty-six weeks ended June 28, 2014, respectively, in jurisdictions under valuation allowance or where the cost is not deductible.

The thirteen weeks ended June 29, 2013 included net discrete tax benefits of approximately $5,766 which represents 6.2 percentage points of the effective tax rate, which primarily are due to a change in estimate of the amount of BrightPoint acquisition costs deductible for tax purposes.
Partially offsetting the negative impact of reorganization costs noted above, the twenty-six weeks ended June 28, 2014 included net discrete benefits of approximately $2,525 or 2.1 percentage points of the effective rate, which are primarily related to positive adjustments to certain deferred tax asset benefits.
The twenty-six weeks ended June 29, 2013 included net discrete benefits of approximately $6,951, or 4.1 percentage points of the effective tax rate, which includes the $5,766 discussed above, as well as $1,185 of net discrete benefits primarily due to the release of valuation allowance on U.S. state net operating losses.
Our effective tax rate differed from the U.S. federal statutory rate of 35% during these periods primarily due to the items noted above, as well as the relative mix of earnings or losses within the tax jurisdictions in which we operate, such as: (a) earnings in lower-tax jurisdictions for which no U.S. taxes have been provided because such earnings are planned to be reinvested indefinitely outside the United States; (b) losses in certain jurisdictions in which we are not able to record a tax benefit; and (c) changes in the valuation allowance on deferred tax assets.
At June 28, 2014, we had gross unrecognized tax benefits of $36,376 compared to $35,398 at December 28, 2013, representing a net increase of $978 during the twenty-six weeks ended June 28, 2014. Substantially all of the gross unrecognized tax benefits, if recognized, would impact our effective tax rate in the period of recognition.
We recognize interest and penalties related to unrecognized tax benefits in income tax expense. In addition to the gross unrecognized tax benefits identified above, the interest and penalties recorded to date by us totaled $8,363 and $7,333 at June 28, 2014 and December 28, 2013, respectively.
Our future effective tax rate will continue to be affected by changes in the relative mix of taxable income and losses in the tax jurisdictions in which we operate, changes in the valuation of deferred tax assets, or changes in tax laws or interpretations thereof. In addition, our income tax returns are subject to continuous examination by the IRS and other tax authorities. The IRS has concluded its examinations of tax years prior to tax year 2010. In 2013, the IRS initiated its examination of tax years 2010 to 2011. It is possible that within the next twelve months, ongoing tax examinations in the United States and several of our foreign jurisdictions may be resolved, that new tax exams may commence and that other issues may be effectively settled. However, we do not expect our assessment of unrecognized tax benefits to change significantly over that time.

Note 11 – Segment Information

Geographic areas in which we operate include North America (the United States and Canada), Europe (Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, Israel, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the United Kingdom), Asia-Pacific (Australia, the People’s Republic of China including Hong Kong, India, Indonesia, Malaysia, New Zealand, Singapore, Thailand, Lebanon, United Arab Emirates, Turkey, Egypt and South Africa) and Latin America (Brazil, Chile, Colombia, Mexico, Peru and our Latin American export operations in Miami). See discussion of the change in our reportable segments in Note 1.
We do not allocate stock-based compensation recognized (see Note 4) to our operating units; therefore, we are reporting this as a separate amount.

Table of Contents
INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

Financial information by reporting segment is as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net sales				
North America	$4,610,988	$4,267,901	$8,753,085	$8,341,804
Europe	3,417,696	3,030,439	6,876,984	6,209,842
Asia-Pacific	2,359,105	2,549,847	4,648,244	5,097,027
Latin America	521,590	459,828	1,015,055	921,786
Total	$10,909,379	$10,308,015	$21,293,368	$20,570,459
Income from operations				
North America	$72,054	$70,040	$133,768	$136,693
Europe	3,077	14,752	(8,129)	24,513
Asia-Pacific	23,702	26,018	40,450	42,266
Latin America	7,960	9,527	16,950	15,077
Stock-based compensation expense	(8,574)	(6,541)	(16,460)	(13,957)
Total	$98,219	$113,796	$166,579	$204,592
Capital expenditures				
North America	$14,022	$20,439	$32,696	$32,845
Europe	2,133	1,778	4,154	3,361
Asia-Pacific	1,875	1,263	3,224	2,389
Latin America	547	546	823	862
Total	$18,577	$24,026	$40,897	$39,457
Depreciation				
North America	$15,203	$13,500	$28,841	$24,084
Europe	4,094	4,017	7,753	8,665
Asia-Pacific	2,763	2,711	5,177	5,377
Latin America	389	341	745	670
Total	$22,449	$20,569	$42,516	$38,796
Amortization of intangible assets				
North America	$9,907	$7,297	$19,619	$14,595
Europe	2,876	3,004	5,705	5,762
Asia-Pacific	1,434	1,474	2,839	2,962
Latin America	204	222	410	443
Total	$14,421	$11,997	$28,573	$23,762

INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

The integration, transition and other costs included in income from operations by reporting segment is as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Integration, transition and other costs [(a)]				
North America	$8,232	$4,285	$8,333	$7,558
Europe	1,255	918	1,764	1,904
Asia-Pacific	512	727	1,889	1,046
Latin America	—	—	—	—
Total	$9,999	$5,930	$11,986	$10,508

(a) Costs are primarily for legal, consulting and other costs associated with the global organizational effectiveness program (see Note 8), the integration of BrightPoint, acquisitions-related costs and other transition costs incurred for certain executives, charged to SG&A expenses. Offsetting these costs is a gain of $6,600 related to the final settlement of a class action lawsuit against the manufacturers of LCD flat panel displays, which was recorded as a reduction of SG&A expense in the first quarter of 2014 (see Note 13).

For a segment breakdown of reorganization costs, refer to Note 8.

	As of	
	June 28, 2014	December 28, 2013
Identifiable assets		
North America	$5,133,289	$4,797,503
Europe	3,967,565	4,390,518
Asia-Pacific	1,772,968	1,766,986
Latin America	676,885	836,188
Total	$11,550,707	$11,791,195
Long-lived assets		
North America	$637,324	$649,146
Europe	120,028	129,119
Asia-Pacific	77,347	77,410
Latin America	7,880	8,447
Total	$842,579	$864,122

Net sales and long-lived assets for the United States, which is our country of domicile, are as follows:

Table of Contents

INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In 000s, except per share data)

	Thirteen Weeks Ended				
	June 28, 2014			June 29, 2013	
Net sales:					
United States	$4,244,514	39 %		$3,872,694	38 %
Outside of the United States	6,664,865	61 %		6,435,321	62 %
Total	$10,909,379	100 %		$10,308,015	100 %

	Twenty-six Weeks Ended				
	June 28, 2014			June 29, 2013	
Net sales:					
United States	$7,980,365	37 %		$7,530,134	37 %
Outside of the United States	13,313,003	63 %		13,040,325	63 %
Total	$21,293,368	100 %		$20,570,459	100 %

	As of	
	June 28, 2014	December 28, 2013
Long-lived assets:		
United States	$600,697	$625,719
Outside of the United States	241,882	238,403
Total	$842,579	$864,122

Note 12 – Commitments and Contingencies
Our Brazilian subsidiary has received a number of tax assessments including the following: (1) a 2005 Federal import tax assessment claiming certain commercial taxes totaling Brazilian Reais 12,714 ($5,779 at June 28, 2014 exchange rates) were due on the import of software acquired from international vendors for the period January through September of 2002; (2) a 2007 Sao Paulo municipal tax assessment claiming Brazilian Reais 29,111 ($13,232 at June 28, 2014 exchange rates) of service taxes were due on the resale of acquired software covering years 2002 through 2006, plus Brazilian Reais 25,972 ($11,805 at June 28, 2014 exchange rates) of associated penalties; and (3) a 2011 Federal income tax assessment, a portion of which claims statutory penalties totaling Brazilian Reais 15,900 ($7,227 at June 28, 2014 exchange rates) for delays in providing certain electronic files during the audit of tax years 2008 and 2009, which was conducted through the course of 2011; (4) a 2012 Sao Paulo municipal tax assessment claiming Brazilian Reais 2,996 ($1,362 at June 28, 2014 exchange rates) of service taxes due on the importation of software covering the year 2007 plus Brazilian Reais 1,498 ($681 at June 28, 2014 exchange rates) of associated penalties; and (5) a 2013 Sao Paulo municipal tax assessment claiming Brazilian Reais 10,725 ($4,875 at June 28, 2014 exchange rates) of service taxes due on the importation of software covering the years 2008, 2009, 2010 and January through May 2011 plus Brazilian Reais 5,362 ($2,437 at June 28, 2014 exchange rates) of associated penalties. While we will continue to vigorously pursue administrative and, if applicable, judicial action in defending against the 2005 Federal import tax assessment, we continue to maintain a reserve for the full tax amount assessed at June 28, 2014 in item (1) above. After working with our advisors, we believe the other matters noted above do not represent a probable loss.
In addition to the amounts described above, incremental charges for possible penalties, interest and inflationary adjustments could be imposed in an amount up to Brazilian Reais 224,033 ($101,833 at June 28, 2014 exchange rates) for these matters. We believe we have good defenses against each matter and do not believe it is probable that we will suffer a material loss for these matters.
There are various other claims, lawsuits and pending actions against us incidental to our operations. It is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. However, we can make no assurances that we will ultimately be successful in our defense of any of these matters.
As is customary in the IT distribution industry, we have arrangements with certain finance companies that provide inventory-financing facilities for their customers. In conjunction with certain of these arrangements, we have agreements with the finance companies that would require us to repurchase certain inventory, which might be repossessed from the customers by the finance companies. Due to various reasons, including among other factors, the lack of information regarding the amount of saleable inventory purchased from us still on hand with the customer at any point in time, repurchase obligations relating to inventory cannot be reasonably estimated. Repurchases of inventory by us under these arrangements have been insignificant to date.
We have guarantees to third parties that provide financing to a limited number of our customers. Net sales under these arrangements accounted for less than one percent of our consolidated net sales for each of the periods presented. The guarantees require us to reimburse the third party for defaults by these customers up to an aggregate of $5,600. The fair value of these guarantees has been recognized as cost of sales to these customers and is included in other accrued liabilities.

Note 13 – Legal Settlement
We were a claimant in a class action proceeding seeking damages from certain manufacturers of LCD flat panel displays. On July 12, 2013, the federal district judge overseeing the proceeding issued a preliminary order approving a plan of distribution to the class claimants. In July 2013, we received a distribution of $29,500, net of all attorney fees and expenses, which was reflected as a reduction of selling, general and administrative expenses in the third quarter of 2013. In January 2014, the federal district judge overseeing the proceeding issued an order for the final

distribution of the settlement fund. Accordingly, in February 2014, we received an additional $6,600 from the remaining escrowed settlement fund, which we recorded as a reduction of selling, general and administrative expenses in the first quarter of 2014.

Note 14 - New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which requires a reporting entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This standard will be effective for us beginning January 1, 2017, the first day of fiscal year 2017. We are currently assessing the impact of this new guidance.

Table of Contents

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise stated, all currency amounts, other than per share information, contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations are stated in thousands.

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1993, as amended, and Section 21E of the Exchange Act, as amended. Statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements, and may include, but are not limited to, management’s expectations of competition; market share; revenues, margin, expenses and other operating results or ratios; economic conditions; vendor terms and conditions; deployment of enterprise systems; pricing strategies and customer terms and conditions; organizational effectiveness program and related restructuring, integration and other reorganization costs; process and efficiency enhancements; cost savings; cash flows; working capital levels and days; capital expenditures; liquidity; capital requirements; acquisitions and integration costs and benefits to our business; operating models; exchange rate fluctuations and related currency gains and losses; resolution of contingencies; seasonality; interest rates and expenses; and rates of return. In evaluating our business, readers should carefully consider the important factors discussed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 28, 2013, as filed with the Securities and Exchange Commission. These factors could cause our actual results and conditions to differ materially from our historical performance or those projected in our forward-looking statements. We disclaim any duty to update any forward-looking statements.

Overview of Our Business

Ingram Micro helps businesses realize the promise of technology by delivering a full spectrum of global technology and supply chain services to businesses around the world. Ingram Micro's global infrastructure and deep expertise in technology solutions, supply chain, cloud and mobility help to enable its business partners to operate efficiently and successfully in the markets they serve. We are the largest wholesale technology distributor and a global leader in IT supply-chain and mobile device lifecycle services based on revenues. We offer a broad range of IT products and supply chain solutions and help generate demand and create efficiencies for our customers and suppliers around the world. Our results of operations have been, and will continue to be, directly affected by the conditions in the economy in general. Historically, our margins have been impacted by pressures from price competition and declining average selling prices, as well as changes in vendor terms and conditions, including, but not limited to, variations in vendor rebates and incentives, our ability to return inventory to vendors, and time periods qualifying for price protection. We expect competitive pricing pressures and restrictive vendor terms and conditions to continue in the foreseeable future. In addition, our margins have and may continue to be impacted by our inventory levels, which are based on projections of future demand, product availability, product acceptance and marketability, and market conditions. Any sudden decline in demand and/or rapid technological changes in products could cause us to have a charge for excess and/or obsolete inventory. We continue to monitor and refine our pricing strategies, inventory management processes and vendor program processes to respond and to mitigate the impact of these factors. In addition, we continuously monitor and work to change, as appropriate, certain terms, conditions and credit offered to our customers to reflect those being imposed by our vendors, to recover costs and/or to facilitate sales opportunities. Our business also requires significant levels of working capital primarily to finance trade accounts receivable and inventory. We have historically relied on, and continue to rely heavily on, trade credit from vendors, available cash, debt and factoring of trade accounts receivable for our working capital needs.

While the primary industry in which we operate is characterized by narrow gross profit as a percentage of net sales, or gross margin, and narrow income from operations as a percentage of net sales, or operating margin, we strive to improve our profitability through diversification of product offerings, including our presence in adjacent product categories, such as automatic identification/data capture and point-of-sale, or AIDC/POS, enterprise computing and data center. Additionally, we are expanding our capabilities into what we believe are faster growing and higher margin service oriented businesses such as mobility device life cycle services, supply chain solutions and cloud. Over the past few years, we have complemented our internal growth initiatives with strategic business acquisitions. In 2014, we completed three additional strategic acquisitions; Pinnacle Service Solutions, or Pinnacle, and DAT Repair GMBH, or DRG, both in April 2014, and Global Mobility Products, or GMP, in May 2014, which will provide us with a corridor into a rapidly growing and high-value mobility and supply chain services market. In 2013, we also completed the strategic acquisitions of Softcom Technologies, Inc., or Softcom, which enhances our cloud offerings roadmap and aggregation platform, and Cloudblue Technologies, Inc., or Cloudblue, which expands our supply-chain capabilities and solutions offerings, both in September 2013. In addition, we acquired Shipwire, Inc., or Shipwire, in December 2013, which enhances our existing portfolio of products and services into the large and growing e-commerce fulfillment market. Although we expect these acquisitions along with our organic investments to expand our capabilities in these areas, service revenues currently represent less than 10% of total net sales for all periods presented.

We manage our business through continuous cost controls and process and efficiency enhancements. This may also include, from time to time, reorganization actions to further enhance productivity and profitability and could result in the recognition of reorganization costs or impairment of assets.

Table of Contents

Management's Discussion and Analysis Continued

To further enhance our ability to innovate and respond to market needs with greater speed and efficiency, on February 13, 2014 we announced a plan to proceed with a global organizational effectiveness program that involves the following three critical aspects:

1. Aligning and leveraging our infrastructure globally with our evolving businesses, opportunities and resources;
2. De-layering and simplifying the organization to enable us to be more nimble, responsive and collaborative; and
3. Maintaining investments in expertise and capabilities to continue to transform our business mix in faster growing, higher margin businesses.

We expect our alignment and de-layering programs to generate annual savings between $80,000 and $100,000. Restructuring, transition and other reorganization costs associated with these programs are expected to be between $80,000 and $100,000. We anticipate the majority of the cost savings will begin to occur in the second half of 2014 and the full run rate of savings will be realized in 2015. We have incurred reorganization as well as transition and other related costs aggregating $73,924 for the twenty-six weeks ended June 28, 2014, primarily related to employee termination benefits predominately associated with this program as well as integration of acquisitions.

We are currently in the process of migrating our operations from our legacy proprietary system that was developed in the late-1980s to SAP in a phased, country-by-country approach. We have deployed SAP in several operations globally beginning in 2009 with our most recent deployment in early 2013 in Colombia. Due to challenges in our earlier round of implementations, additional deployments have been on hold as we continue to address certain improvements within the system to better address our internal and customer needs. We are continuing to evaluate our schedule for deploying the enterprise system in additional locations. While we will adjust the deployment schedule as required to best serve our customers, we can make no assurances that we will not have further disruptions, delays and/or negative business impacts from forthcoming deployments.

We sell finished products purchased from many vendors but generated approximately 16% and 7% of our consolidated net sales for the thirteen weeks ended June 28, 2014, and approximately 14% and 7% of our consolidated net sales for the thirteen weeks ended on June 29, 2013 from products purchased from Hewlett-Packard Company and Apple, Inc., respectively.

For the twenty-six weeks ended June 28, 2014, we generated approximately 16% and 9% of our consolidated net sales, and for the twenty-six weeks ended June 29, 2013, approximately 15% and 8% of our consolidated net sales from products purchased from Hewlett-Packard Company and Apple, Inc., respectively.

Historically, our reporting units coincided with the geographic operating segments of our IT product distribution business, including North America, Europe, Asia-Pacific, and Latin America. In the fourth quarter of 2012, we acquired BrightPoint Inc., or BrightPoint, a global leader in providing devices lifecycle services to the wireless industry, and added this as a reporting segment. Since the acquisition of BrightPoint, we have continued to integrate the BrightPoint operations into our existing infrastructure, including distribution centers, offices, ERP systems and shared service centers. As we approach completion of this integration, discrete financial information for the legacy BrightPoint operations is no longer available and, therefore, we have included the results of BrightPoint into our geographic segments, North America, Europe, Asia-Pacific, Latin America. As a result, we have retrospectively reclassified the consolidated financial statements to conform to the new presentation. The measure of segment profit is income from operations.

Table of Contents

Management's Discussion and Analysis Continued

Results of Operations for the Thirteen Weeks Ended June 28, 2014 Compared to the Thirteen Weeks Ended June 29, 2013

	Thirteen Weeks Ended						Change - Increase (Decrease)			
	June 28, 2014			June 29, 2013			Amount		Percentage	
Net sales by reporting segment										
North America	$4,610,988	42	%	$4,267,901	41	%	$343,087		8.0	%
Europe	3,417,696	31	%	3,030,439	29	%	387,257		12.8	%
Asia-Pacific	2,359,105	22	%	2,549,847	25	%	(190,742	)	(7.5	)%
Latin America	521,590	5	%	459,828	4	%	61,762		13.4	%
Total	$10,909,379	100	%	$10,308,015	100	%	$601,364		5.8	%

	Thirteen Weeks Ended			Increase (Decrease)
	June 28, 2014		June 29, 2013	Amount
Operating income and operating margin by reporting segment				
North America	$72,054	1.56		