INGRAM MICRO INC
Form 424B3
August 16, 2010

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This preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these notes has been filed with the Securities and Exchange Commission and is effective. This preliminary prospectus is not an offer to sell these notes and it is not soliciting an offer to buy these notes in any state where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(3) Registration No. 333-(168859)

Subject to Completion, dated August 16, 2010

Preliminary Prospectus Supplement
(To Prospectus dated August 16, 2010)

Ingram Micro Inc.

$

% notes due

Ingram Micro is offering $ of % notes due (the notes). Ingram Micro will pay interest on the notes on and of each year, commencing , 2010. The notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 thereof.

Ingram Micro may redeem the notes in whole or in part prior to their maturity at any time at the redemption prices described in Description of the Notes Optional Redemption. Upon the occurrence of a Change of Control Triggering Event (as defined herein), Ingram Micro will be required to make an offer to purchase the notes at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to, but excluding, the date of purchase.

See Risk Factors beginning on page S-7 to read about important factors you should consider before investing in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to the Public	Underwriting Discount	Proceeds, Before Expenses, to Ingram Micro

Per Note	%	%	%
Total	$	$	$

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from August , 2010 and must be paid by the purchasers if the notes are delivered after August , 2010. The notes will not be listed on any securities exchange or included in any automated quotation system.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on August , 2010.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley**

Prospectus Supplement dated August , 2010.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus required to be filed with the SEC. Neither we nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with additional or different information, you should not rely on it. Neither we nor the underwriters are making an offer of these securities in any jurisdiction where the offer or sale of such securities is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement. Our business, financial condition, liquidity, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. This prospectus supplement also incorporates by reference the information described under Where You Can Find More Information. The second part is the accompanying prospectus dated August 16, 2010. The accompanying prospectus contains a description of our debt securities and gives more general information, some of which may not apply to this offering.

This prospectus supplement may add, update or change information contained in or incorporated by reference in the accompanying prospectus. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, references in this prospectus supplement to Ingram Micro, we, us and our or similar terms are to Ingram Micro Inc. and its consolidated subsidiaries.

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SUMMARY

The following summary highlights information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that you should consider before investing in the notes. You should carefully read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference herein that are described under Where You Can Find More Information.

The Company

Introduction

Ingram Micro, a Fortune 100 company, is the largest global information technology (IT) wholesale distributor by net sales as of the end of 2009, 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. While we remain focused on continuing to build our IT distribution business, we also are developing an increasing presence in adjacent technology categories, such as automatic identification and data capture (AIDC); point-of-sale (POS); managed, professional and warranty maintenance services; and consumer electronics (CE) to broaden our product lines and market presence. 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. With a broad range of products and an array of services, we create operating efficiencies for our partners around the world.

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 and product breadth have expanded and strengthened in North America; Europe, the Middle East and Africa (EMEA); Asia Pacific; and Latin America.

Industry

The worldwide IT products and services distribution industry generally consists of two types of business: traditional distribution and fee-based supply chain services. Within the traditional distribution model, the distributor buys, holds title to, and sells products and/or services to resellers who, in turn, typically sell to other resellers or directly to end-users. While some vendors have elected to sell directly to resellers or end-users for particular customer and product segments, we believe that vendors continue to embrace traditional distributors that have a global presence and proven ability to manage multiple products and resellers worldwide, provide access to fragmented markets, and deliver products to market in an efficient manner. Resellers in the traditional distribution model are able to build efficiencies and reduce costs by depending on distributors for a number of services, including product availability, marketing, credit, technical support, and inventory management, which includes direct shipment to end-users and, in some cases, provides end-users with distributors inventory availability. During periods of constrained credit, distributors with strong balance sheets and ample credit capacity are especially valued by suppliers. Those distributors that work with resellers to offer enhanced value-added solutions and services customized to the needs of their specific end-user customer base are better able to succeed in this environment. As the world s leading broad-based distributor, we also offer to both suppliers and resellers fee-based supply chain services, encompassing the end-to-end functions of the supply chain. Our fee-based service offerings to suppliers include logistics, fulfillment, and marketing services, as well as third-party product-related services. Likewise, we offer fee-based services to retailers and Internet resellers seeking fulfillment services, inventory management, reverse logistics, and other supply chain services. We will continue to evolve our business model to meet the changing requirements of our customers, both suppliers and resellers.

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Company Strengths

We believe that the following strengths will help us grow and enable us to further enhance our leadership position in the IT distribution industry and in adjacent technology product and service categories:

Strong Working Capital Management and a Solid Financial Position. We have consistently demonstrated strong working capital management. In particular, we have maintained a strong focus on optimizing our investment in inventory, while preserving customer fill rates and service levels.

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.

Business Diversification. Our ability to execute on new initiatives and adapt to new business models helps us to overcome the risks, volatility and demand fluctuations associated with a single market, vendor or product segment.

Products. Based on publicly available information, we believe we offer the largest breadth of products in the IT industry. We believe that our broad base of products allows us to better serve our customers, as well as mitigate risk.

Services. IT services is one of the fastest-growing and highest gross margin segments of IT spending. We are intent on building our service offerings which will enhance our gross margin profile with no inventory risk while allowing us to bring additional value to our customers and become more connected to our resellers end-user customers.

Customers. Our focus on diversification extends to a wide-range of customers we serve in each of our regions. Our customer segments are distinguished by the end-users they serve and the types of products and services they provide. Our diversification 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.

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 capitalize on growth opportunities, and manage and mitigate risk.

Competitive Differentiation through High Quality Execution. 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.

Customers

Our reseller customers are distinguished by the end-user market they serve, such as large corporate accounts, mid-market, small-to-medium sized business, or home users, and by the level of value they add to the basic products they sell. They include value-added resellers and solution providers, 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.

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. On a worldwide basis, our revenue mix by product category has remained relatively stable over the past several years, although it may fluctuate between and within different operating regions.

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. Although services represent one of the key components of our long-term strategy, they represented less than 10% of our net sales for the fiscal year ended January 2, 2010.

Suppliers

We sell the products of more than 1,300 suppliers, which represent the world s leading computer hardware, networking equipment, AIDC/POS and CE manufacturers and software publishers. Products purchased from Hewlett-Packard generated approximately 24%, 23%, and 23% of our net sales in fiscal years 2009, 2008 and 2007, respectively. There were no other vendors that represented 10% or more of our net sales in any of the last three years.

Our principal executive offices are located at 1600 E. St. Andrews Place, Santa Ana, California 92705. Our telephone number is (714) 566-1000. We maintain a website at *www.ingrammicro.com* where general information about us is available. We are not incorporating the contents of our website into this prospectus supplement.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes.

Issuer	Ingram Micro Inc.
Securities Offered	$ aggregate principal amount of % notes due
Maturity Date	
Original Issue Date	, 2010
Interest Rate	%
Interest Payment Dates	
Issue Price	
Ranking	The notes: are unsecured; rank equally with all our existing and future unsubordinated and unsecured debt; are senior to any future subordinated debt; and are effectively junior to any existing and future secured debt to the extent of the collateral securing such debt and to all existing and future debt and other liabilities of our subsidiaries.
Use of Proceeds	The net proceeds of this offering will be used for general corporate purposes. See Use of Proceeds.
Sinking Fund	None
Repurchase Upon a Change of Control	Upon the occurrence of a Change of Control Triggering Event (as described in Description of the Notes Change of Control Offer), we will be required to offer to purchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of your notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the date of purchase.
No Listing	We do not intend to apply for the listing of the notes on any securities exchange or for the quotation of the notes in any dealer quotation system.

Trustee	Deutsche Bank Trust Company Americas
Risk Factors	You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated herein and therein by reference. In particular, you should evaluate the information set forth under Risk Factors before deciding whether to invest in the notes.

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Summary Consolidated Financial Data

The following tables summarize our consolidated financial data for the periods presented. The summary consolidated financial data for each of the three years ended January 2, 2010 are derived from our audited consolidated financial statements incorporated by reference herein. The summary historical financial data as of July 3, 2010 and for the twenty-six weeks ended July 3, 2010 and July 4, 2009 are derived from our unaudited consolidated financial statements incorporated by reference herein. Our unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of our management, include all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the financial position and results of operations for such period. The results of operations for the twenty-six weeks ended July 3, 2010 are not necessarily indicative of the results for our full fiscal year ending January 1, 2011. The balance sheet data set forth below, as adjusted, gives effect to the issuance of the notes offered by this prospectus supplement as if the offering had occurred on July 3, 2010.

Our summary consolidated financial data set forth below should be read in conjunction with our consolidated financial statements, including the accompanying notes, and Management s Discussion and Analysis of Financial Condition and Results of Operations, both of which can be found in our Annual Report on Form 10-K for the fiscal year ended January 2, 2010 and our Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2010, both of which are incorporated by reference herein.

Our fiscal year is a 52-week or 53-week period ending on the Saturday nearest to December 31. References below to fiscal years 2009, 2008 and 2007, represent the fiscal years ended January 2, 2010 (52-weeks), January 3, 2009 (53-weeks) and December 29, 2007 (52-weeks), respectively.

	Twenty-six Weeks Ended			Fiscal Years	
	July 3, 2010	July 4, 2009	2009	2008	2007
	(Unaudited)				
	(In thousands, except per share data)				
Statements of Operations Data:					
Net sales	$ 16,252,282	$ 13,323,682	$ 29,515,446	$ 34,362,152	$ 35,047,089
Cost of sales	15,373,367	12,556,573	27,845,237	32,422,061	33,137,791
Gross profit(1)	878,915	767,109	1,670,209	1,940,091	1,909,298
Operating expenses:					
Selling, general and administrative	669,008	658,260	1,337,696	1,512,578	1,463,969
Impairment of goodwill		2,490	2,490	742,653	
Reorganization costs (credits)	(358)	20,120	34,083	17,029	(1,091)
	668,650	680,870	1,374,269	2,272,260	1,462,878
Income (loss) from operations(2)	210,265	86,239	295,940	(332,169)	446,420
Other expense (income):					

Interest income		(2,113)		(4,680)		(9,088)		(18,337)		(20,106)
Interest expense		13,469		13,035		28,177		64,548		75,495
Net foreign exchange loss (gain)		1,677		3,634		3,886		1,105		(135)
Other		5,277		2,377		3,717		2,653		5,928
		18,310		14,366		26,692		49,969		61,182
Income (loss) before income taxes(2)		191,955		71,873		269,248		(382,138)		385,238
Provision for income taxes		53,900		19,063		67,110		12,783		109,330
Net income (loss)(3)	$	138,055	$	52,810	$	202,138	$	(394,921)	$	275,908
Basic earnings (loss) per share	$	0.84	$	0.33	$	1.24	$	(2.37)	$	1.61
Diluted earnings (loss) per share	$	0.83	$	0.32	$	1.22	$	(2.37)	$	1.56

(1) Includes a net charge to cost of sales of $30,134 in 2007 related to the reserve recorded for the potential liability for certain commercial taxes in Brazil, as well as reductions in cost of sales of $9,758 and $8,224

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in fiscal years 2009 and 2008, respectively, for the release of portions of this reserve as the statute of limitations for an assessment had expired.

(2) Includes items from footnote (1) above as well as: (i) charges for the impairment of goodwill of $2,490 in both the twenty-six weeks ended July 4, 2009 and fiscal year 2009, and $742,653 in fiscal year 2008; (ii) net reorganization costs (credits) of ($358), $20,120, $34,083, $17,029 and ($1,091) in the twenty-six weeks ended July 3, 2010, the twenty-six weeks ended July 4, 2009 and fiscal years 2009, 2008 and 2007, respectively; (iii) other major-program costs associated with the reorganization activities totaling $1,457, $3,553 and $1,544, charged to selling, general and administrative, or SG&A, expenses in the twenty-six weeks ended July 4, 2009 and fiscal years 2009 and 2008, respectively; and (iv) a charge to SG&A expenses of $15,000 in fiscal year 2007 associated with the loss on settlement of a SEC matter regarding certain transactions with McAfee, Inc. (formerly NAI) from 1998 through 2000.

(3) Includes the after-tax impact of items noted in footnotes (1) and (2) above.

	As of July 3, 2010	
	Actual	**As Adjusted**
	(Unaudited)	
	(In thousands)	
Balance Sheet Data:		
Cash, cash equivalents and short-term investments	$ 761,849	
Total assets	7,692,468	
Total debt	351,164	
Total stockholders equity	2,903,562	

RISK FACTORS

An investment in the notes involves various risks. Prior to making a decision about investing in our notes, you should carefully consider all the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below, which are not exhaustive. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business and operations.

Risks Related to Our Business

Difficult conditions in the global economy have affected our business and results of operations.

A prolonged worldwide economic downturn may lead to:

- More intense competition, which may lead to lower sales or reduced sales growth, loss of market share, reduced prices, and lower gross margins;
- loss of vendor rebates;
- extended payment terms with customers;
- increased bad debt risks;
- shorter payment terms with vendors;
- reduced access to liquidity and higher financing and interest costs;
- increased currency volatility making hedging more expensive and more difficult to obtain; and
- increased inventory losses related to obsolescence and/or excess quantities.

Each of these factors, individually or in the aggregate, could adversely affect our results of operations, financial condition and cash flows. Our results of operations have been affected to varying degrees by the factors noted above resulting in large part from the difficult conditions experienced in the global economy in recent periods. If the current economic downturn continues or intensifies, our results could be adversely affected.

Prolonged economic downturns may also lead to additional restructuring actions and associated expenses in response to the lower sales volume. In addition, we may not be able to adequately adjust our cost structure in a timely fashion to remain competitive, which may cause our profitability to suffer.

Our failure to adequately adapt to IT industry changes could negatively impact our future operating results.

The IT products industry is subject to rapid technological change, new and enhanced product specification requirements and evolving industry standards. Suppliers may give us limited or no access to new products being introduced. Changes may cause inventory in stock to decline substantially in value or to become obsolete, regardless of the general economic environment. Although it is the policy of many suppliers of IT products to offer distributors like us, who purchase directly from them, limited protection from the loss in value of inventory due to technological change or such suppliers price reductions (price protection), if major suppliers decrease the availability of price protection to us, such a change in policy could lower our gross margins on products we sell or cause us to record inventory write-downs. In addition, suppliers could become insolvent and unable to fulfill their protection obligations to us. We offer no assurance that price protection will continue, that unforeseen new product developments will not adversely affect us, or that we will successfully manage our existing and future inventories. Significant changes in supplier terms, such as higher thresholds on sales volume before distributors may qualify for discounts and/or rebates, the overall reduction in the amount of incentives available, reduction or termination of price protection, return levels, or other inventory management programs, or reductions in payment terms or trade credit, or vendor-supported credit programs, may adversely impact our results of operations or financial condition. Finally, if we were not able to adequately adapt to the emergence of alternative means of distribution for software and hardware, such as site licenses, electronic distribution and cloud computing, our future operating results could be adversely affected.

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We have significant credit exposure to our customers and negative trends in their businesses could cause us significant credit loss.

As is customary in many industries, we extend credit to our customers for a significant portion of our net sales. Customers have a period of time, generally 30 to 45 days after date of invoice, to make payment. We are subject to the risk that our customers will not pay for the products they have purchased. The risk that we may be unable to collect on receivables may increase if our customers experience decreases in demand for their products and services or otherwise become less stable, due to adverse economic conditions. If there is a substantial deterioration in the collectability of our receivables or if we cannot obtain credit insurance at reasonable rates, are unable to collect under existing credit insurance policies, or fail to take other actions to adequately mitigate such credit risk, our earnings, cash flows and our ability to utilize receivable-based financing could deteriorate.

We continually experience intense competition across all markets for our products and services.

Our competitors include local, regional, national, and international distributors, as well as suppliers that employ a direct-sales model. As a result of intense price competition in the IT products and services distribution industry, our gross margins have historically been narrow and we expect them to continue to be narrow in the future. In addition, when there is overcapacity in our industry, our competitors may reduce their prices in response to this overcapacity. We offer no assurance that we will not lose market share, or that we will not be forced in the future to reduce our prices in response to the actions of our competitors and thereby experience a reduction in our gross margins. Furthermore, to remain competitive we may be forced to offer more credit or extended payment terms to our customers. This could increase our required capital, financing costs, and the amount of our bad debt expenses. We have also initiated and expect to continue to initiate other business activities and may face competition from companies with more experience and/or from new entrants in those markets. As we enter new business areas, we may encounter increased competition from current competitors and/or from new competitors, some of which may be our current customers or suppliers, which may negatively impact our sales or profitability.

We operate a global business that exposes us to risks associated with international activities.

We have local sales offices and/or Ingram Micro representatives in 36 countries, and sell our products and services to resellers in approximately 150 countries. A large portion of our revenue is derived from our international operations. As a result, our operating results and financial condition could be significantly affected by risks associated with international activities, including environmental and trade protection laws, policies and measures; tariffs; export license requirements; enforcement of the Foreign Corrupt Practices Act, or similar laws of other jurisdictions on our business activities outside the Unites States; other regulatory requirements; economic and labor conditions; political or social unrest; economic instability or natural disasters in a specific country or region, such as hurricanes and tsunamis; health or similar issues such as the outbreak of the swine flu; complex tax regimes in various jurisdictions; and difficulties in staffing and managing international operations.

We are exposed to market risk primarily related to foreign currencies and interest rates. In particular, we are exposed to changes in the value of the U.S. dollar versus the local currency in which the products are sold and goods and services are purchased, including devaluation and revaluation of local currencies. We manage our exposure to fluctuations in the value of currencies and interest rates using a variety of financial instruments. Although we believe that our exposures are appropriately diversified across counterparties and that, through our ongoing monitoring procedures, these counterparties are creditworthy financial institutions, we are exposed to credit loss in the event of nonperformance by our counterparties to foreign exchange and interest rate swap contracts and we may not be able to adequately mitigate all foreign currency related risks.

We are dependent on a variety of information systems, which, if not properly functioning, could adversely disrupt our business and harm our reputation and net sales.

We depend on a variety of information systems for our operations, including our IMpulse enterprise resource planning (ERP) system, which has historically supported many of our operational functions such as inventory management, order processing, shipping, receiving, and accounting. Because most of our information systems consist of a number of legacy, internally developed applications, it can be harder to upgrade them and may be more difficult to adapt to commercially available software.

We are in the process of implementing a company-wide transition to a new single ERP software system and related processes to perform various functions and improve on the efficiency with which we do business globally. We began committing resources to this conversion process in 2007, and deployment of the new solution commenced in 2009 and is expected to be completed over the next several years. This conversion is complex, in part, because of the wide range of processes and the multiple legacy systems that must be integrated globally. We are following a project plan that we believe provides for a reasonable allocation of resources for the conversion program. However, execution of such a plan, or a divergence from it, may result in cost overruns, project delays, or business interruptions. Furthermore, divergence from our project plan could impact the timing and/or extent of benefits we expect to achieve from the system and process efficiencies.

Any disruptions, delays or deficiencies in the design and implementation of the new ERP system, or in the performance of our legacy systems, particularly any disruptions, delays or deficiencies that impact our operations, could adversely affect our ability to effectively run and manage our business and potentially for our customers to access our price and product availability information. Further, as we are dependent upon our ability to gather and promptly transmit accurate information to key decision makers, our business, results of operations and financial condition may be adversely affected if our information systems do not allow us to transmit accurate information, even for a short period of time. We may also be limited in our ability to integrate any new business that we may acquire. Failure to properly or adequately address these issues could impact our ability to perform necessary business operations, which could adversely affect our reputation, competitive position, business, results of operations and financial condition.

Finally, we also rely on the Internet for a significant percentage of our orders and information exchanges with our customers. The Internet and individual websites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some websites have experienced security breakdowns. To date, our website has not experienced any material breakdowns, disruptions or breaches in security; however, we cannot assure that this will not occur in the future. If we were to experience a security breakdown, disruption or breach that compromised sensitive information, this could harm our relationship with our customers, suppliers or associates. Disruption of our website or the Internet in general could impair our order processing or more generally prevent our customers and suppliers from accessing information. This could cause us to lose business.

Changes in our credit rating or other market factors, such as adverse capital and credit market conditions or reductions in cash flow from operations, may affect our ability to meet liquidity needs, reduce access to capital, and/or increase our costs of borrowing.

Our business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. This is especially true when our business is expanding, including through acquisitions, but we still have substantial demand for capital even during periods of stagnant or declining net sales. In order to continue operating our business, we will continue to need access to capital, including debt financing, inbound and outbound flooring and draft discounting facilities. In addition, changes in payment terms with either suppliers or customers could increase our capital requirements. Our ability to repay current or future indebtedness when due, or have adequate sources of liquidity to meet our business needs may be affected by changes to the cash flows of our subsidiaries. A reduction of cash flow generated by our subsidiaries may have an adverse effect on our liquidity. Under certain circumstances, legal, tax or contractual restrictions may limit our ability or make it more costly to redistribute cash between subsidiaries to meet the company s overall operational or strategic investment needs, or for repayment of indebtedness requirements.

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We believe that our existing sources of liquidity, including cash resources and cash provided by operating activities, supplemented as necessary with funds available under our credit arrangements, will provide sufficient resources to meet our present and future working capital and cash requirements for at least the next twelve months. However, the capital and credit markets have been experiencing unprecedented levels of volatility and disruption. Such market conditions may limit our ability to replace, in a timely manner, maturing credit arrangements or affect our ability to access committed capacities or the capital we require may not be available on terms acceptable to us, or at all, due to inability of our finance partners to meet their commitments to us. Furthermore, if we do not meet various covenant requirements of our corporate finance programs, including cross-default threshold provisions, we may not be able to access the majority of our credit programs with our finance partners. The lack of availability of such funding could harm our ability to operate or expand our business.

In addition, our cash and cash equivalents (including trade receivables collected and/or monies set aside for payment to creditors) are deposited and/or invested with various financial institutions located in the various countries in which we operate. We endeavor to monitor these financial institutions regularly for credit quality; however, we are exposed to risk of loss on such funds or we may experience significant disruptions in our liquidity needs if one or more of these financial institutions were to suffer bankruptcy or similar restructuring.

We have made and expect to continue to make investments in new business strategies and initiatives, including acquisitions, which could disrupt our business and have an adverse effect on our operating results.

Such investments may involve significant risks and uncertainties, including distraction of management s attention away from normal business operations; insufficient revenue generation to offset liabilities assumed and expenses associated with the strategy; difficulty in the integration of acquired businesses, including new employees, business systems and technology; inability to adapt to challenges of new markets, including geographies, products and services, or to attract new sources of profitable business from expansion of products or services; exposure to new regulations; and issues not discovered in our due diligence process. Our operations may be adversely impacted by an acquisition that (i) is not suited for us, (ii) is improperly executed, or (iii) substantially increases our debt. Any of these factors could adversely affect our operating results or financial condition.

Terminations of a supply or services agreement or a significant change in supplier terms or conditions of sale could negatively affect our operating margins, revenue or the level of capital required to fund our operations.
&nbs