

INGRAM MICRO INC
Form 10-K
March 02, 2011

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

**Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended January 1, 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: 1-12203
Ingram Micro Inc.**

(Exact name of Registrant as Specified in its Charter)

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

62-1644402
*(I.R.S. Employer
Identification No.)*

1600 E. ST. ANDREW PLACE, SANTA ANA, CALIFORNIA 92705
(Address, including Zip Code, of Principal Executive Offices)
(714) 566-1000

(Registrant's telephone number, including area code)

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

Title of Each Class:

Name of Each Exchange on Which Registered:

Class A Common Stock,
Par Value \$.01 Per Share

New York Stock Exchange

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

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

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

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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 No

Indicate by check mark whether 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 for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.101 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, at July 3, 2010, was \$2,289,263,377 based on the closing sale price on such date of \$15.12 per share.

The registrant had 159,350,312 shares of Class A Common Stock, par value \$0.01 per share, outstanding at January 29, 2011.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the registrant's Annual Meeting of Shareholders to be held June 8, 2011 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. BUSINESS

The following discussion includes forward-looking statements, including but not limited to, management's expectations of competition; revenues, margin, expenses and other operating results or ratios; operating efficiencies; economic conditions; cost savings; capital expenditures; liquidity; capital requirements; acquisitions and integration costs; operating models; exchange rate fluctuations and rates of return. In evaluating our business, readers should carefully consider the important factors discussed under Risk Factors. We disclaim any duty to update any forward-looking statements. Unless otherwise stated, all currency amounts, other than per share information, contained in this Part I are stated in thousands.

Introduction

Ingram Micro Inc., a Fortune 100 company, is the largest global information technology (IT) wholesale distributor by net sales, providing sales, marketing, and logistics services for the IT industry worldwide. We provide a vital link in the IT supply chain by generating demand and developing markets for our technology partners. We create value in the market by extending the reach of our technology partners, capturing market share for resellers and suppliers, creating innovative solutions comprised of both technology products and services, offering credit, and providing efficient fulfillment of IT products and services.

We remain focused on continuing to build our IT distribution business by serving the demand for technology and automation, expanding our market presence and broadening our product and services offerings. We will continue to develop an increasing presence in adjacent segments, such as enterprise computing, automatic identification and data capture (AIDC); point-of-sale (POS); managed, professional and warranty maintenance services; mobility; physical security; and consumer electronics (CE). We also are committed to building our business by leveraging the continuing evolution of technology delivery. Cloud computing, or software-, platform- and infrastructure-as-a-service, is emerging as a way of supplying computer resources over the Internet or a private wide area network. With new modes of delivery in mind, we have designed service offerings for resellers migrating toward cloud computing environments, and marketing and channel programs for cloud vendors. Our capabilities and offerings will continue to broaden and migrate to other regional operations as cloud computing gains traction. In addition, our expertise in supply chain management enables us to extend our business beyond traditional distribution and technology products. We offer fee-based supply chain services, encompassing the end-to-end functions of the supply chain to vendors choosing to sell direct. Likewise, we offer fee-based services to retailers and Internet resellers seeking fulfillment services, inventory management, reverse logistics, and other supply chain services for both IT and non-IT products. As the world changes around us, our capabilities and adaptability to new business models make us a valued business partner with opportunities for us to experience continued growth and profitability.

History

We began business in 1979, operating as Micro D Inc., a California corporation. Through a series of acquisitions, mergers and organic growth, Ingram Micro's global footprint, product breadth and service capabilities have expanded and strengthened in North America; Europe, Middle East and Africa (EMEA); Asia Pacific; and Latin America. During 2010, we strengthened our position in enterprise computing distribution through the acquisition of Albora Soluciones S.L. (Spain and Portugal), interAct BVBA (Belgium), and Asiasoft Hong Kong Limited (Hong Kong).

Company Strengths

Two-tier distribution continues to be an integral element of the go-to-market strategy for IT suppliers. We believe that the current technology industry generally favors large, financially-sound distributors that have broad product portfolios, economies of scale, strong business partner relationships and wide geographic reach. Our value is in enabling our business partners both reseller customers and vendors to become more efficient, knowledgeable and profitable. Our strengths position us well to meet the needs of our reseller and vendor partners

worldwide in both difficult economic times and growth cycles, and to lead the IT distribution and services market as it evolves.

Strong Working Capital Management and a Solid Financial Position. We have consistently demonstrated strong working capital management. Maintaining a close relationship with resellers enables us to monitor demand to optimize our investment in inventory, while preserving customer fill rates and service levels. We continue to control our inventory days on hand through our focused and sustainable initiatives towards minimizing excess and obsolete goods while improving our purchasing processes and product flow. Furthermore, we continue to effectively manage our accounts receivable through timely collections, credit limit setting, customer terms and process efficiencies to minimize our working capital requirements. Our conservative approach to capital management, as well as our diversified portfolio of capital resources, has served us well in tighter credit markets. Our financial strength enables us to provide valuable credit to our customers, employing a disciplined approach to account management and credit worthiness. We also believe that we are well-positioned to support our growth initiatives in our IT distribution business and invest in incremental profitable growth opportunities. Finally, we believe our solid financial position provides us with a competitive advantage as a reliable, long-term business partner for our supplier and reseller partners.

Continuous Focus on Optimizing Productivity. We continue to seek ways to improve our processes and streamline our business model, while refining our cost structure to respond to changes in market demand. During 2008 and 2009 we undertook a number of initiatives to reduce operating expenses and exit less profitable businesses. We believe our restructuring efforts have created a leaner and more agile cost structure upon which to execute our growth initiatives as the economy continues to improve. We continue to incorporate cost-saving measures in all business processes. The strategic locations of our IT systems and warehouse locations support custom shipment requirements and optimized delivery methodologies, allowing us to deliver products faster, while reducing shipping costs. We remain focused on ensuring that our catalog includes the products most desired by our customers, which improves inventory management, realizes higher margin opportunities, and develops merchandising and pricing strategies that produce enhanced business results. In order to fully leverage our global operation, we make continuous investments in our IT infrastructure and streamline and standardize business processes to drive efficiency and provide best-in-class quality in our processes and systems throughout the world.

Business Evolution. We have consistently led the broad-based technology distribution industry in securing a presence in new markets, executing alternative business models and delivering new services, thereby both promoting and benefitting from the evolution of our industry. Our ability to execute on new initiatives and adapt to new business models provides a competitive advantage by allowing us to capture opportunities and overcome the risks, volatility and demand fluctuations associated with a single market, vendor or product segment and to remain a vital partner in the evolving IT marketplace.

Products. Based on publicly available information, we believe we offer the largest breadth of products in the IT industry. Our broad base of products allows us to better serve our customers, as well as mitigate risks associated with market volatility and reliance upon a small base of products. Our broad line card, or catalog of product offerings, makes us less vulnerable to market dynamics or actions by any one vendor or market segment, and to the volatility in market demand in specific product lines. We continuously refresh our business with new, high-potential products and services. We are focused on moving deeper into new adjacent product categories and globalizing our efforts. Our U.S. operation was realigned to strengthen our capabilities in delivering higher-end technology solutions and services. We have made strategic acquisitions, including our three acquisitions in EMEA and Asia Pacific in 2010, expanding our internal capabilities to enable reseller partners to capture opportunities in the sale of enterprise computing solutions, particularly within the growing data center market. In addition, our AIDC/POS business, which we believe has expanded

to position us as the only global distributor in this specialty area, is realizing the benefits from past acquisitions and investments combined with new vendor authorizations and effective best practice sharing across regions. In the mobility space, we are creating focused business units and pursuing active expansion plans by securing new vendor authorizations, adding service capabilities, and developing relationships with telecommunications carriers. We are able to offer value-added resellers and solutions providers (VARs) a more complete solution for their customers by supplying them with

mobility solutions to complement their portfolio of IT products and services. We also continue to build our presence in CE, physical security and private label through our V7 brand, all of which support our strategy of diversifying revenue streams and expanding addressable markets. Overall, we believe that our diversified and evolving product portfolio will provide a solid platform for continued growth.

Services. IT Services is one of the largest segments of IT spending. We are building our service offerings which will bring additional value to our customers and strengthen our connection to our resellers' end-user customers. We believe that several of our service offerings provide a means to expand our revenue stream while distinguishing us from our competitors.

Ingram Micro Services Division (North America) continues to develop its managed, cloud, professional and training services offerings. Managed services utilize application and technology tools, including our own branded Seismic delivery engine, to more effectively and efficiently manage an end-user's IT environment while affording the solution provider significant remote capabilities, service efficiencies and improvement in profitability. By leveraging our managed services offerings, service providers avoid the investment in help desk or data centers and, therefore, avoid large server installations needed for independent service deployment. Service offerings include an outsourced global monitoring and management service, hosting services, enterprise-class business continuity services and an intelligent dashboard for the tracking of end-user data to provide reseller partners with product and service sale leads. Ingram Micro Services Division has also launched a number of services to enable resellers seeking to offer cloud computing solutions to their customers. Among them is the IngramMicroCloud.com initiative, which provides our channel partners with a broad portfolio of cloud-specific enablement resources and service offerings including infrastructure-as-a-service, software-as-a-service, educational tools, training, and business development resources. While our cloud-related service offerings began in North America, other regional operations are partnering to provide similar offerings.

Ingram Micro Logistics, our fee-for-service logistics business, provides end-to-end supply-chain services to manufacturers, software publishers and retailers on a fee-for-service basis. We have extended our market reach and further diversified our business by offering logistics services to non-IT customers. We optimize our partners' supply chains with scalable logistics services that reduce costs, create efficiencies and improve execution. Ingram Micro Logistics enhances service with high levels of order and inventory accuracy, on-time shipping, and world-class logistics centers. We specialize in multi-channel solutions that require flexible scale and a superior end-user experience. Services include supply chain analysis, order management, product launches and replenishment, warehousing, kitting and assembly, reconfiguration and refurbishment, fulfillment, just-in-time vendor-managed inventory and retail hubs, transportation management, customer service, returns processing, accounts receivable management, and IT connectivity. Our initial efforts to build our Ingram Micro Logistics business were focused on North America. Efforts to globalize our fee-for-service model are progressing, particularly in EMEA where we are gaining capabilities and expanding our client base.

In addition, we surround products and programs with our own services to resellers, such as technical support, financing and training. Through our V7 division, we offer an online trade-in program to reward resellers for responsibly recycling old electronics in our North American market.

Customers. We are focused on increasing our penetration of the wide range of customers we serve in each of our regions, as well as extending our reach into new customer segments. Our customer segments are distinguished by the end-users they serve and the types of products and services they provide. The small-to-medium sized business (SMB) customer segment is generally one of the largest segments of the IT market in terms of revenue, and typically provides higher gross margins for distributors as it is more challenging for suppliers to penetrate. Our programs and services are geared to add value to VARs that serve as technology sources for the SMB market. We serve VARs with a complete go-to-market approach to their

business, including logistics; sales; marketing; technical, financial and services support; enablement training; and solutions development, as well as expand their end-user reach through end-user demand generation marketing programs and business intelligence tools. Our business evolution strategy which opened new markets in AIDC/POS, CE, home automation and entertainment, physical

security and mobility products has generated new customer segments for our traditional IT products. Our Ingram Micro Logistics business, which serves clients outside the IT industry, also has expanded our customer set. Our position in the North American government sector has been strengthened by our GovEd Alliance and our IMStimulus Program, which assists resellers and their end-user customers in capturing funding for IT projects made available by the American Recovery and Reinvestment Act of 2009 in the Healthcare, Education, Public Safety, Infrastructure, Energy and Broadband markets. Ingram Micro North America's IMHealth Program enables us to take advantage of one of the fastest growing vertical markets. For example, through our distribution agreement with NextGen Healthcare Information Systems, Inc., our resellers can provide scalable healthcare information technology solutions to medical practice providers.

We try to limit exposure to the impact of business fluctuations by maintaining a balance in the customer segments we serve. We attempt to periodically rebalance our customer mix in keeping with profitability goals.

Geographic Diversification. Our presence in a larger number of markets than any other broad-based technology products distributor provides us with a more balanced global portfolio with which to manage and mitigate risk. During the recent recession, our global position allowed us to take advantage of markets in Asia and Latin America that suffered a shallower economic downturn while preparing to capture growth with the improvement in economic health in North America and Europe. In our more mature markets we are leveraging our solid foundation as a market leader to spur additional growth by bringing new products and services to market. We are positioned to take advantage of higher growth potential in emerging markets by leveraging our strong management teams versed in best practices provided by key management from established markets. We are the largest IT distributor in the world, by net sales. Based on currently available data, we believe that we are the market share leader, by net sales, in North America and Latin America and number two in EMEA and Asia Pacific. Our broad global footprint enables us to serve our resellers and suppliers with our extensive sales and distribution network while mitigating the risks inherent in individual markets. Our global market coverage provides a competitive advantage with suppliers looking for worldwide market penetration. The scale and flexibility of our operations enables Ingram Micro to provide the infrastructure behind the technology value chain in all its new and traditional forms. We are resolute in our efforts to continually optimize our global operations.

We have operations in 26 countries: North America (United States and Canada), EMEA (Austria, Belgium, France, Germany, Hungary, Israel, Italy, the Netherlands, Spain, Sweden, Switzerland and the United Kingdom), Asia Pacific (Australia, the People's Republic of China including Hong Kong, India, Malaysia, New Zealand, Singapore and Thailand), and Latin America (Argentina, Brazil, Chile, Mexico and Peru). Additionally, we serve many other markets where we do not have an in-country presence through our various export sales offices, including our general telesales operations in numerous geographies. We sell our products and services to resellers in approximately 150 countries.

As of January 1, 2011, we had 100 distribution centers worldwide (greater than 5,000 square feet in size). We offer more than 1,400 suppliers access to a global customer base of more than 185,000 resellers of various categories, including VARs, corporate resellers, direct marketers, retailers, Internet-based resellers, and government and education resellers.

For a discussion of our geographic reporting segments, see Item 8. Financial Statements and Supplemental Data. A discussion of foreign exchange risks relating to our international operations is included under the captions Market Risk and Market Risk Management in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Competitive Differentiation through High Quality Execution. We are committed to enhancing customer loyalty by continually strengthening our value proposition. Through our understanding and fulfillment of the

needs of our reseller and supplier partners, we provide our customers with the supply chain tools they require to increase the efficiency of their operations, enabling them to minimize inventory levels, improve customer delivery, and enhance profitability. We provide business information to our customers, suppliers, and end-users by leveraging our information systems. We give resellers, and in some cases their customers, real-time

access to our product inventory data. By providing improved visibility to all participants in the supply chain, we allow inventory levels throughout the channel to more closely reflect end-user demand. This information flow enables our high quality execution and our ability to provide favorable order fill rates to our customers around the world while optimizing our investment in working capital. We continue to invest in significant system upgrades that are being rolled out across our global operations in a systematic fashion. We are also rolling out an enhanced global Web capability, which features significant functionality improvements, merchandising and analytical tools and an overall improved e-commerce customer experience.

Through our data analytics capabilities we are able to leverage our extensive database of end-user shipping and purchasing records to provide valuable data for our vendors and resellers in North America. Our vendors can utilize this information to achieve a higher return on their marketing campaigns through more effective targeting and messaging, while resellers benefit from tailored sales leads. Ingram Micro North America's Business Intelligence services have been expanded to provide customizable business-building services and programs on a fee-based platform.

In the U.S. and Canada, we host channel communities covering more than 5,000 customers. Leading our community portfolio is the exclusive VentureTech Network (VTN), our premier group of North American solution providers. For over a decade, we believe that VTN has set the channel standard in peer collaboration and development. New, exclusive, fee-based programs have been added to VTN community offerings, which we believe will drive additional growth and differentiation for this base of resellers. In addition, our SMB Alliance community provides networking opportunities, tools and support for a broader base of our emerging small and midmarket resellers. We host communities to address the needs of resellers focused on the government and education sector (GovEd Alliance) and system builders (System ArchiTECHs). Collectively, we align the partners in our communities with the relationships, resources, and programs to enhance their growth strategies.

Our commitment to a customer-centric focus has been widely recognized throughout the IT industry, as evidenced by a number of awards received by Ingram Micro over the past year. In 2010, Ingram Micro was honored by Cisco as the Cisco Worldwide Distributor of the Year as well as Distribution Partner of the Year for seven of our country and regional operations. *Infochannel* magazine awarded our operation in Mexico Favorite Wholesaler of the Channel and the winner of nine out of eleven categories. Our Australian operation was honored with a number of awards from *Australia Reseller News*, including IT Channel Choice Distributor of the Year. Among the many awards our regional and country operations have received from vendor partners are IBM's Best Growth Partner for our value division in Germany, Lenovo's Distributor of the Year for our Australian operation, several top awards from IBM for our operation in Singapore, Juniper Americas Distributor of the Year for our North American operation, and Microsoft's Distributor of the Year for our Canadian operation.

Customers

As was previously mentioned, our broad customer base is one of our key strengths and is divided into segments which include VARs, corporate resellers, retailers, systems integrators, direct marketers, Internet-based resellers, independent dealers, reseller purchasing associations, and PC assemblers. Many of our reseller customers are heavily dependent on distribution partners with the necessary systems, capital, inventory availability, and distribution facilities in place to provide fulfillment and other services. We also provide supply chain management services to a variety of customers, including retailers, Internet resellers, and vendors. Within our mobility business, we provide activation services for mobile product vendors, and sell mobility products to wireless sub-dealers and independent software vendors.

We conduct business with most of the leading resellers of IT products and services around the world. In most cases we conduct business under general terms and conditions, without minimum purchase requirements. We also have resale

contracts with our reseller customers that are terminable at will after a reasonable notice period and have no minimum purchase requirements. In addition, we also have specific agreements in place with certain manufacturers and resellers in which we provide supply chain management services such as order management, technical support, call center services, logistics management, configuration management, and procurement

management services. These agreements generally may be terminated by either party without cause following reasonable notice. The service offerings we provide to our customers are discussed further below under **Services**. Our business is not substantially dependent on any of these distribution or supply chain services contracts. No single customer accounts for more than 10% of our total revenue.

Sales and Marketing

We employ sales representatives worldwide who assist resellers with product and solution specifications, system configuration, new product/service introductions, pricing, and availability.

Our product management and marketing groups help create demand for our suppliers' products and services, enable the launch of new products, and facilitate customer contact. Our marketing programs are tailored to meet specific supplier and reseller customer needs. These needs are met through a wide offering of services by our in-house marketing organizations, including advertising, direct mail campaigns, market research, on-line marketing, retail programs, sales promotions, training, solutions marketing, and assistance with trade shows and other events. We also create and utilize specialized channel marketing communities to deliver focused resources and business building support to solution providers.

Products

We distribute and market hundreds of thousands of technology products worldwide from the industry's premier computer hardware suppliers, networking equipment suppliers, software publishers, and other suppliers of computer peripherals, CE, AIDC/POS, physical security and mobility hardware worldwide. Product assortments vary by market, and the suppliers' relative contribution to our sales also varies from country to country. Although our revenue mix by product category on a worldwide basis has remained relatively stable over the past several years, we have seen a slight shift in favor of systems over peripherals more recently, as the economic recovery has encouraged a system refresh and personal mobile devices have experienced strong growth rates. Our revenue mix by product category may fluctuate between and within different operating regions. Over the past several years, our product category revenues on a consolidated basis have generally been within the following ranges:

<i>IT Peripherals:</i>	<i>35-40%</i>
<i>Systems:</i>	<i>30-35%</i>
<i>Software:</i>	<i>15-20%</i>
<i>Networking:</i>	<i>10-15%</i>

IT Peripherals. We offer a variety of products within the peripherals category that fall within several sub-categories:

traditional IT peripherals such as printers, scanners, displays, projectors, monitors, panels, mass storage, and tape;

digital signage products such as large format LCD and plasma displays, enclosures, mounts, media players, content software, content creation, content hosting, and installation services;

CE products such as cell phones, digital cameras, digital video disc players, game consoles, televisions, audio, media management and home control;

AIDC/POS products such as barcode/card printers, AIDC scanners, AIDC software, and wireless infrastructure products;

physical security products such as IP video surveillance, security alarm systems, fire alarm systems, access control smart cards and printers;

services provided by third parties and resold by Ingram Micro;

component products such as processors, motherboards, hard drives, and memory; and

supplies and accessories such as ink and toner supplies, paper, carrying cases, and anti-glare screens.

Systems. We define our systems category as self-standing computer systems capable of functioning independently. We offer a variety of systems, such as rack, tower and blade servers; desktops; portable personal computers; and personal digital assistants (PDAs).

Software. We define our software category as a broad variety of applications containing computer instructions or data that can be stored electronically. We offer a variety of software products, such as business application software, operating system software, entertainment software, middleware, developer software tools, security software (firewalls, intrusion detection, and encryption), storage software and virtualization software.

Networking. Our networking category includes networking hardware, communication products and network security hardware. Networking hardware includes switches, hubs, routers, wireless local area networks, wireless wide area networks, network interface cards, cellular data cards, network-attached storage and storage area networks. Communication products incorporate Voice over Internet Protocol, communications, modems, phone systems and video/audio conferencing. Network security hardware includes firewalls, Virtual Private Networks, intrusion detection, and authentication devices and appliances.

Services

We offer a variety of services to our customers and suppliers. Our services may be purchased individually or in combination with other services, or they may be provided along with our product sales. Our services include:

supply chain services (product procurement, inventory management, order management and fulfillment, reverse logistics, transportation management, customer care, credit and collection management services);

integration services (compatibility assurance, order configuration, drop ship to end-users);

technical support (real-time, multi-vendor support; certified technical expertise; technology help desks; pre-sales consultative support);

training support (manufacturer-certified, self-study and instructor-led training courses for resellers and end-users);

financial and credit services (credit lines extended to resellers and to end-users on behalf of resellers, end-user leasing programs);

marketing services (targeted marketing activities including direct mail, external media advertising, telemarketing campaigns, national and regional trade shows, web-based marketing);

business intelligence services (use of data analytics tools to analyze our extensive database of end-user records for the creation of a variety of highly targeted, customizable marketing and sales campaigns);

e-Commerce services (EDI-, XML- and web-based electronic links to reseller customers to enable electronic transactions);

reseller community hosting services (Ingram Micro-enabled communities of resellers bound by a common specialized focus (e.g., government and SMB) that are provided with connections and resources to grow their specific businesses);

managed services (help desk services, security solutions, device monitoring and management, hosting services and business continuity); and

cloud services (messaging and collaboration, security solutions, back-up and recovery).

Although services represent one of the key components of our long-term strategy, they have represented less than 10% of our annual revenues in the past and may not exceed that level in the near term.

Suppliers

We sell the products of more than 1,400 suppliers, which represent the world's leading computer hardware, networking equipment, AIDC/POS, mobility and CE manufacturers and software publishers. Products purchased from Hewlett-Packard generated approximately 23%, 24%, and 23% of our net sales in fiscal years 2010, 2009 and

2008, respectively. There were no other vendors that represented 10% or more of our net sales in any of the last three years.

Our suppliers generally warrant the products we distribute and allow returns of defective products, including those returned to us by our customers. We generally do not independently warrant the products we distribute; however, local laws might impose warranty obligations upon distributors (such as in the case of supplier liquidation). In certain markets we administer extended warranty programs, supported by a third party, on supplier products. We do warrant services for products that we build-to-order from components purchased from other sources, and our own branded products. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. Historically, warranty expense has not been material.

We have written distribution agreements with many of our suppliers; however, these agreements usually provide for nonexclusive distribution rights and often include territorial restrictions that limit the countries in which we may distribute the products. The agreements also are generally short term, subject to periodic renewal, and often contain provisions permitting termination by either party without cause upon relatively short notice. Certain distribution agreements either require (at our option) or allow for the repurchase of inventory upon termination of the agreement. In cases where suppliers are not obligated to accept inventory returns upon termination, some suppliers will nevertheless elect to repurchase the inventory while other suppliers will either assist with liquidation or resale of the inventory.

Competition

Each region in which we operate (North America, EMEA, Asia Pacific and Latin America) is highly competitive. In the current economic environment, competitive pressure in the form of aggressive pricing is acute. In addition to pricing, other competitive factors include:

ability to tailor specific solutions to customer needs;

availability of technical and product information;

credit terms and availability;

effectiveness of sales and marketing programs;

products and services availability;

quality and breadth of product lines and services;

speed and accuracy of delivery; and

availability of web- or call center-based sales.

We compete against broad-based IT distributors such as Tech Data and Synnex Corporation. There are a number of specialized competitors that focus upon one market or product or a particular sector with whom we compete. Examples include Avnet and Arrow in components and enterprise products; Westcon in networking and security; D&H Distributing, ADI, ArchBrook Laguna and Petra in consumer electronics; ScanSource and Bluestar in AIDC/POS products; and Brightpoint, Brightstar and 20:20 Mobile Group Limited in mobility products. While we face some competitors in more than one region, others are specialized in local markets, such as Digital China (China), Redington (India), Express Data (Australia and New Zealand), Intcomex (Latin America), Esprinet (Italy and Spain)

and ALSO-Actebis Holding AG (Europe). We believe that suppliers and resellers pursuing global strategies continue to seek distributors with global sales and support capabilities.

The evolving direct-sales relationships between manufacturers, resellers, and end-users continue to introduce change into our competitive landscape. We compete, in some cases, with hardware suppliers and software publishers that sell directly to reseller customers and end-users. However, we may become a business partner with these companies by providing supply chain services optimized for the IT market. Additionally, as consolidation occurs among certain reseller segments and customers gain market share and build capabilities similar to ours, certain resellers, such as direct marketers, may become our competitors. As some manufacturer and reseller customers move their back-room operations to distribution partners, such outsourcing and value-added services

may become areas of opportunity. There has been an accelerated movement among transportation and logistics companies to provide many of these fulfillment and e-commerce supply chain services. Within this arena, we face competition from major transportation and logistics suppliers such as DHL, Menlo, and UPS Supply Chain Solutions.

The advent of cloud computing, or software-, platform- and infrastructure-as-a-service, provides another means for suppliers to deliver technology products directly to end-users and bypass the IT distribution channel. IT distributors are developing initiatives to remain relevant as this, and other alternative delivery models, evolve. We have developed service offerings designed to enable resellers to offer cloud computing solutions to end-users and will continue to refine service offerings around new delivery models.

We are constantly seeking to expand our business into areas closely related to our IT products and services distribution business. As we enter new business areas, including value-added services, we may encounter increased competition from current competitors and/or from new competitors, some of which may be our current customers.

Seasonality

We experience some seasonal fluctuation in demand in our business. For instance, we typically see lower demand, particularly in Europe, in the summer months. We also normally see an increase in demand in the September to December period, driven primarily by pre-holiday impacts on stocking levels in the retail channel and on volume of business for our North American fee-based logistics services.

Inventory Management

We strive to maintain sufficient quantities of product inventories to achieve optimum order fill rates. Our business, like that of other distributors, is subject to the risk that the value of our inventory will be impacted adversely by suppliers' price reductions or by technological changes affecting the usefulness or desirability of the products comprising the inventory. It is the policy of many suppliers of technology products to offer distributors limited protection from the loss in value of inventory due to technological change or a supplier's price reductions. When protection is offered, the distributor may be restricted to a designated period of time in which products may be returned for credit or exchanged for other products or during which price protection credits may be claimed. We continually take various actions, including monitoring our inventory levels and controlling the timing of purchases, to maximize our protection under supplier programs and reduce our inventory risk. However, no assurance can be given that current protective terms and conditions will continue or that they will adequately protect us against declines in inventory value, or that they will not be revised in such a manner as to adversely impact our ability to obtain price protection. In addition, suppliers may become insolvent and unable to fulfill their protection obligations to us. We are subject to the risk that our inventory values may decline and protective terms under supplier agreements may not adequately cover the decline in values. In addition, we distribute a small amount of private label products for which price protection is not customarily contractually available, for which we do not normally enjoy return rights, and for which we bear certain increased risks. We manage these risks through pricing and continual monitoring of existing inventory levels relative to customer demand, reflecting our forecasts of future demand and market conditions. On an ongoing basis, we reserve for excess and obsolete inventories and these reserves are appropriately utilized for liquidation of such inventories.

Inventory levels may vary from period to period, due, in part, to differences in actual demand from that forecasted when placing orders, the addition of new suppliers or new lines with current suppliers, expansion into new product areas, such as AIDC/POS and CE, and strategic purchases of inventory. In addition, payment terms with inventory suppliers may vary from time to time, and could result in fewer inventories being financed by suppliers and a greater amount of inventory being financed by our capital. Our payment patterns can be influenced by incentives, such as early pay discounts offered by suppliers.

Trademarks and Service Marks

We own or license various trademarks and service marks, including, among others, Ingram Micro, the Ingram Micro logo, V7 (Video Seven), VentureTech Network, AVAD, and Vantex. Certain of these marks are registered, or are in the process of being registered, in the United States and various other countries. Even though

our marks may not be registered in every country where we conduct business, in many cases we have acquired rights in those marks because of our continued use of them.

Employees

As of January 1, 2011, we employed approximately 15,650 associates worldwide (as measured on a full-time equivalent basis). Certain of our employees in EMEA, Asia Pacific and Latin America are subject to union representation, collective bargaining or similar arrangements. Our success depends on the talent and dedication of our associates, and we strive to attract, hire, develop, and retain outstanding associates. We believe we realize significant benefits from having a strong and seasoned management team with many years of experience in the IT and related industries. We have a process for measuring the status of associate success and responding to associate priorities.

Corporate Social Responsibility

During 2010, we introduced our Corporate Social Responsibility initiative, solidifying our commitment to being a prudent steward of our resources and an outstanding corporate citizen in all aspects of our business. Prior to formal launch, our associates were already taking action to save energy, reduce paper consumption and contribute their time and skills to our communities. By creating a formal program, the company is proactively addressing the needs of vendors and resellers to instill sustainability and responsibility activities throughout the supply chain and provide green solutions. These activities are now combined into a single program focused on three areas of emphasis: our environment, our workplace and our communities.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. We therefore file periodic reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at (800) SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information.

Financial and other information can also be accessed through our website at www.ingrammicro.com. There, we make available, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. The information posted on, or accessible through, our website is not incorporated into this Annual Report on Form 10-K.

EXECUTIVE OFFICERS OF THE COMPANY

The following list of executive officers of Ingram Micro is as of March 1, 2011:

Gregory M.E. Spierkel. Mr. Spierkel, age 54, has been our chief executive officer since June 2005. He previously served as president from March 2004 to June 2005, as executive vice president and president of Ingram Micro Europe from June 1999 to March 2004, and as senior vice president and president of Ingram Micro Asia Pacific from July 1997 to June 1999. Prior to joining Ingram Micro, Mr. Spierkel was vice president of global sales and marketing at Mitel Inc., a manufacturer of telecommunications and semiconductor products, from March 1996 to June 1997 and was president of North America at Mitel from April 1992 to March 1996. Mr. Spierkel has been a member of the Board of Directors of PACCAR Inc. since 2008.

Keith W.F. Bradley. Mr. Bradley, age 47, is our senior executive vice president and president of Ingram Micro North America and has served in this role since January 2005. He previously served as interim president and senior vice president and chief financial officer of Ingram Micro North America from June 2004 to January 2005, and as the region's senior vice president and chief financial officer from January 2003 to May 2004. Prior to joining Ingram Micro in February 2000 as vice president and controller for the company's United States operations, Mr. Bradley was vice president and global controller of The Disney Stores, a subsidiary of Walt Disney Company,

and an auditor and consultant with PricewaterhouseCoopers LLP in the United Kingdom, United Arab Emirates and the United States.

Shailendra Gupta. Mr. Gupta, age 48, is our senior executive vice president and president of Ingram Micro Asia Pacific and has served in this role since January 2008. Mr. Gupta served as our senior vice president, Ingram Micro Asia Pacific from August 2007 to January 2008. Prior to joining Ingram Micro, Mr. Gupta spent nine years with Tech Pacific Group, starting in 1995 as managing director of India, then in 2001 was promoted to chief executive officer. Mr. Gupta joined Ingram Micro in 2004 as chief operating officer of Ingram Micro Asia Pacific when Ingram Micro acquired Tech Pacific. Prior to Tech Pacific, Mr. Gupta spent ten years with Godrej & Boyce Manufacturing Co. Ltd., India, a large diversified Indian conglomerate, where he held various managerial positions including manufacturing plant responsibility.

William D. Humes. Mr. Humes, age 46, is our senior executive vice president and chief financial officer and has served in this role since April 2005. Mr. Humes served as senior vice president and chief financial officer designee from October 2004 to March 2005, corporate vice president and controller from February 2004 to October 2004, vice president, corporate controller from February 2002 to February 2004 and senior director, worldwide financial planning, reporting and accounting from September 1998 to February 2002. Prior to joining Ingram Micro, Mr. Humes was a senior audit manager at PricewaterhouseCoopers LLP.

Alain Maquet. Mr. Maquet, age 59, has been our senior executive vice president and president of Ingram Micro EMEA since July 2009. Mr. Maquet previously served as executive vice president and president of Ingram Micro Latin America and had served in such role since March 2005. Mr. Maquet also served as our senior vice president, southern and western Europe from January 2001 to February 2004. Mr. Maquet joined Ingram Micro in 1993 as the managing director of France and had added additional countries to his responsibilities over the years. His career spans over three decades, the majority of which are in the technology industry. In addition, Mr. Maquet had co-founded an IT distribution company before joining Ingram Micro.

Eduardo Araujo. Mr. Araujo, age 54, has been our executive vice president and president of Ingram Micro Latin America since January 2010. Before joining Ingram Micro, Mr. Araujo served as vice president and general manager, Latin America and the Caribbean for Electronic Data Systems Corporation, which is now a part of Hewlett-Packard from December 2006 to January 2010. He served in various executive positions at Hewlett-Packard from May 2002 to November 2006. He has also held executive leadership positions at other IT corporations, including HP, Compaq, PeopleSoft, and ATT/NCR.

Larry C. Boyd. Mr. Boyd, age 58, is our executive vice president, secretary and general counsel and has served in this role since March 2004. He previously served as senior vice president, U.S. legal services, for Ingram Micro North America from January 2000 to January 2004. Prior to joining Ingram Micro, he was a partner with the law firm of Gibson, Dunn & Crutcher from January 1985 to December 1999.

Robert K. Gifford. Mr. Gifford, age 53, has been our executive vice president, global logistics since June 2010. Before joining Ingram Micro, Mr. Gifford served as senior vice president, global supply chain for Ecolab Inc., a Fortune 500 manufacturer and distributor serving the hospitality, institutional and industrial markets from October 2005 to June 2010. He led all aspects of the company's supply chain globally. Prior to Ecolab, Mr. Gifford was the vice president of worldwide logistics for the Hewlett-Packard Company. He joined HP following the 2002 acquisition of Compaq, where he spent seven years in manufacturing and supply-chain management.

Lynn Jolliffe. Ms. Jolliffe, age 58, is our executive vice president, human resources and has served in this role since July 2007. She joined Ingram Micro in 1999 as the vice president of human resources for the European region. Ms. Jolliffe served as vice president of human resources for the North American region from October 2006 until June

2007. Prior to Ingram Micro, she served in various executive roles in Canada with Holt Renfrew Ltd. and White Rose Limited.

Mario F. Leone. Mr. Leone, age 55, is our executive vice president and chief information officer and has served in this role since January 2009. Prior to joining Ingram Micro, Mr. Leone served as senior vice president and chief information officer at Federal-Mogul Corporation, a global supplier of powertrain and safety technologies serving the automotive, industrial and worldwide after-markets from May 2005 to January 2009. Mr. Leone was previously senior vice president and chief information officer at FIAT, and its business unit IVECO, a leading European industrial vehicle company from January 2002 to May 2005. Mr. Leone has also held executive positions in information systems for Dow Chemical Company and Union Carbide Corporation.

Ria M. Carlson. Ms. Carlson, age 49, has been our senior vice president, communications & brand management since October 2010. Ms. Carlson was previously our senior vice president, strategy & communications and served in that role from April 2005 to October 2010 and was our vice president, investor relations & corporate communications from March 2001 through March 2005. Before joining Ingram Micro, Ms. Carlson served as vice president, communications and investor relations for Equity Marketing, Inc., and for Sierra Health Services, Inc., as well as associate vice president, corporate communications for FHP International Corporation, a health care organization, from 1989 to 1996.

G. Sam Kamel. Mr. Kamel, age 47, has been our senior vice president, corporate strategy since October 2010. Mr. Kamel previously served as senior vice president, strategic business development at Fox Networks Group where he was responsible for new business opportunities, joint ventures and acquisitions from July 2008 to March 2009 and served as an independent consultant from March 2009 to September 2010. Previously, Mr. Kamel served as general manager of business operations at Microsoft International from March 2004 to July 2008. Mr. Kamel has also held general management and corporate development positions at various technology-related companies, including E-LOAN, Autodesk and Netscape, and was an associate at McKinsey & Company.

ITEM 1A.