

TECH DATA CORP
Form DEF 14A
May 06, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

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TECH DATA CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

May 5, 2005

To our Shareholders:

On behalf of the Board of Directors and management, you are cordially invited to attend the Tech Data Corporation Annual Meeting of Shareholders to be held on Tuesday, June 7, 2005 at 4:00 p.m. Eastern Daylight Time at our Corporate Headquarters located at 5350 Tech Data Drive, Clearwater, Florida.

The notice of the Annual Meeting of Shareholders and proxy materials accompanying this letter describe the specific business to be acted upon.

In addition to the proposals presented to shareholders, we will report on the progress of the Company and provide you an opportunity to address questions to members of the Company's management. If you are unable to attend the meeting, you may listen to the meeting by web cast that will be available on the Investors area of the Company's website at www.techdata.com. An archive replay will also be available for a period of 30 days following the meeting.

Your vote is very important. Whether or not you plan to attend the meeting in person, please ensure you take the time to cast your vote. You may vote over the Internet, by telephone or by mail and in doing so, you will ensure your representation at the annual meeting, regardless of your attendance in person.

Thank you for your continued support of Tech Data Corporation.

Sincerely,

Steven A. Raymund
Chairman of the Board of Directors and

Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: Tuesday, June 7, 2005
Time: 4:00 p.m. Eastern Daylight Time
Place: Tech Data Corporation
Corporate Headquarters Building A
5350 Tech Data Drive
Clearwater, Florida 33760

To the Shareholders of Tech Data Corporation:

Notice is hereby given that the Annual Meeting of Shareholders (Annual Meeting) will be held on Tuesday, June 7, 2005 at 4:00 p.m. Eastern Daylight Time, at 5350 Tech Data Drive, Clearwater, FL 33760 for the following purpose:

1. To elect three directors, the names of whom are set forth in the accompanying proxy statement, to serve until the 2008 Annual Meeting.
2. To approve a proposal to amend the 2000 Equity Incentive Plan of Tech Data Corporation to add provisions allowing for non-employee director participation.
3. To transact such other business that may properly come before the Annual Meeting or any other adjournment thereof.

Shareholders of record at the close of business on April 11, 2005, are the only shareholders entitled to notice of and to vote at the Annual Meeting of Shareholders.

By order of the Board of Directors,

David R. Vetter
Senior Vice President, General Counsel

and Secretary

IMPORTANT

Whether you expect to attend the meeting or not, please vote, sign, date, and return the enclosed proxy in the enclosed self-addressed envelope within the timelines stated herein. If you attend the meeting, you may vote your shares in person, even though you have previously signed and returned your proxy. See the enclosed proxy for further information.

May 5, 2005

TECH DATA CORPORATION

2005 PROXY STATEMENT

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TECH DATA CORPORATION

5350 Tech Data Drive

Clearwater, Florida 33760

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of Tech Data Corporation (the Company or Tech Data) for the Annual Meeting of Shareholders (Annual Meeting) to be held on Tuesday, June 7, 2005 at 4:00 p.m. Eastern Daylight Time, or any adjournment thereof. Your vote at the Annual Meeting is important to us. The proxy materials of the Company were mailed to shareholders on or about May 5, 2005.

GENERAL INFORMATION

Who can vote?

You can vote your shares if our records show that you owned the shares on April 11, 2005. Each outstanding share of Common Stock is entitled to one vote. There were 58,845,238 outstanding shares of Common Stock entitled to vote as of April 11, 2005.

How do I vote?

You may vote in person at the Annual Meeting or you may vote by proxy. You may vote by proxy even if you plan to attend the Annual Meeting. Please note, listening to the Annual Meeting via the web cast does not constitute attendance and you will not be permitted to cast your vote through the web cast.

The process of voting by proxy differs slightly based on how your share ownership is recorded. Your share ownership is recorded in one of three ways: direct ownership recorded by the stock transfer agent for the Company, Mellon Investor Services LLC; beneficial ownership recorded through a brokerage or bank account; or beneficial ownership recorded by the Tech Data Corporation 401(k) Savings Plan (401(k) Savings Plan) Trustee.

If your ownership is recorded directly, you will receive a proxy card. If your share ownership is beneficial, your broker, bank and/or the 401(k) Plan Trustee will issue you a voting instruction form either via mail or electronically. You will use the supplied form to instruct your broker, bank, or the 401(k) Plan Trustee how to vote your shares and they must follow your voting instructions.

If you receive a voting instruction form from your broker, bank or the 401(k) Savings Plan Trustee, you may vote those shares via the Internet at the web site shown on the voting form, telephonically by calling the telephone number shown on the voting form or by mail.

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Votes submitted via the Internet or by telephone must be received by 11:59 p.m. Eastern Daylight Time on June 6, 2005. Votes submitted to the 401(k) Plan Trustee must be received by June 2, 2005. Once you have voted, you may change or revoke your vote at any time before it is exercised by (i) entering a new vote via the Internet (if permitted) or by telephone prior to 11:59 p.m. EDT on June 6, 2005, (ii) returning a written revocation or a later dated proxy card or (iii) voting in person at the Annual Meeting. However, if your shares are held through a bank, broker or the 401(k) Savings Plan and you wish to vote those shares in person at the Annual Meeting, you must, in advance of the Annual Meeting, obtain a legal proxy from your bank, broker or the 401(k) Plan Trustee. Please contact your bank, broker or the 401(k) Plan Trustee for further information.

What will be voted on at the meeting?

The business to be voted on at this year's Annual Meeting is to elect three directors to serve for terms of three years, all to serve until their successors are duly qualified and elected. The biographies of all directors, including the nominated directors, are provided herein. In addition, you will be asked to vote on a proposal to amend the 2000 Equity Incentive Plan of Tech Data Corporation (the 2000 Equity Incentive Plan).

How are votes counted?

For determining a quorum A quorum must be present for the transaction of business. A quorum is present if the holders of a majority of the outstanding shares of Common Stock entitled to vote are present in person or represented by proxy. Your broker is not entitled to vote on a proposal unless your broker receives instructions from you. Even if your broker does not vote your shares on a proposal, such broker non-votes will count as shares present for purposes of determining the presence or absence of a quorum for the transaction of business. Similarly, abstentions are also counted for determining if a quorum is present.

To elect three Directors Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election. Shares represented by proxies will be voted in accordance with the specifications marked thereon, and, if no specification is made, will be voted for all nominees. If you indicate withhold authority to vote for a particular nominee on your proxy card, your vote will not count either for or against the nominee. A broker non-vote will also have no effect on the outcome because only a plurality of votes actually cast is required to elect a director.

To approve a proposal to amend the 2000 Equity Incentive Plan An affirmative vote of a majority of the shares present in person or by proxy is required to approve the amendment. Shares represented by proxies will be voted in accordance with the specifications marked thereon, and, if no specification is made, will be voted FOR adoption of the proposed amendment to the 2000 Equity Incentive Plan. Shares represented by proxies that are marked abstain will have the effect of a vote against the amendment. A broker non-vote will not have the effect of a vote against the amendment, because broker non-votes are considered not entitled to vote on this proposal.

What if other matters come up at the meeting?

The matters described in this proxy statement are the only matters we know will be voted on at the Annual Meeting. Any other matters properly presented at the meeting will be voted on by the proxy holders in their discretion.

PROPOSAL 1**TO ELECT THREE DIRECTORS TO SERVE UNTIL THE 2008 ANNUAL MEETING**

Pursuant to the Company's Amended and Restated Articles of Incorporation, the Board of Directors is divided into three classes, each class with a term that expires alternately over a three-year period. Three directors are to be elected at this Annual Meeting to hold office for a term of three years expiring at the 2008 Annual Meeting, all to hold office until their successors shall have been elected and qualified. In the event any nominee is unable to serve, the persons designated as proxies may cast votes for other persons as substitute nominees. The Board of Directors has no reason to believe that any of the nominees named below will be unavailable, or if elected, will decline to serve.

NOMINEES FOR DIRECTOR TERM TO EXPIRE AT 2008 ANNUAL MEETING

Name	Age	Principal Occupation and Other Information
James M. Cracchiolo⁽¹⁾	47	James M. Cracchiolo, a director since 1999, has been employed by American Express Company since 1982. He is currently Chairman and Chief Executive Officer, American Express Financial Advisors; Group President, Global Financial Services, American Express Company; and Chairman Threadneedle Asset Management Holdings Ltd. Mr. Cracchiolo is a Certified Public Accountant and holds a B.S. Degree in Accounting and Economics and a Masters Degree in Business Administration both from New York University.
Jeffery P. Howells	48	Jeffery P. Howells, a director since 1998, joined the Company in October 1991 as Vice President of Finance and assumed the responsibilities of Chief Financial Officer in March 1992. In March 1993, he was promoted to Senior Vice President and Chief Financial Officer and was promoted to Executive Vice President and Chief Financial Officer in March 1997. From 1979 to 1991, he was employed by Price Waterhouse. Mr. Howells is a Certified Public Accountant and holds a B.B.A. Degree in Accounting from Stetson University.
David M. Upton⁽¹⁾⁽²⁾⁽³⁾	45	David M. Upton, a director since 1997, has been on the faculty of the Harvard Business School since 1989. Dr. Upton, the Albert J. Weatherhead III Professor of Business Administration, teaches courses in technology and operations management and is the faculty chair of Harvard's executive course Building Competitive Advantage through Operations. Dr. Upton holds a Masters Degree in Manufacturing from King's College, Cambridge University and also holds a Ph.D. in Industrial Engineering from Purdue University.

⁽¹⁾ Member of the Compensation Committee.

⁽²⁾ Member of the Audit Committee.

⁽³⁾ Member of the Governance and Nominating Committee.

The Board of Directors unanimously voted FOR the nomination of the above nominees.

DIRECTORS CONTINUING IN OFFICE TERM TO EXPIRE AT 2007 ANNUAL MEETING

Nominee	Age	Principal Occupation and Other Information
Charles E. Adair ⁽²⁾	57	Charles E. Adair, a director since 1995, has been a partner of Cordova Ventures and Kowaliga Capital, Inc. (venture capital and fund management companies) since 1993, where he serves as manager of venture capital funds. Mr. Adair was associated with Durr-Fillauer Medical, Inc., a pharmaceutical and medical products distribution company, where he served in various capacities, including President and Chief Operating Officer from 1981 to 1992. Mr. Adair also serves on the Board of Directors of Performance Food Group Company (a food distributor), PSS World Medical, Inc. (a distributor of medical products), Torchmark Corporation (a financial services holding company specializing in life and supplemental health insurance) and numerous privately-held companies associated with Cordova's venture capital fund investments. Mr. Adair is a Certified Public Accountant and holds a B.S. Degree in Accounting from the University of Alabama.
Maximilian Ardel ⁽²⁾	65	Maximilian Ardel, a director since 1998, has been owner and Managing Director of ConDigit Consult GmbH (a strategic consulting firm) since December 2002. From 1994 to June 2000, Mr. Ardel was a member of the Board of Management of Viag AG (a group of companies engaged in energy, telecommunications logistics and industrial activities), responsible for the Telecommunications Logistics Division and Information Systems. After the merger of Viag AG and Veba AG to form E.ON AG he continued in this function as Chief Executive Officer of E.ON AG subsidiary Viag Telecom AG up to December 2002. In addition, Mr. Ardel is a member of the Supervisory Boards of the following companies: RHI AG, CeWeColor AG & Co. OHG, Getmobile AG, Stulz GmbH, Funkwerk AG and Berkenhoff GmbH. Mr. Ardel is also Chairman of the Advisory Board of the Bavarian Elite Academie and board member of the Technical University Graz/Austria. In addition, he has served during the last 5 years as a chairman or member of the supervisory boards of several companies in Europe including Kühne & Nagel AG, Klöckner & Co. AG (former majority shareholder of Computer 2000 AG, Computer 2000 AG was acquired by Tech Data in 1999), Georgsmarienhütte Holding GmbH, Computer 2000 AG, and Tech Data Germany AG. Mr. Ardel holds a Masters Degree in Engineering from Technical University Berlin.
John Y. Williams ⁽²⁾⁽³⁾	62	John Y. Williams, a director since 1988, has been a Managing Director of Grubb & Williams, Ltd. (GWL), an Atlanta-based merchant banking firm, since 1987 and a Managing Director of Equity-South Advisors, LLC (a merchant banking affiliate of GWL) since January 1995. Prior thereto, he was an investment banker for more than 18 years with several firms. Mr. Williams is a director of several privately-held companies in connection with his merchant banking business. Mr. Williams holds a B.S. Degree in Industrial Engineering from Georgia Institute of Technology and a Masters Degree in Business Administration from the Harvard Business School.

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Governance and Nominating Committee.

DIRECTORS CONTINUING IN OFFICE TERMS TO EXPIRE AT 2006 ANNUAL MEETING

Name	Age	Principal Occupation and Other Information
Kathy Misunas ⁽¹⁾⁽³⁾	54	Kathy Misunas, a director since 2000, is Founder and Principal, Essential Ideas, a business advisory service. She was Chief Executive Officer of AirTreks, Inc. (a travel arrangement business specializing in multi-continent trips) from July 2001 through September 2001. Ms. Misunas was Chief Executive Officer and President of brandwise LLC (an e-commerce comparison shopping/purchasing portal) from January 1999 through June 2000. Ms. Misunas was employed by Reed Elsevier PLC (a global publishing company) from 1996 to 1998 serving as Chief Executive Officer of Reed Travel Group business unit in 1997 and 1998. From 1973 to 1995, Ms. Misunas was employed by AMR Corporation (a major airline company) serving as President and Chief Executive Officer of the SABRE Group (a division of AMR Corporation) from 1993 to 1995. Ms. Misunas attended Moravian College and American University.
Steven A. Raymund	49	Steven A. Raymund, a director since 1986, has been employed by the Company since 1981. He has served as Chief Executive Officer since January 1986 and as Chairman of the Board since April 1991. In January 1996, Mr. Raymund became a Director of Jabil Circuit, Inc. (a provider of electronic manufacturing services). He has a B.S. Degree in Economics from the University of Oregon and a Masters Degree from the Georgetown University School of Foreign Service.

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Governance and Nominating Committee.

PROPOSAL 2

**TO APPROVE A PROPOSAL TO AMEND THE
2000 EQUITY INCENTIVE PLAN OF TECH DATA CORPORATION**

The Board of Directors has approved and recommends to the shareholders to approve the amendment of the 2000 Equity Incentive Plan of Tech Data Corporation ("2000 Equity Incentive Plan" or the "Plan"). The proposed amendment would permit the grant of equity awards to non-employee members of the Board of Directors under the Plan. The amendment makes no material changes to the Plan and does not authorize additional shares. The text of the proposed amendment to the 2000 Equity Incentive Plan is set forth in Exhibit A to this Proxy Statement.

The Company is requesting this amendment for the following reasons:

- 1) The designated Directors' Stock Option Plan through which non-employee directors have previously received stock option grants is due to expire in June of 2005.
- 2) The 2000 Equity Incentive Plan, as amended and approved at the 2004 Annual Shareholder Meeting, provides for alternative equity incentive vehicles that are designed to reduce the financial impact to the Company of such equity incentive grants. The Plan provides for the issuance of maximum-value stock options that will provide a cap on the maximum earnings potential a recipient can expect to gain from the exercise of a stock option and is expected to reduce the financial statement expense to the Company accordingly. The Plan also provides for the issuance of stock-settled stock appreciation rights ("SARs") that are designed to reduce the share utilization upon exercise as compared to a traditional stock option grant, thus reducing the dilutive effect to shareholders.

Except for such amendment, if approved by holders of a majority of the shares present in person or represented by proxy at the annual meeting, the 2000 Equity Incentive Plan will remain unchanged. The proposed amendment does not affect the number of previously approved shares available for issuance under the 2000 Equity Incentive Plan. The Compensation Committee intends to review the compensation of the Board of Directors as well as the recommendation for equity incentive awards to the Board of Directors using the same compensation philosophy used to analyze executive compensation. These factors are discussed in more detail under the heading "Director Compensation." The following is a summary of the provisions of the 2000 Equity Incentive Plan. This summary is qualified in its entirety by reference to the Plan.

Plan Highlights

The 2000 Equity Incentive Plan contains a number of provisions that the Board of Directors believes are consistent with the interests of shareholders and sound corporate governance practices. These include:

No Discount Stock Options. The Plan prohibits the granting of stock options with an exercise price of less than the fair market value of the Company's Common Stock determined as of the closing price on the day the stock option is granted.

Limited Ability to Grant Restricted Stock Awards. The number of shares that may be issued as restricted stock awards is limited under the Plan to 200,000 shares.

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Minimum Vesting Periods. Restricted stock awards under the Plan are subject to a minimum three-year vesting period. However, at the discretion of the Compensation Committee, the awards can be vested in installments during the three-year period.

No Stock Option Repricing. The Plan prohibits the repricing of stock options without the approval of shareholders. This provision applies to both direct repricings lowering the exercise price of a stock option as well as indirect repricings canceling an outstanding stock option and granting a replacement stock option with a lower exercise price.

No Evergreen Provision. The Plan provides for a fixed allocation of shares, thereby requiring shareholder approval of any additional allocation of shares.

An Independent Compensation Committee. The Plan is administered by the Compensation Committee consisting of independent directors.

Plan Summary

The 2000 Equity Incentive Plan is administered by the Compensation Committee (the Committee), which is authorized to grant stock options, restricted stock and performance awards to officers and other key executives and employees of the Company and its subsidiaries, and, if amended, non-employee directors of the Company. The Committee is composed of two or more directors who are disinterested persons within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 (the Exchange Act). The current members of the Committee appointed by the Board of Directors are James M. Cracchiolo, Kathy Misunas and David Upton. The Committee establishes rules and regulations for the operation of the 2000 Equity Incentive Plan, approves persons to receive options or other awards and determines the number of shares subject to grants.

The maximum number of shares of the Company's Common Stock that may be issued to grantees under the 2000 Equity Incentive Plan is 6,500,000 shares. The shares may be unissued shares or treasury shares. As of January 31, 2005, there were 3,491,127 shares underlying unexercised options granted under the 2000 Equity Incentive Plan and 2,534,976 available for grant under such plan. If there is a stock split, stock dividend, or other relevant change affecting the Company's shares, appropriate adjustments would be made in the number of shares that could be issued in the future and in the number of shares and price under all outstanding grants made before the event. Future options may also be granted for shares that may cease to be reserved under an option by reason of total or partial expiration, termination or voluntary surrender of an option. Payment of cash in lieu of shares would be considered an issuance or transfer of the shares.

Stock Options

The 2000 Equity Incentive Plan permits the Committee or the Board of Directors to grant stock options, including maximum-value stock options, to all officers and other selected employees of the Company and its subsidiaries, and, if amended, non-employee directors. No participant may receive stock options to purchase more than 300,000 shares of Common Stock in any fiscal year. The per share exercise price for any stock option shall not be less than 100% of the fair market value of a share of Common Stock (defined in the 2000 Equity Incentive Plan as the last sales price per share of the Common Stock on The NASDAQ National Market) at the time of grant. The maximum-value stock option provides for a cap on the maximum earnings a recipient can expect to gain from the exercise of a stock option. The 2000 Equity Incentive Plan also permits the Committee to establish the time periods for the exercise of each stock option and to require a period of employment before the stock option may be exercised.

The 2000 Equity Incentive Plan authorizes the Committee to grant incentive stock options, as that term is defined in Code Section 422A, each having a term of up to ten years from the date of grant. The amount of incentive stock options vesting in a particular calendar year cannot exceed \$100,000 per option recipient, determined using the fair market value of the shares of Common Stock subject to such option or options on the date of grant. The 2000 Equity Incentive Plan prohibits the repricing of stock options at a lower exercise price, whether by cancellation or amendment of the original grant.

Restricted Stock

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The 2000 Equity Incentive Plan permits the Committee or the Board of Directors to grant restricted stock to all officers and other selected employees of the Company and its subsidiaries, and, if amended, non-employee directors, and to determine the time, amount and terms and conditions of the grant. The maximum number of shares that may be issued as restricted stock is 200,000. The maximum number of shares that may be issued to

any participant as restricted stock during any one fiscal year is 50,000. The maximum amount any participant may receive as a restricted stock grant or award in any fiscal year is \$2,500,000. Shares awarded as restricted stock would be issued subject to a restriction period of no less than three years. However, at the discretion of the Compensation Committee, the award can be vested in installments during the three-year period. During the restriction period, the recipient is not entitled to delivery of the shares, restrictions are placed on the transferability of the shares, and the shares would be forfeited if the recipient terminates employment for reasons other than as approved by the Committee. The Committee may also require that specified Performance Goals (as defined below) be attained during the restriction period. Upon expiration of the restriction period, the appropriate number of shares of Common Stock will be delivered to the grantee free of all restrictions. During the restriction period the grantee shall be entitled to vote the shares and to receive dividends paid thereon. As of January 31, 2005, the Company had made restricted stock grants under the 2000 Equity Incentive Plan to Néstor Cano, Jeffery P. Howells and Joseph A. Osbourn as described in note I to the Other Information section.

Performance Grants and Awards

The 2000 Equity Incentive Plan permits the Committee or the Board of Directors to grant to all officers and other selected employees of the Company and its subsidiaries, and, if amended, non-employee directors, the contingent right, expressed in units (which may be equivalent to a share of Common Stock or other monetary value), to receive payments of shares of Common Stock, cash or any combination thereof (Performance Grants) based upon Company performance over a specified period (Performance Period). At the time of grant, the Committee shall also establish one or more Company performance criteria (the Performance Measure) applicable to the Performance Grant and targets that must be attained relative to the Performance Measure (Performance Goals).

The Performance Measure may be based on any of the following criteria, alone or in combination, as the Committee deems appropriate: (i) Cumulative Net Income Per Diluted Share; (ii) Cumulative Net Income; (iii) return on sales; (iv) total shareholder return; (v) return on assets; (vi) economic value added; (vii) cash flow; (viii) return on equity; (ix) cumulative operating income (which shall equal consolidated sales minus cost of goods sold and selling, administrative and general expense during the performance period) and (x) achievement of explicit strategic objectives or milestones. Cumulative Net Income and Cumulative Net Income Per Diluted Share are determined based on Net Income for the applicable year or years as reported in the audited Consolidated Statement of Income of the Company and subsidiaries, adjusted to exclude (i) extraordinary items; (ii) gains or losses on the disposition of discontinued operations; (iii) the cumulative effect of changes in accounting principles, and (iv) any applicable adjustments for calculating net income per diluted share in accordance with generally accepted accounting principles.

Performance Goals may include a minimum, maximum and target level of performance, with the size of Performance Award based on the level attained. Performance Goals and the Performance Measure in respect of any grant shall not be changed when so provided in the grant agreement. The Committee may eliminate or decrease (but not increase) the amount of any Performance Award otherwise payable to a recipient. Performance Grants may be paid in cash, shares of Common Stock or any combination thereof.

The maximum number of shares of Common Stock that may be issued pursuant to Performance Grants is 200,000. The maximum number of shares of Common Stock that may be the subject of Performance Grants made to any recipient in respect of any Performance Period or during any fiscal year shall be 50,000. The maximum amount any recipient may receive pursuant to Performance Grants during any fiscal year shall not exceed \$2,500,000, determined using the fair market value of the Common Stock (multiplied by the aggregate number of units of the Performance Grant awarded) on the last day of the Performance Period or on the date of the payment thereof, whichever is higher. As of January 31, 2005, the Company had not made any performance grants or awards under the 2000 Equity Incentive Plan.

Stock-Settled SARs

The 2000 Equity Incentive Plan permits the Committee or the Board of Directors to grant stock-settled SARs to all officers and other selected employees of the Company and its subsidiaries, and, if amended, non-employee directors, and to determine the time, amount and terms and conditions of the grant. Stock-settled SARs allow a recipient to receive, upon exercise, common stock of value equal to the difference between the exercise price on the date of grant and the market price on the date of exercise.

Transferability

Awards under the 2000 Equity Incentive Plan are not transferable other than by will or the laws of descent and distribution; except that the Committee or the Board of Directors may permit the transfer of (i) specific non-qualified stock option grants by gift to the recipient's spouse, children and grandchildren, or to a trust for the benefit of any one or more of them, or (ii) any grant or award pursuant to a qualified domestic relations order.

Change In Control

In the event of a change in control of the Company, except as the Board of Directors comprised of a majority of continuing directors may expressly provide otherwise, and notwithstanding any other provision of the 2000 Equity Incentive Plan: (i) all stock options then outstanding under the 2000 Equity Incentive Plan become fully exercisable; (ii) all terms and conditions of all restricted stock grants then outstanding are deemed satisfied; and (iii) all Performance Grants and Awards shall be deemed to have been fully earned. A change in control occurs if: (i) any person becomes a beneficial owner of 50 percent or more of the Common Stock outstanding; (ii) the Company's shareholders approve a combination with another company under certain circumstances; (iii) the Company approves a plan of complete liquidation of the Company or an agreement to dispose of substantially all of its assets; or (iv) the continuing directors no longer constitute a majority of the Board of Directors. The payment of awards in the event of a change in control may have the incidental effect of increasing the net cost of that change, and, theoretically, could render a change in control more difficult or discourage it.

Federal Income Tax Consequences

Based on current provisions of the Code, and the existing regulations thereunder, the anticipated U.S. Federal income tax consequences in respect of the several types of grants and awards under the 2000 Equity Incentive Plan are as described below.

Grant of Stock Options

In most countries, a recipient will not recognize any taxable income at the time a stock option is granted and the Company will not be entitled to a Federal income tax deduction at that time.

Incentive Stock Options

No ordinary income will be recognized by the recipient of an incentive stock option at the time of exercise. The excess of the fair market value of the shares of Common Stock at the time of exercise over the aggregate option exercise price will be an adjustment to alternative minimum taxable income for purposes of the Federal alternative minimum tax at the date of exercise. If the recipient holds the shares of Common Stock purchased for the greater of two years after the date the option was granted or one year after the acquisition of such shares, the difference between the aggregate option price and the amount realized upon disposition of the shares will constitute a long term capital gain or loss, as the case may be, and the Company will not be entitled to a Federal income tax deduction. If the shares of Common Stock are disposed of in a sale, exchange or other disqualifying disposition within two years after the date of grant or within one year after date of exercise, the recipient will realize taxable ordinary income in an amount equal to the lesser of (i) the excess of the fair market value of the shares of Common Stock purchased at the time of exercise over the aggregate option exercise price or (ii) the excess of the amount realized upon disposition of such shares over the option exercise price, and the Company will usually be entitled to a Federal income tax deduction equal to such amount.

Non-Qualified Stock Options

Taxable ordinary income will be recognized by the recipient of a non-qualified stock option at the time of exercise in an amount equal to the excess of the fair market value of the shares of Common Stock purchased at the time of such exercise over the aggregate option exercise price. The Company will usually be entitled to a corresponding Federal income tax deduction. The recipient will generally recognize a taxable capital gain or loss based upon the difference between the per share fair market value at the time of exercise and the per share selling price at the time of a subsequent sale of the shares.

Restricted Stock

Unless a recipient makes the election described below, a recipient receiving a grant will not recognize income and the Company will not be allowed a deduction at the time such shares of restricted stock are granted. While the restrictions on the shares are in effect, a recipient will recognize compensation income equal to the amount of the dividends received and the Company will be allowed a deduction in a like amount. When the restrictions on the shares of Common Stock are removed or lapse, the excess of fair market value of such shares on the date the restrictions are removed or lapse over the amount paid, if any, by the recipient for such shares will be ordinary income to the recipient and will be allowed as a deduction for Federal income tax purposes to the Company. Upon disposition of the shares of Common Stock, the gain or loss recognized by the recipient will be treated as capital gain or loss, and the capital gain or loss will be short term or long term depending upon the period of time the shares are held by the recipient following the removal or lapse of the restrictions. However, by filing a Section 83(b) election with the Internal Revenue Service within 30 days after the date of grant, a recipient's ordinary income and commencement of holding period and the Company's deduction will be determined as of the date of grant. In such a case, the amount of ordinary income recognized by such a recipient and deductible by the Company will be equal to the excess of the fair market value of the shares as of the date of grant over the amount paid by the recipient for the shares of Common Stock. If such election is made and a recipient thereafter forfeits such Shares of Common Stock, no refund or deduction will be allowed for the amount previously included in such recipient's income.

Performance Grants

A recipient of a Performance Grant will not recognize income, and the Company will not be allowed a deduction, at the time such grant is made. When a recipient receives payment in cash or shares of Common Stock, the amount of cash and the fair market value of the shares of Common Stock received will be ordinary income to the recipient and will be allowed as a deduction for Federal income tax purposes to the Company.

Stock-Settled SARs

For the recipient of a stock-settled SAR, the shares of Common Stock received upon exercise have a tax basis equal to the amount of ordinary income recognized on such exercise and a holding period that commences on the date of exercise. The use of stock-settled SARs is expected to allow the Company to take advantage of favorable tax laws in some foreign jurisdictions.

Special Rules

To the extent a recipient pays all or part of the option price of a non-qualified stock option by tendering shares of Common Stock owned by the recipient, the tax consequences described above apply except that the number of shares of Common Stock received upon such exercise that is

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equal to the number of shares surrendered in payment of the option exercise price shall have the same basis and tax holding period as the shares of Common Stock surrendered. If the shares of Common Stock surrendered had previously been acquired upon the exercise of an incentive stock option, the surrender of such shares may be a disqualifying disposition of such

shares. The additional shares of Common Stock received upon such exercise have a tax basis equal to the amount of ordinary income recognized on such exercise and a holding period that commences on the date of exercise. If a recipient exercises an incentive stock option by tendering shares previously acquired on the exercise of an incentive stock option, a disqualifying disposition may occur and the recipient may recognize income and be subject to other basis allocation and holding period requirements.

Withholding Taxes

There are no withholding taxes payable in connection with the grant of any stock option or the exercise of an incentive stock option. However, withholding taxes must be paid at the time of exercise of any non-qualified stock option. Withholding taxes must also be paid in respect of any restricted stock when the restrictions thereon lapse. In respect of all other awards, withholding taxes must be paid whenever income to the Plan participant is recognized for tax purposes.

Other Information

The following table shows the number of options granted during the last fiscal year under all of Tech Data's equity compensation plans to the Company's executive officers as a group, Board members and to all employees, as a group, excluding executive officers. While the future impact of the plan changes can not be estimated, the Company is not requesting authorization for additional shares in the 2000 Equity Incentive Plan and the expected share utilization through the use of stock-settled SARs should be less than that of traditional stock option grants.

Number of Options Granted to Executive Officers,

Board Members and All Employees	Options Granted
Steven A. Raymund , <i>Chairman of the Board of Directors and Chief Executive Officer</i>	80,000
Néstor Cano , <i>President, Worldwide Operations</i> ⁽¹⁾	60,000
Jeffery P. Howells , <i>Executive Vice President and Chief Financial Officer</i> ⁽¹⁾	50,000
Joseph A. Osbourn , <i>Executive Vice President and Worldwide Chief Information Officer</i> ⁽¹⁾	40,000
Gerard F. Youna , <i>President, Europe</i>	40,000
All other executive officers as a group (15)	244,530
Non-Employee Directors (6)	15,000
All employees as a group, excluding executive officers (797)	1,126,780
	1,656,310

⁽¹⁾ During fiscal 2005, the Company also awarded restricted stock awards in the amount of 2,500 shares each to Mr. Cano and Mr. Howells and 1,500 shares to Mr. Osbourn, all of which vest 50% three years from the date of issuance and 50% after the fourth year. These awards are not included in the above option grant table.

The closing price of the Common Stock reported on The NASDAQ National Market on April 11, 2005 was \$36.40 per share.

The following resolution will be presented by your Board of Directors at the Annual Meeting:

RESOLVED, that the adoption of the amendment to the 2000 Equity Incentive Plan of Tech Data Corporation, the complete text of which is set forth at Exhibit A to the Proxy Statement of the Company for the Annual Meeting of Shareholders on June 7, 2005, be, and the same hereby is, approved.

The Board of Directors unanimously voted FOR the proposal to approve the amendment to the 2000 Equity Incentive Plan of Tech Data Corporation.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information with respect to equity compensation plans under which equity securities of Tech Data are authorized for issuance, aggregated as all compensation plans previously approved by our shareholders and all compensation plans not previously approved by our shareholders, as of January 31, 2005.

Plan Category	Number of shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders for:			
Employee equity compensation	5,001,310	\$33.42	2,534,976
Employee stock purchase			627,581
Non-employee directors equity compensation	102,500	34.80	84,000
Total	5,103,810	33.45	3,246,557
Employee equity compensation plan not approved by shareholders	1,739,775	36.19	606,466
Total	6,843,585	34.15	3,853,023

Material features of plan not approved by shareholders: