

ANIXTER INTERNATIONAL INC

Form 10-K

February 17, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended January 2, 2015

or

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

Commission file number 001-10212

Anixter International Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

94-1658138

(State or other jurisdiction of Incorporation or
Organization)

(I.R.S. Employer Identification No.)

2301 Patriot Blvd.

Glenview, IL 60026

(224) 521-8000

(Address and telephone number of principal executive offices in its charter)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class on Which Registered

Name of Each Exchange on Which Registered

Common stock, \$1 par value

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 x 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 x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No "

Indicate by check mark whether the registrant 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No "

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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.

Large Accelerated Filer x

Accelerated Filer "

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the shares of registrant's Common Stock, \$1 par value, held by nonaffiliates of the registrant was approximately \$2,814,143,258 as of July 4, 2014.

At February 10, 2015, 32,865,504 shares of registrant's Common Stock, \$1 par value, were outstanding.

Documents Incorporated by Reference:

Certain portions of the registrant's Proxy Statement for the 2015 Annual Meeting of Stockholders of Anixter International Inc. are incorporated by reference into Part III.

TABLE OF CONTENTS

	Page
PART I	
Item 1. <u>Business</u>	<u>1</u>
Item 1A. <u>Risk Factors</u>	<u>5</u>
Item 1B. <u>Unresolved Staff Comments</u>	<u>6</u>
Item 2. <u>Properties</u>	<u>6</u>
Item 3. <u>Legal Proceedings</u>	<u>6</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>6</u>
PART II	
Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>8</u>
Item 6. <u>Selected Financial Data</u>	<u>9</u>
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>12</u>
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>30</u>
Item 8. <u>Financial Statements and Supplementary Data</u>	<u>33</u>
Item 9. <u>Changes In and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>74</u>
Item 9A. <u>Controls and Procedures</u>	<u>74</u>
Item 9B. <u>Other Information</u>	<u>76</u>
PART III	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	<u>76</u>
Item 11. <u>Executive Compensation</u>	<u>76</u>
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>76</u>
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>76</u>
Item 14. <u>Principal Accountant Fees and Services</u>	<u>76</u>
PART IV	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	<u>77</u>

PART I

ITEM 1. BUSINESS.

Company Overview

Anixter International Inc. and its subsidiaries (collectively referred to as "Anixter" or the "Company") and sometimes referred to in this Annual Report on Form 10-K as "we", "our", "us", or "ourselves", founded in 1957, is headquartered near Chicago, Illinois and trades on the New York Stock Exchange under the symbol AXE. The Company was formerly known as Itel Corporation which was incorporated under Delaware law in 1967. Through Anixter Inc. and its subsidiaries, we are a leading distributor of enterprise cabling and security solutions, electrical and electronic wire and cable products, OEM Supply fasteners and other small parts ("C" Class inventory components).

Through our global presence, technical expertise and supply chain solutions, we help our customers reduce the risk, cost and complexity of their supply chains. We add value to the distribution process by providing over 125,000 customers access to innovative inventory management programs, 500,000 products and \$1.1 billion in inventory, approximately 270 warehouses/branch locations with approximately 7.5 million square feet of space, and locations in 300 cities across over 50 countries. We are a leader in the provision of advanced inventory management services including procurement, just-in-time delivery, quality assurance testing, advisory engineering services, component kit production, small component assembly and e-commerce and electronic data interchange to a broad spectrum of customers.

Our customers are international, national, regional and local companies, covering a broad and diverse set of industry groups including manufacturing, resource extraction, telecommunications, internet service providers, finance, education, healthcare, retail, transportation, utilities, aerospace and defense and government; and include contractors, installers, system integrators, value-added resellers, architects, engineers and wholesale distributors. Our customer base is well-diversified with no single customer accounting for more than 3% of sales.

Our differentiated operating model is premised on our belief that our customers and suppliers value a partner with consistent global product offerings, technical expertise (including product and application knowledge and support) and customized supply chain solutions, all supported by a common operating system and business practices that ensure the same "look, touch and feel" worldwide.

Our growth strategy is built on a foundation of organic growth driven by constant refresh and expansion of our product and solution offerings to meet marketplace needs. This organic growth approach extends to a constantly evolving set of supply chain services that are designed to lower the customer's total cost of procuring, owning and deploying the products we sell. We have identified security solutions, emerging markets, e-commerce, industrial communications and control and in-building wireless as growth opportunities we are pursuing. Organic growth will periodically be supplemented with acquisitions where the benefits associated with geographic expansion, market penetration or new product line additions are weighted in favor of "buying versus building."

In the third quarter of 2014, we acquired all of the outstanding shares of Tri-Northern Acquisition Holdings, Inc. ("Tri-Ed"), a leading independent distributor of security and low-voltage technology products headquartered in Woodbury, NY. The acquisition of Tri-Ed offers a strategic opportunity for us and our security business, consistent with our vision to create a leading global security platform and to accelerate profitable revenue growth. Through expanding our offering into highly complementary products lines, we believe our customers will benefit from a broader set of products and solutions in the areas of video, access control, fire/life safety, and intrusion detection. In addition, this transaction provides access to the residential construction end-market and a community of security integrators and dealers we do not currently service. For further information regarding Tri-Ed, refer to Note 2.

"Business Combination."

Business Segments and Products

Our reportable segments are consistent with our operating segments of Enterprise Cabling and Security Solutions, Electrical and Electronic Wire and Cable and OEM Supply - Fasteners. The following is a brief description of each of our reportable segments and business activities.

Enterprise Cabling and Security Solutions

The Enterprise Cabling and Security Solutions (“ECS”) segment, with operations in over 50 countries, supplies products and customized Supply Chain Solutions to customers in a diverse range of industries including finance, transportation, education, government, healthcare and retail. ECS specifies solutions with end-users and sells the products through various channels including data communications contractors, security, network and systems integrators, and directly to end users. ECS has a broad product portfolio that includes copper and fiber optic cable and connectivity, access control, video surveillance, intrusion and fire/life safety, cabinets, power, cable management, voice and networking switches and other ancillary products. The ECS segment includes more than 2,100 technically trained salespeople, approximately 45 Supply Chain Solutions specialists and approximately 115 sales engineers.

Through a variety of value-added supply chain solutions, including inventory management, product packaging and enhancement and other customized supply chain services, ECS helps customers reduce the risk, complexity and cost associated with their IT infrastructure and physical security deployments. The ECS commitment to quality products and services and technical leadership is demonstrated by its participation in many global standards organizations. Its technical expertise extends to performance and interoperability testing at our Infrastructure Solutions LabSM, which provides ECS the opportunity to demonstrate solutions and proof-of-concepts to customers. The ECS Data Center HealthCheckSM and ipAssuredSM programs help customers make intelligent buying decisions around network and security infrastructure and improve efficiency to meet their sustainability goals.

Electrical and Electronic Wire and Cable

The Electrical and Electronic Wire and Cable (“W&C”) segment, with operations in over 30 countries, supplies a broad range of wire and cable products and customized supply chain solutions to the Industrial and Original Equipment Manufacturer (“OEM”) markets. The Industrial group supplies products for the transmission of power and signals in industrial facilities to customers in key markets including oil, gas and petrochemical, alternative energy, utility, power generation and distribution, industrial, natural resource and water and wastewater treatment. It sells through channels including electrical contractors, security and automation integrators, and engineering, procurement and construction firms. The OEM group supplies products used in the manufacturing of audio/video, automotive, industrial, medical, military and communications equipment, selling to OEM and panel, cable and harness shops. The product portfolio in this global business includes electrical and electronic wire and cable, shipboard cable, support and supply products, low-voltage cable, instrumentation cable, industrial communication and control products, security cable, connectors, industrial Ethernet switches, and voice and data cable. Value-added services, including supply chain management services and engineering support are tailored to position us as a specialist in fast growing emerging markets, OEMs and industrial verticals. W&C helps customers achieve their sustainability goals by using its value-added services to minimize scrap, reduce lead times and improve power efficiency.

The W&C team of nearly 1,000 technical experts includes its sales personnel, supply chain specialists, industrial communication specialists and engineers. W&C provides world-class technical assistance, products and support through code and standards interpretation, product selection assistance, on-site customer training and customer specification reviews. W&C brings value to its customers through its global reach, ability to provide global infrastructure project coordination, technical and engineering support, financial strength, and sourcing and supplier relationships. These capabilities help customers reduce costs and risks and gain competitive advantage in their marketplace.

OEM Supply - Fasteners

The OEM Supply - Fasteners (“Fasteners”) segment, with operations in over 10 countries, supplies high-volume, low-cost components and customized Supply Chain Solutions to leading original equipment manufacturers worldwide including the heavy truck, automotive, construction, medical, white goods, agricultural, power train, wind turbine, HVAC and transportation industries. Its inventory consists of primarily Class-C parts that are application-critical and typically are engineered to distinct performance and quality specifications. The Fasteners segment product portfolio includes nuts, bolts, screws, washers, clips, gaskets, brackets and rivets as well as other fasteners and small components required by manufacturers.

Fasteners worldwide scale and internationally accredited laboratories helps customers source quality components that we further test for quality adherence. Fasteners' Supply Chain Solutions, including scheduled and managed buys,

direct line feed, just-in time deliveries, vendor-managed inventory, kitting and subassembly, allow customers to streamline their manufacturing processes, reduce overall costs and focus on their core competencies. Fasteners engineers and supply chain experts specialize in problem resolution, design support, part rationalization, part substitution and process re-engineering. In-house quality experts and advanced quality procedures allow Fasteners to successfully implement customized supply solutions for each customer. Fasteners also has small batch manufacturing capabilities that allow it to address unique fastener quick turnaround requirements. With unrivaled geographic coverage, Fasteners leverages its strong engineering, supply chain services and quality focus to support customers around the globe.

For more information concerning our business segments, foreign and domestic operations and export sales, see Note 8. "Income Taxes" and Note 11. "Business Segments" in the Notes to the Consolidated Financial Statements.

Suppliers

We source products from thousands of suppliers, with approximately one-third of our annual dollar volume purchases sourced from our five largest suppliers. An important element of our overall business strategy is to develop and maintain close relationships with our key suppliers, which include the world's leading manufacturers of communication cabling, connectivity, support and supply products, electrical wire and cable and fasteners. Such relationships emphasize joint product planning, inventory management, technical support, advertising and marketing. In support of this strategy, we generally do not compete with our suppliers in product design or manufacturing activities. We do sell some private label products that carry our name or a brand name exclusive to us. Our typical distribution agreement includes the following significant terms:

- a non-exclusive right to resell products to any customer in a geographical area (typically defined as a country);
- usually cancelable upon 90 days notice by either party for any reason;
- no minimum purchase requirements, although pricing may change with volume on a prospective basis; and
- the right to pass through the manufacturer's warranty to our customers.

Distribution and Service Platform

We cost-effectively serve our customers' needs through our proprietary computer systems, which connect nearly all of our warehouses and sales offices throughout the world. The systems are designed for sales support, order entry, inventory status, order tracking, credit review and material management. Customers may also conduct business through our e-commerce platform, which we believe is one of the most comprehensive, user-friendly and secure websites in the industry.

We operate a series of large, modern, regional distribution centers in key geographic locations in North America, Europe and Emerging Markets that provide for cost-effective, reliable storage and delivery of products to our customers. We have designated 17 warehouses as regional distribution centers. Collectively, these facilities store approximately 35% of our inventory. In certain cities, some smaller warehouses are also maintained to maximize transportation efficiency and to provide for the local needs of customers. Our network of regional distribution centers, local distribution centers, service centers, branch locations and sales offices consists of 203 locations in the United States, 28 in Canada, 30 in the United Kingdom, 37 in Continental Europe, 36 in Latin America, 13 in Asia and 6 in Australia/New Zealand.

We have developed close relationships with certain freight, package delivery and courier services to minimize transit times between our facilities and customer locations. The combination of our information systems, distribution network and delivery partnerships allows us to provide a high level of customer service while maintaining a reasonable level of investment in inventory and facilities.

Employees

At January 2, 2015, we employed over 9,100 people. Approximately 45% of the employees are engaged in sales or sales-related activities, 40% are engaged in warehousing and distribution operations and 15% are engaged in support activities, including inventory management, information services, finance, human resources and general management. We do not have any significant concentrations of employees subject to collective bargaining agreements within any of our geographic segments.

Competition

Given our role as an aggregator of many different types of products from many different sources and because these products are sold to many different industry groups, there is no well-defined industry group against which we compete. We view the competitive environment as highly fragmented with hundreds of distributors and manufacturers that sell products directly or through multiple distribution channels to end users or other resellers. There is significant competition within each end market and geography served that creates pricing pressure and the need for constant attention to improve services. Competition is based primarily on breadth of products, quality, services, relationships, price and geographic proximity. We believe that we have a significant competitive advantage due to our comprehensive product and service offerings, global distribution network, technically-trained sales team and

customized supply chain solutions. We believe our global distribution platform provides a competitive advantage to serving multinational customers' needs. Our operations and logistics platform gives us the ability to ship orders from inventory for delivery within 24 to 48 hours to all major global markets. In addition, we have common systems and processes throughout nearly all our operations in more than 50 countries that provide our customers and suppliers with global consistency.

We enhance our value proposition to both key suppliers and customers through our technical expertise, global standards participation testing and demonstration facilities and numerous quality assurance certification programs such as ISO 9001:2008 and ISO/TS 16949:2009. Our ECS and W&C segments leverage our certified Infrastructure Solutions Lab located at our suburban Chicago headquarters to support customers with technology needs related to enterprise networks, data centers, physical security, building technologies and industrial communications and control. At this lab, we evaluate performance and interoperability to help customers reduce risk through informed purchasing decisions. Our Solutions Briefing Centers, premier technology education and demonstration facilities located in various regions around the globe, focus on enabling our customers with the necessary information to make informed decisions around complex, end-to-end technology solutions. Our Fasteners organization has strategically positioned technical centers and laboratories and various regional quality labs. We are able to offer OEMs a comprehensive range of dimensional, performance and mechanical testing and materials characterization for product testing and failure investigation.

Because privately held companies account for a significant share of our markets, reliable competitive information is not available.

Contract Sales and Backlog

We have a number of customers who purchase products under long-term (generally three to five year) contractual arrangements, primarily in the Fasteners segment. In such circumstances, the relationship with the customer typically involves a high degree of material requirements planning and information systems interfaces and, in some cases, may require the maintenance of a dedicated distribution facility or dedicated personnel and inventory at, or in close proximity to, the customer site to meet the needs of the customer. Such contracts do not generally require the customer to purchase any minimum amount of goods from us, but would require that materials acquired by us, as a result of joint material requirements planning between us and the customer, be purchased by the customer.

Generally, backlog orders, excluding contractual customers, represent approximately four weeks of sales and ship to customers within 30 to 60 days from order date. Our operations and logistics platform gives us the ability to ship orders from inventory for delivery within 24 to 48 hours to all major global markets.

Seasonality

The operating results are not significantly affected by seasonal fluctuations except for the impact resulting from variations in the number of billing days from quarter to quarter. Consecutive quarter sales from the third to fourth quarters are generally lower due to the holidays and lower number of billing days as compared to other consecutive quarter comparisons. The first and second quarter are somewhat stronger in the Fastener business, due to third and fourth quarter seasonal and holiday plant shutdowns among OEM customers.

Available Information

We maintain an Internet website at <http://www.anixter.com> which includes an Investor Relations section that links to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to these reports. These forms are available without charge as soon as reasonably practical following the time they are filed with or furnished to the Securities and Exchange Commission ("SEC"). Shareholders and other interested parties may request email notifications of the posting of these documents through the Investor Relations section of our website. In addition, copies of our reports will be made available, free of charge, upon written request. Our Internet website also contains corporate governance information including corporate governance guidelines; audit, compensation and nominating and governance committee charters; nomination process for directors; and our business ethics and conduct policy.

ITEM 1A. RISK FACTORS.

The following factors could materially adversely affect our operating results and financial condition. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance.

A change in sales strategy or financial viability of our suppliers could adversely affect our sales or earnings.

Most of our agreements with suppliers are terminable by either party on short notice for any reason. We currently source products from thousands of suppliers. However, approximately one-third of our annual dollar volume purchases are sourced from our five largest suppliers. If any of these suppliers changes its sales strategy to reduce its reliance on distribution channels, or decides to terminate its business relationship with us, our sales and earnings could be adversely affected until we are able to establish relationships with suppliers of comparable products. Although we believe our relationships with these key suppliers are good, they could change their strategies as a result of a change in control, expansion of their direct sales force, changes in the marketplace or other factors beyond our control, including a key supplier becoming financially distressed.

We have risks associated with the sale of nonconforming products and services.

Historically, we have experienced a small number of cases in which our vendors supplied us with products that did not conform to the agreed upon specifications without our knowledge. Additionally, we may inadvertently sell a product not suitable for a customer's application. We address this risk through our quality control processes, by seeking to limit liability and our warranty in our customer contracts, by obtaining indemnification rights from vendors and by maintaining insurance responsive to these risks. However, there can be no assurance that we will be able to include protective provisions in all of our contracts, that vendors will have the financial capability to fulfill their indemnification obligations to us, or that insurance can be obtained with sufficiently broad coverage or in amounts sufficient to fully protect us.

Our foreign operations are subject to political, economic and currency risks.

We derive over 40% of our revenues from sales outside of the United States. Economic and political conditions in some of these markets may adversely affect our results of operations, cash flows and financial condition in these markets. Our results of operations and the value of our foreign assets are affected by fluctuations in foreign currency exchange rates (as further discussed in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk") and different legal, tax, accounting and regulatory requirements.

We have risks associated with inventory.

We must identify the right product mix and maintain sufficient inventory on hand to meet customer orders. Failure to do so could adversely affect our sales and earnings. However, if circumstances change (for example, an unexpected shift in market demand, pricing or customer defaults) there could be a material impact on the net realizable value of our inventory. To guard against inventory obsolescence, we have negotiated various return rights and price protection agreements with certain key suppliers. We also maintain an inventory valuation reserve account against diminution in the value or salability of our inventory. However, there is no guaranty that these arrangements will be sufficient to avoid write-offs in excess of our reserves in all circumstances.

Our operating results are affected by copper prices.

Our operating results have been affected by changes in prices of copper, which is a major component in a portion of the electrical wire and cable products sold by us. As our purchase costs with suppliers change to reflect the changing copper prices, our mark-up to customers remains relatively constant, resulting in higher or lower sales revenue and gross profit depending upon whether copper prices are increasing or decreasing.

The degree to which price changes in the copper commodity spot market correlate to product price changes, is a factor of market demand for products. When demand is strong, there is a high degree of correlation but when demand is weak, there can be significant time lags between spot price changes and market price changes.

We have risks associated with the integration of acquired businesses.

In connection with recent and future acquisitions, it is necessary for us to continue to create a cohesive business from the various acquired properties. This requires the establishment of a common management team to guide the acquired businesses, the conversion of numerous information systems to a common operating system, the establishment of a brand identity for the acquired businesses, the streamlining of the operating structure to optimize efficiency and customer service and a reassessment of the inventory and supplier base to ensure the availability of products at competitive prices. No assurance can be given that these various actions can be completed without disruption to the business, or in a short period of time or that anticipated improvements in operating performance can be achieved.

Our debt agreements could impose restrictions on our business.

Our debt agreements contain certain financial and operating covenants that limit our discretion with respect to certain business matters. These covenants restrict our ability to incur additional indebtedness as well as limit the amount of dividends or share repurchases we may make. As a result of these restrictions, we are limited in how we may conduct business and may be unable to compete effectively or take advantage of new business opportunities.

We have risks associated with accounts receivable.

Although no single customer accounts for more than 3% of our sales, a payment default by one of our larger customers could have a short-term impact on earnings. Given the current economic environment, constrained access to capital and general market uncertainties, our exposure to customer defaults may be heightened.

A decline in project volume could adversely affect our sales and earnings.

While most of our sales and earnings are generated by comparatively smaller and more frequent orders, the fulfillment of large orders for capital projects generates significant sales and earnings. Slow macro-economic growth rates, difficult credit market conditions for our customers, weak demand for our customers' products or other customer spending constraints can result in project delays or cancellations, potentially having a material adverse effect on our financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our distribution network consists of approximately 270 warehouses/branch locations in more than 50 countries with approximately 7.5 million square feet of space. This includes 17 regional distribution centers (100,000 — 500,000 square feet), 39 local distribution centers (35,000 — 100,000 square feet), and 146 service centers and 70 branch locations. Additionally, we have 81 sales offices throughout the world. All but one of these facilities are leased. No one facility is material to our overall operations, and we believe there is ample supply of alternative warehousing space available on similar terms and conditions in each of our markets.

ITEM 3. LEGAL PROCEEDINGS.

Incorporated by reference to Note 7. "Commitments and Contingencies" of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table lists the name, age as of February 17, 2015, position, offices and certain other information with respect to our executive officers. The term of office of each executive officer will expire upon the appointment of his successor by the Board of Directors.

Robert J. Eck, 56	Director of the Company since 2008; President and Chief Executive Officer of the Company since July 2008. Mr. Eck has served in a variety of senior management positions since joining the Company in 1990. Mr. Eck has also been a Director of Ryder Systems, Inc. since 2011.
Theodore A. Dosch, 55	Executive Vice President - Finance and Chief Financial Officer of the Company since July 2011; Senior Vice President - Global Finance of the Company from January 2009 to June 2011; CFO - North America and Vice President - Maytag Integration at Whirlpool Corporation from 2006 to 2008; Corporate Contoller at Whirlpool Corporation from 2004 to 2006; CFO - North America at Whirlpool Corporation from 1999 to 2004.
Giulio Berardesca, 61	Executive Vice President - Electrical and Electronic Wire and Cable of the Company since 2012; Executive Vice President - North America and EMEA Electrical and Electronic Wire and Cable from 2005 to 2012. Mr. Berardesca has over 40 years of experience with the Company, holding a variety of senior management positions in Electrical and Electronic Wire and Cable since joining the Company in 1973.
Justin C. Choi, 49	Executive Vice President - General Counsel & Corporate Secretary of the Company since May 2013; Vice President - General Counsel & Corporate Secretary of the Company from June 2012 to May 2013; Executive Vice President, General Counsel and Secretary -Trustwave Holdings from January 2011 to June 2012; Senior Vice President, General Counsel & Secretary - Andrew Corporation from March 2006 to December 2007; Vice President of Law - Avaya Inc. from September 2000 to February 2006. Mr. Choi was a Director of Pulse Electronics Corporation from 2010 to 2014.
Ian Clarke, 54	Executive Vice President - OEM Supply - Fasteners of the Company since January 2013; Executive Vice President - Global Sales and Marketing from July 2012 to December 2012; Senior Vice President - OEM Supply - Fasteners - Americas from November 2010 to June 2012; Senior Vice President - Global Marketing from March 2010 to October 2010. Prior to Anixter, Ian held several senior sales and general management roles at Caparo from 2004 to 2009, Timken from 2001 to 2004 and British Steel for 20 years prior.
William Galvin, 52	Executive Vice President - Enterprise Cabling and Security Solutions of the Company since 2012; Executive Vice President - North America and EMEA Enterprise Cabling and Security Solutions from 2007 to 2012. Mr. Galvin has held several sales and marketing management roles over his 26 years of experience with the Company.
Rodney A. Smith, 57	Executive Vice President - Human Resources of the Company since May 2013; Vice President - Human Resources from August 2006 to May 2013.
William Standish, 60	Executive Vice President - Operations of the Company since 2004. Since joining the Company in 1984, Mr. Standish has held several corporate and reporting unit senior management roles.
Terrance A. Faber, 63	Senior Vice President - Contoller since May 2014; Vice President - Contoller since joining the Company in 2000.
Mary Kate Shashaguay, 42	Senior Vice President - Internal Audit of the Company since May 2014; Vice President - Internal Audit since November 2011; Director of Audit Services - Illinois Tool Works Inc. from March 2008 to November 2011; Chief Audit Executive - Sun-Times Media Group, Inc. from March 2006 to March 2008; Senior Manager - Deloitte from July 1998 to March 2006.
Rodney A. Shoemaker, 57	Senior Vice President - Treasurer of the Company since May 2014; Vice President - Treasury since July 1999. Mr. Shoemaker has been with the Company since 1986.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Anixter International Inc.'s Common Stock is traded on the New York Stock Exchange under the symbol AXE. Stock price information, dividend information and shareholders of record are set forth in Note 13. "Selected Quarterly Financial Data (Unaudited)" in the Notes to the Consolidated Financial Statements. There have been no sales of unregistered securities.

PERFORMANCE GRAPH

The following graph sets forth the annual changes for the five-year period indicated in a theoretical cumulative total shareholder return of an investment of \$100 in our common stock and each comparison index, assuming reinvestment of dividends. This graph reflects the comparison of shareholder return on our common stock with that of a broad market index and a peer group index consistent with the prior year. Our Peer Group Index for 2014 consists of the following companies: Agilysys Inc., Arrow Electronics Inc., Avnet Inc., Fastenal Company, W.W. Grainger Inc., Houston Wire and Cable Company, Ingram Micro, MSC Industrial Direct Co. Inc., Park Ohio Holdings Corp., Richardson Electronics Ltd., Tech Data Corp, and WESCO International, Inc. This peer group was selected based on a review of publicly available information about these companies and our determination that they are engaged in distribution businesses similar to ours.

ITEM 6. SELECTED FINANCIAL DATA.

(In millions, except per share amounts)

	Fiscal Year				
	2014	2013	2012	2011	2010
Selected Income Statement Data:					
Net sales	\$6,445.5	\$6,226.5	\$6,253.1	\$6,146.9	\$5,274.5
Operating income	360.9	354.8	282.5	362.8	267.2
Interest expense and other, net (a)	(66.1)	(58.6)	(72.9)	(59.3)	(55.1)
Net income from continuing operations	194.8	200.5	124.8	200.7	109.5
Loss from discontinued operations, net	—	—	—	(12.5)	(1.0)
Net income	\$194.8	\$200.5	\$124.8	\$188.2	\$108.5
Diluted Income (Loss) Per Share:					
Continuing operations	\$5.84	\$6.04	\$3.69	\$5.71	\$3.08
Discontinued operations	\$—	\$—	\$—	\$(0.35)	\$(0.03)
Net income	\$5.84	\$6.04	\$3.69	\$5.36	\$3.05
Dividend declared per common share	\$—	\$5.00	\$4.50	\$—	\$3.25
Selected Balance Sheet Data:					
Total assets (a)	\$3,586.5	\$2,855.9	\$3,084.0	\$3,034.0	\$2,933.3
Total short-term debt	\$—	\$—	\$0.9	\$3.0	\$203.4
Total long-term debt (a)	\$1,207.7	\$831.1	\$976.6	\$806.8	\$688.7
Stockholders' equity	\$1,133.0	\$1,027.4	\$969.9	\$1,001.2	\$1,010.8
Book value per diluted share	\$33.99	\$30.95	\$28.70	\$28.50	\$28.45
Weighted-average diluted shares	33.3	33.2	33.8	35.1	35.5
Year-end outstanding shares	33.1	32.9	32.5	33.2	34.3
Other Financial Data:					
Working capital (a)	\$1,559.3	\$1,373.3	\$1,482.8	\$1,376.0	\$1,233.1
Capital expenditures	\$40.3	\$32.2	\$34.2	\$26.4	\$19.6
Depreciation	\$24.0	\$22.1	\$22.5	\$22.1	\$22.5
Amortization of intangibles (a)	\$11.7	\$8.0	\$10.0	\$11.4	\$11.3

(a) Year-over-year change from fiscal 2013 to fiscal 2014 is due to the acquisition of Tri-Ed and related financing.

Items Impacting Comparability of Results

Over the last five years, we have completed three acquisitions and the respective sales and operating income have impacted the comparability of the results as reflected below. The acquisitions were accounted for as purchases and the results of operations of the acquired businesses are included in the Consolidated Financial Statements from the dates of acquisition. The following represents the incremental impact of the results for the one year period following the acquisitions:

(In millions)	Years Ended				
	January 2, 2015	January 3, 2014	December 28, 2012	December 30, 2011	December 31, 2010
	(a)	(b)	(b)	(c)	
Net sales	\$176.0	\$60.7	\$62.8	\$120.1	\$—
Operating income	6.4	1.9	5.2	2.6	—

(a) September 2014 acquisition of Tri-Ed for \$418.4 million.

(b) June 2012 acquisition of Jorvex, S.A. ("Jorvex") for \$55.3 million.

(c) December 2010 acquisition of Clark Security Products, Inc and General Lock, LLC (collectively "Clark") for \$36.4 million. As the acquisition of Clark closed during the latter part of December 2010, sales and operating income

were immaterial to 2010 results.

In August 2011, we sold our Aerospace Hardware business. As a result of the divestiture, results of that business are reflected as “Discontinued operations” and all prior periods have been revised to reflect this classification. The sales price of \$155.0 million resulted in net proceeds of \$143.6 million after adjusting for working capital adjustments and amounts we paid for legal and advisory fees. In 2010, we recorded a pre-tax charge of \$20.0 million (\$0.35 per diluted share) related to an unfavorable arbitration ruling related to the former Aerospace Hardware business, which is included in the loss from discontinued operations in that year.

The following reflects various items that impact the comparability of the results for the last five fiscal years:

Items impacting comparability of results:

(In millions, except per share amounts)	Years Ended				
	January 2, 2015	January 3, 2014	December 28, 2012	December 30, 2011	December 31, 2010
Items impacting operating income:	Favorable / (Unfavorable)				
Acquisition and integration costs	\$(8.3) \$—	\$—	\$—	\$—
Impairment of goodwill and long-lived assets	—	—	(48.5) —	—
Pension-related charge	—	—	(15.3) —	—
Restructuring charge	—	—	(10.1	) (5.3) —
Inventory lower-of-cost-or-market adjustment	—	—	(1.2) —	—
Total of items impacting operating income	\$(8.3	) \$—	\$(75.1	) \$(5.3) \$—
Items impacting other expenses:					
Foreign exchange (loss) gain	(8.0	) —	—	—	2.1
Acquisition financing costs	(0.3) —	—	—	—
Penalty and interest from prior year tax liabilities	—	0.7	(1.7) —	—
Loss on retirement of debt	—	—	—	—	(31.9
Total of items impacting other expenses	\$(8.3	) \$0.7	\$(1.7	) \$—	\$(29.8
Total of items impacting pre-tax income	\$(16.6	) \$0.7	\$(76.8	) \$(5.3	) \$(29.8
Items impacting income taxes:					
Tax impact of items above impacting pre-tax income	4.7	(0.2	) 10.0	2.0	10.8
Primarily reversal of deferred income tax valuation allowances/other	6.9	—	9.7	10.8	—
Reversal of prior year foreign tax	—	—	—	—	1.3
Tax benefit related to closing prior tax years	1.9	4.2	—	—	—
Total of items impacting income taxes	\$13.5	\$4.0	\$19.7	\$12.8	\$12.1
Net income impact of these items	\$(3.1	) \$4.7	\$(57.1	) \$7.5	\$(17.7
Diluted EPS impact of these items	\$(0.10	) \$0.14	\$(1.73	) \$0.22	\$(0.50

The following table presents a reconciliation from net income from continuing operations to EBITDA and Adjusted EBITDA:

(In millions)	Fiscal Year				
	2014	2013	2012	2011	2010
Net income from continuing operations	\$194.8	\$200.5	\$124.8	\$200.7	\$109.5
Interest expense	48.1	47.4	59.7	50.1	53.6
Income taxes	100.0	95.7	84.8	102.8	70.7
Depreciation	24.0	22.1	22.5	22.1	22.5
Amortization of intangible assets	11.7	8.0	10.0	11.4	11.3
EBITDA	\$378.6	\$373.7	\$301.8	\$387.1	\$267.6
Total of items impacting operating income	8.3	—	75.1	5.3	—
Foreign exchange and other non-operating expense	18.0	11.2	13.2	9.2	33.4
Stock-based compensation	13.8	13.6	14.6	11.1	16.7
Adjusted EBITDA	\$418.7	\$398.5	\$404.7	\$412.7	\$317.7

EBITDA is defined as net income from continuing operations before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before items impacting operating income, foreign exchange and other non-operating expense and non-cash stock-based compensation. The components of the items impacting operating income can be found in the table on the previous page. EBITDA and Adjusted EBITDA are presented because we believe they are useful indicators of our performance and our ability to meet debt service requirements. They are not, however, intended as an alternative measure of operating results or cash flow from operations as determined in accordance with generally accepted accounting principles. EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures used by other companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Executive Overview

At the outset of 2014, we anticipated mid-single digit global growth in all of our segments. As the year progressed, we revised our outlook to be at the low end of the mid-single digit range, and consistent with this we delivered organic sales growth of 3.1% on a per day basis, on record sales of \$6.4 billion. Our fiscal 2014 year had 253 billing days versus 256 in 2013, which negatively impacted year-over-year sales comparisons by approximately 1.2%.

Organic sales excludes the impact of the following items and is summarized by segment and geography below:

\$176.0 million favorable impact from the acquisition of Tri-Ed;

\$43.4 million unfavorable impact from the fluctuation in foreign exchange;

\$30.6 million unfavorable impact from the lower average price of copper.

December Year-to-Date 2014

December Year-to-Date 2014		Sales Growth Trends						
(In millions)	December YTD 2014 (as reported)	Adjustments for:			December YTD 2014 (as adjusted)	December YTD 2013	Organic Growth	
		Acquisition Impact	Foreign Exchange Impact	Copper Impact				
Enterprise Cabling and Security Solutions								
North America	\$2,540.2	\$(175.3)	\$18.8	\$—	\$2,383.7	\$2,338.3	1.9	%
Europe	332.7	—	(2.3)	—	330.4	320.8	3.0	%
Emerging Markets	538.5	(0.7)	10.6	—	548.4	515.4	6.4	%
Enterprise Cabling and Security Solutions	\$3,411.4	\$(176.0)	\$27.1	\$—	\$3,262.5	\$3,174.5	2.8	%
Electrical and Electronic Wire and Cable								
North America	\$1,517.5	\$—	\$30.3	\$24.3	\$1,572.1	\$1,564.4	0.5	%
Europe	315.8	—	(12.8)	4.2	307.2	302.4	1.6	%
Emerging Markets	262.3	—	3.5	2.1	267.9	249.8	7.3	%
Electrical and Electronic Wire and Cable	\$2,095.6	\$—	\$21.0	\$30.6	\$2,147.2	\$2,116.6	1.4	%
OEM Supply - Fasteners								
North America	\$395.8	\$—	\$0.4	\$—	\$396.2	\$389.4	1.7	%
Europe	452.8	—	(7.8)	—	445.0	474.1	-6.1	%
Emerging Markets	89.9	—	2.7	—	92.6	71.9	28.5	%
OEM Supply - Fasteners	\$938.5	\$—	\$(4.7)	\$—	\$933.8	\$935.4	-0.2	%
Total Anixter International Inc.	\$6,445.5	\$(176.0)	\$43.4	\$30.6	\$6,343.5	\$6,226.5	1.9	%
Geographic Sales								
North America	\$4,453.5	\$(175.3)	\$49.5	\$24.3	\$4,352.0	\$4,292.1	1.4	%
Europe	1,101.3	—	(22.9)	4.2	1,082.6	1,097.3	-1.3	%
Emerging Markets	890.7	(0.7)	16.8	2.1	908.9	837.1	8.6	%
Total Anixter International Inc.	\$6,445.5	\$(176.0)	\$43.4	\$30.6	\$6,343.5	\$6,226.5	1.9	%

Our organic growth rate was lower than we had expected when the year began, in spite of improving trends in our ECS markets and security business, as a combination of macroeconomic headwinds including lower copper prices and a stronger U.S. dollar significantly impacted our W&C business in the fourth quarter of the year.

Overall our ECS segment delivered solid results in all three geographies, reflecting improved market conditions, significant improvements in our legacy security business, and excellent execution by our emerging markets team. Our W&C segment also achieved organic growth in all three geographies, although profitability was impacted by the

negative impacts of the drop in copper prices as well as the strengthening U.S. dollar, combined with margin pressure in the market. Our Fasteners segment experienced improving trends in North America and strong growth in Emerging Markets, which was offset by the impacts of the challenging economic environment in continental Europe and the previously disclosed transition of one customer to a dual source supply program at the end of 2013.

Additional highlights of the year included:

- Completion of the acquisition of Tri-Ed and, in connection, received a \$200.0 million term loan and issued \$400.0 million in Senior Notes due 2021, providing us with sufficient liquidity;
- ECS organic sales up 2.8%;
- Worldwide security sales trends up in the last six months of 2014;
- Emerging Markets organic sales up 8.6%;
- Over \$100 million of cash flow from operations and improved working capital efficiency;
- Adjusted earnings per diluted share of \$5.94.

Subsequent to fiscal year end 2014, the Company, through its wholly-owned subsidiary Anixter Inc., entered into a definitive Asset Purchase Agreement with American Industrial Partners (“AIP”) to sell its OEM Supply-Fasteners (“Fasteners”) business for \$380.0 million in cash, subject to certain post-closing adjustments. The transaction, which was approved by our Board of Directors, is expected to close during the second quarter of 2015, subject to customary closing conditions and regulatory approval. Following the transaction, we will have a sharper strategic focus on our core ECS and W&C segments, additional financial flexibility to build on these strong global platforms through organic investments or strategic acquisitions, and allow us to continue to deliver long-term value to our shareholders. For further information, see Note 14. “Subsequent Events” in the Notes to our Consolidated Financial Statements.

Looking ahead, we expect the positive trends in our ECS business to continue, while we are taking aggressive actions to improve gross margin in our W&C segment. Related to the macro economic landscape, we believe that lower energy prices will benefit our business in the long term through the positive impact on domestic GDP growth, although the full benefit may be largely mitigated by USD strength. As we move into 2015, we believe that the full year organic sales growth will be in the 3 - 5% range.

Consolidated Results of Operations

(In millions, except per share amounts)

	Years Ended		
	January 2, 2015	January 3, 2014	December 28, 2012
Net sales	\$6,445.5	\$6,226.5	\$6,253.1
Gross profit	1,468.4	1,422.7	1,408.7
Operating expenses	1,107.5	1,066.2	1,077.7
Impairment of goodwill and long-lived assets	—	1.7	48.5
Operating income	360.9	354.8	282.5
Other expense:			
Interest expense	(48.1)	(47.4)	(59.7)
Other, net	(18.0)	(11.2)	(13.2)
Income before income taxes	294.8	296.2	209.6
Income tax expense	100.0	95.7	84.8
Net income	\$194.8	\$200.5	\$124.8
Diluted income per share	\$5.84	\$6.04	\$3.69

Acquisition of Business

On September 17, 2014, we acquired all of the outstanding shares of Tri-Northern Acquisition Holdings, Inc. (“Tri-Ed”), a leading independent distributor of security and low-voltage technology products headquartered in Woodbury, NY. The acquisition of Tri-Ed offers a strategic opportunity for us and our security business, consistent with our vision to create a leading global security platform and to accelerate profitable revenue growth. Through expanding our offering into highly complementary products lines, we believe our customers will benefit from a broader set of products and solutions in the areas of video, access control, fire/life safety, and intrusion detection. In addition, this transaction

provides access to the residential construction end-market at an attractive point in the recovery cycle as well as to a community of security integrators and dealers we do not currently service.

We acquired 100% of the outstanding capital stock of Tri-Ed for \$418.4 million (net of cash acquired of \$11.6 million and a favorable net assets adjustment of \$2.3 million). The acquisition was financed using borrowings under the 5-year senior unsecured revolving credit agreement, the accounts receivable securitization facility, available cash and the \$200.0 million term loan ("Term Loan"), as more fully described in Note 6. "Debt". A portion of the proceeds from the issuance of \$400.0 million principal amount of senior notes ("Notes due 2021") was used to repay certain incurred borrowings to finance the Tri-Ed acquisition. The acquisition resulted in the preliminary allocation of \$243.4 million to goodwill and \$166.8 million to intangible assets. The allocation of the adjusted purchase price will be finalized when valuations of tangible and intangible assets acquired and related deferred tax liabilities are completed during 2015. As a result of the acquisition of Tri-Ed, sales and operating income were favorably affected by \$176.0 million and \$6.4 million (inclusive of \$4.1 million of amortization of intangible assets), respectively, during 2014.

Items Impacting Comparability of Results

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") above, this report includes certain financial measures computed using non-GAAP components as defined by the Securities and Exchange Commission. Specifically, net sales comparisons to the prior corresponding period, both worldwide and in relevant segments, are discussed in this report both on a GAAP basis and non-GAAP basis. We believe that by reporting non-GAAP organic growth, which excludes the impact of acquisitions (when applicable), foreign exchange fluctuations and copper prices, both management and investors are provided with meaningful supplemental sales information to understand and analyze our underlying trends and other aspects of our financial performance. From time to time, we may also exclude other special items from reported financial results (e.g., impairment charges, inventory adjustments, restructuring charges, tax items, currency devaluations, etc.) so that both management and financial statement users can use these non-GAAP financial measures to better understand and evaluate our performance (i.e., adjusted operating income and adjusted earnings per diluted share) period over period and to analyze the underlying trends of our business.

EBITDA is defined as net income from continuing operations before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before foreign exchange and other non-operating expense and non-cash stock-based compensation, excluding the other special items from reported financial results, as defined above. EBITDA and Adjusted EBITDA are presented because we believe they are useful indicators of our performance and our ability to meet debt service requirements. They are not, however, intended as an alternative measure of operating results or cash flow from operations as determined in accordance with generally accepted accounting principles.

Non-GAAP financial measures provide insight into selected financial information and should be evaluated in the context in which they are presented. These non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies. The non-GAAP financial measures should be considered in conjunction with the Consolidated Financial Statements, including the related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report. Management does not use these non-GAAP financial measures for any purpose other than the reasons stated above.

Our operating results can be affected by changes in prices of commodities, primarily copper, which are components in some of the electrical wire and cable products sold. Generally, as the costs of inventory purchases increase due to higher commodity prices, our mark-up percentage to customers remains relatively constant, resulting in higher sales revenue and gross profit. In addition, existing inventory purchased at previously lower prices and sold as prices increase may result in a higher gross profit margin. Conversely, a decrease in commodity prices in a short period of time would have the opposite effect, negatively affecting financial results. The degree to which spot market copper prices change affects product prices and the amount of gross profit earned will be affected by end market demand and overall economic conditions. Importantly, however, there is no exact measure of the impact of changes in copper prices, as there are thousands of transactions in any given year, each of which has various factors involved in the individual pricing decisions. Therefore, all references to the effect of copper prices are estimates.

The following summarizes the various items that favorably / (unfavorably) impact the comparability of the results for the last three fiscal years:

2014

We recorded \$8.6 million (\$6.8 million, net of tax) of acquisition and integration costs and financing costs. In connection with the acquisition transaction costs, tax benefits were offset by \$1.3 million of tax costs that were capitalized for tax purposes.

- We recorded \$8.0 million (\$5.1 million, net of tax) of foreign exchange losses due to the devaluation of the Venezuela bolivar and the Argentina peso.

We recorded a net tax benefit of \$6.9 million primarily related to the reversal of deferred income tax valuation allowances in Europe.

- We recorded a net tax benefit of \$1.9 million primarily related to closing prior tax years.

2013

We recorded net benefits of \$4.7 million primarily related to closing prior tax years. The net benefit included related interest income of \$0.7 million which is included in "Other, net."

2012

We recorded non-cash impairment charge related to goodwill and long-lived assets of \$10.8 million and \$16.4 million, respectively, in our former European operating segment during the third quarter. In the fourth quarter, we recorded additional non-cash impairment charges related to goodwill and long-lived assets of \$15.3 million and \$6.0 million, respectively, due to the change in reporting segments.

We recorded a settlement charge of \$15.3 million related to a one-time lump sum payment option to terminated vested participants enrolled in the Anixter Inc. Pension Plan in the United States.

We recognized the ongoing challenging global economic conditions and took aggressive actions to restructure our costs across all segments and geographies. As a result, a restructuring charge of \$10.1 million was recorded primarily related to severance costs associated with a reduction of over 200 positions along with certain lease termination costs.

We recorded a lower-of-cost-or-market adjustment to inventory of \$1.2 million in our former European reporting segment.

We recorded an interest and penalties charge of \$1.7 million associated with prior year tax liabilities which is included in "Other, net."

We recorded a tax benefit of \$9.7 million primarily related to the reversal of deferred income tax valuation allowances in certain foreign jurisdictions.

Items Impacting Comparability of Results:

(In millions, except per share amounts)

	Years Ended		
	January 2, 2015	January 3, 2014	December 28, 2012
	Favorable / (Unfavorable)		
Items impacting operating income:			
Acquisition and integration costs	\$ (8.3)	\$ —	\$ —
Impairment of goodwill and long-lived assets	—	—	(48.5)
Pension-related charge	—	—	(15.3)
Restructuring charge	—	—	(10.1)
Inventory lower-of-cost-or-market adjustment	—	—	(1.2)
Total of items impacting operating income	\$ (8.3)	\$ —	\$ (75.1)
Items impacting other expenses:			
Foreign exchange loss from the devaluation of foreign currencies	(8.0)	—	—
Acquisition financing costs	(0.3)	—	—
Penalty and interest from prior year tax liabilities	—	0.7	(1.7)
Total of items impacting other expenses	\$ (8.3)	\$ 0.7	\$ (1.7)
Total of items impacting pre-tax income	\$ (16.6)	\$ 0.7	\$ (76.8)
Items impacting income taxes:			
Tax impact of items above impacting pre-tax income	4.7	(0.2)	10.0
Primarily reversal of deferred income tax valuation allowances/other	6.9	—	9.7
Tax benefit related to closing prior tax years	1.9	4.2	—
Total of items impacting income taxes	\$ 13.5	\$ 4.0	\$ 19.7
Net income impact of these items	\$ (3.1)	\$ 4.7	\$ (57.1)
Diluted EPS impact of these items	\$ (0.10)	\$ 0.14	\$ (1.73)

The items impacting operating income by segment are reflected in the table below. All other items impacted consolidated results only and were not allocated to segments.

Items Impacting Comparability of 2014, 2013 and 2012 Operating Income by Segment:

(In millions)	ECS	W&C	Fasteners	Corporate (a)	Total
	Favorable / (Unfavorable)				
2014 acquisition and integration costs	\$ (7.0)	\$ (0.2)	\$ (1.1)	\$ —	\$ (8.3)
Total of items impacting operating income in 2014	\$ (7.0)	\$ (0.2)	\$ (1.1)	\$ —	\$ (8.3)
2013 none	—	—	—	—	—
2012 impairment of goodwill and long-lived assets	\$ (0.3)	\$ (0.1)	\$ (37.3)	\$ (10.8)	\$ (48.5)
2012 pension-related charge	(8.2)	(5.7)	(1.4)	—	(15.3)
2012 restructuring charge	(4.1)	(2.8)	(3.2)	—	(10.1)
2012 inventory lower-of-cost-or-market adjustment	—	—	(1.2)	—	(1.2)
Total of items impacting operating income in 2012	\$ (12.6)	\$ (8.6)	\$ (43.1)	\$ (10.8)	\$ (75.1)

Prior to the change in segments, and in connection with our annual assessment of goodwill recoverability in the third quarter of 2012, we recorded a non-cash impairment charge to write-off the goodwill of \$10.8 million associated with our former European reporting unit. For further information, see Note 5. "Impairment of Goodwill and Long-lived Assets".

GAAP to Non-GAAP Net Income and EPS Reconciliation:

(In millions, except per share amounts)

	Years Ended		
	January 2, 2015	January 3, 2014	December 28, 2012
Reconciliation to most directly comparable GAAP financial measure:			
Net income – Non-GAAP	\$197.9	\$195.8	\$181.9
Items impacting net income	\$(3.1)	\$4.7	\$(57.1)
Net income - GAAP	\$194.8	\$200.5	\$124.8
Diluted EPS – Non-GAAP	\$5.94	\$5.90	\$5.42
Diluted EPS impact of these items	\$(0.10)	\$0.14	\$(1.73)
Diluted EPS – GAAP	\$5.84	\$6.04	\$3.69

The Tri-Ed acquisition was accounted for as a purchase and its respective results of operations are included in the Consolidated Financial Statements from the date of the acquisition. Had this acquisition occurred at the beginning of fiscal 2013, our 2014 pro forma net sales, net income and diluted income per share would have been \$6,865.1 million, \$201.3 million, and \$6.04, respectively, as compared to reported results of \$6,445.5 million, \$194.8 million, and \$5.84, respectively. Our 2013 pro forma net sales, net income and diluted income per share would have been \$6,798.7 million, \$203.9 million, and \$6.14, respectively, as compared to reported results of \$6,226.5 million, \$200.5 million, and \$6.04, respectively. The 2014 pro forma diluted income per share of \$6.04 does not include the acquisition and integration costs and financing costs of \$7.0 million (\$5.8 million, net of tax) as these were directly attributable to the acquisition and would not have been incurred had we and Tri-Ed operated as a combined entity. Excluding the loss from the integration costs of \$1.6 million (\$1.0 million, net of tax), the net loss from the devaluation of foreign currencies of \$5.1 million and the favorable impact of items impacting income taxes of \$8.8 million as described above, the 2014 pro forma diluted income per share would have been \$5.97 compared to the non-GAAP diluted earnings per share of \$5.94 in the reconciliation above. For further pro forma information regarding Tri-Ed, refer to Note 2. "Business Combination."

At the end of the second quarter of 2012, we acquired all of the outstanding shares of Jorvex, S.A. ("Jorvex"), an electrical wire and cable distributor based in Lima, Peru. We paid \$55.3 million, net of cash acquired, and assumed approximately \$12.7 million in debt. The acquisition resulted in the allocation of \$15.7 million to goodwill. As a result of the acquisition of Jorvex, sales and operating income were favorably affected in 2013 and 2012 as compared to the corresponding prior year by \$60.7 million and \$62.8 million, respectively, and \$1.9 million and \$5.2 million, respectively. The acquisition was accounted for as a purchase and the results of operations are included in the Consolidated Financial Statements from the date of acquisition. Had the acquisition occurred at the beginning of the year of the acquisition, our operating results would not have been significantly different.

2014 EBITDA by Segment:

	Year Ended January 2, 2015				
(In millions)	ECS	W&C	Fasteners	Corporate	Total
Net income	\$176.4	\$145.4	\$39.1	\$(166.1)	\$194.8
Interest expense	—	—	—	48.1	48.1
Income taxes	—	—	—	100.0	100.0
Depreciation	12.5	7.5	4.0	—	24.0
Amortization of intangible assets	4.9	5.7	1.1	—	11.7
EBITDA	\$193.8	\$158.6	\$44.2	\$(18.0)	\$378.6
Total of items impacting operating income	\$7.0	\$0.2	\$1.1	\$—	\$8.3
Foreign exchange and other non-operating expense	—	—	—	18.0	18.0
Stock-based compensation	7.6	5.0	1.2	—	13.8
Adjusted EBITDA	\$208.4	\$163.8	\$46.5	\$—	\$418.7

2013 EBITDA by Segment:

(In millions)	Year Ended January 3, 2014				
	ECS	W&C	Fasteners	Corporate	Total
Net income	\$160.5	\$161.8	\$32.5	\$(154.3)	\$200.5
Interest expense	—	—	—	47.4	47.4
Income taxes	—	—	—	95.7	95.7
Depreciation	11.5	7.1	3.5	—	22.1
Amortization of intangible assets	0.8	5.9	1.3	—	8.0
EBITDA	\$172.8	\$174.8	\$37.3	\$(11.2)	\$373.7

Foreign exchange and other non-operating expense	\$—	\$—			
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