

TECH DATA CORP
Form 11-K
June 19, 2006
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark one)

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

For the fiscal year ended December 31, 2005

OR

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

For the transition period from to

Commission file number 0-14625

TECH DATA CORPORATION 401(k) SAVINGS PLAN

(Full title of the plan and the address of the plan if different from that of the issuer named below)

TECH DATA CORPORATION

5350 Tech Data Drive

Clearwater, Florida 33760

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

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REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTANTS

To the Plan Administrator

Tech Data Corporation 401(k) Savings Plan

We have audited the accompanying statement of net assets available for benefits of Tech Data Corporation 401(k) Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2005 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Tampa, Florida

June 14, 2006

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TECH DATA CORPORATION

401(k) SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2005	2004
Investments, at fair value:		
Money market fund	\$ 5,540,513	\$ 8,634,500
Mutual funds	66,308,581	56,930,112
Tech Data Stock Fund	13,293,295	15,332,464
Participant loans	2,638,568	2,610,548
 Total investments	 87,780,957	 83,507,624
Cash, non-interest bearing	236,942	
Participant contributions receivable		269,141
 Net assets available for benefits	 \$ 88,017,899	 \$ 83,776,765

See accompanying notes to financial statements

Table of Contents**TECH DATA CORPORATION****401(k) SAVINGS PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	For the year ended	
	December 31,	
	2005	2004
Additions to net assets attributable to:		
Net appreciation in fair value of mutual funds	\$ 1,524,935	\$ 4,361,960
Net (depreciation) appreciation in fair value of Tech Data Stock Fund	(1,915,071)	2,150,260
Interest and dividends	2,763,559	1,243,425
Investment income	2,373,423	7,755,645
Employer contributions	2,311,277	1,606,379
Participant contributions	6,928,703	6,632,541
Contributions	9,239,980	8,238,920
Total additions	11,613,403	15,994,565
Deductions from net assets attributable to:		
Loan fees	18,277	20,483
Distributions to participants	7,353,992	8,139,415
Total deductions	7,372,269	8,159,898
Net increase	4,241,134	7,834,667
Net assets available for benefits:		
Balance, beginning of year	83,776,765	75,942,098
Balance, end of year	\$ 88,017,899	\$ 83,776,765

See accompanying notes to financial statements

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TECH DATA CORPORATION

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(1) DESCRIPTION OF PLAN

The following description of the Tech Data Corporation 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General The Plan, a defined contribution plan adopted January 1, 2000 and amended and restated January 1, 2003, is a result of the merger of the Tech Data Corporation Retirement Savings Plan (the Retirement Savings Plan) and the Tech Data Corporation Employee Stock Ownership Plan (the ESOP), both defined contribution plans, into this plan. Since January 1, 2003, the Plan has been amended for such items as discrimination testing, eligibility, maximum deferral rate, various definition terms, and other items. The Plan covers all employees of Tech Data Corporation and affiliated companies based in the United States (the Company) who have completed 30 days of employment with the Company and are age eighteen or older with respect to elective contributions. Eligibility for participation with respect to employer contributions is met upon completion of one year of service and attainment of age eighteen or older as defined in the Plan document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Fidelity Management Trust Company (Fidelity) is the Plan's trustee and recordkeeper of Plan assets. Participants' investment options are various mutual funds, a money market fund and a unitized Tech Data Stock Fund. Participants have the ability to direct the investment of their account balances among various combinations of these options. Each mutual fund account has unique and varied investment objectives and contains several types of assets including, but not limited to, corporate stock and debt instruments and money market instruments.

Contributions Participants contribute to the Plan based on the amount they have specified in a salary deferral agreement and can defer from 1% to 90% (subject to regulatory limitations). All participants who have attained age 50 before the close of the Plan year shall be eligible to make catchup contributions, also subject to regulatory limitations. Contributions made by the Company are at the discretion of its Board of Directors and may consist of direct employer contributions and matching contributions. In March 2002, the Board of Directors of the Company approved the suspension of the Company matching contribution effective for the pay period beginning April 6, 2002. Effective February 1, 2004, the Company reinstated the matching contribution. The Company matched 50% of salary deferrals up to 6% with Tech Data Corporation common stock for 2005 and 2004.

Effective January 1, 2003, the Plan was amended to permit an additional type of employer discretionary matching contribution, called an incentive matching contribution, which allows the Company to make incentive matching contributions only if certain financial performance goals are met by the Company. The Company did not utilize this incentive matching contribution provision for 2005 and 2004.

Expenses of the Plan All expenses incurred in the administration of the Plan are paid by the Company with the exception of any loan fees and in-service withdrawal fees, which are paid for by the participants. Fees paid directly by participants for participant loans are shown as a deduction from net assets in the Statement of Changes in Net Assets Available for Benefits.

Participant accounts Each participant's account is credited with the participant's contributions, and allocations of net investment results and the employer's contributions, if any. Allocations are based on participant earnings or account balances, as defined. A participant is entitled to the benefit that can be provided from the participant's vested account.

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TECH DATA CORPORATION

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(1) DESCRIPTION OF PLAN, CONTINUED

Loans The Plan allows participants to borrow from the Plan. Participants may borrow up to 50% of their vested account balance, provided the aggregate dollar amount of the participant's loans outstanding does not exceed \$50,000. Participants are limited to two active loans at any one time. Loans must be a minimum of \$1,000 and are collateralized by the participant's account. The term of repayment may not exceed 5 years, unless the loan proceeds are used to acquire a principal residence in which case the period is not to exceed 30 years. The interest rate for a loan is the prime rate plus 1%. Participants may repay the loan ratably through payroll deductions and/or direct payments to the recordkeeper.

Vesting Participants are immediately vested in their voluntary deferral contributions, rollovers, Qualified Non Elective Contributions (QNECs) and Company contributions to the Retirement Savings Plan prior to December 31, 1999 that were merged into the Plan, and earnings thereon. Vesting in the remainder of their accounts is based on years of continuous service. A participant is 100% vested after seven years of service for their ESOP merger account, and after four years of service for Company contributions and earnings thereon after January 1, 2000.

Forfeitures Contributions forfeited by terminated participants may be used to reduce Company contributions. Forfeitures of approximately \$0 and \$482,000 were used during 2005 and 2004, respectively, to reduce the Company's matching contribution. Forfeitures and related earnings of approximately \$110,000 and \$79,000 were available to reduce Company contributions as of December 31, 2005 and 2004, respectively.

Payment of benefits Participants are eligible to receive benefits (1) upon reaching retirement age, (2) upon the disability of the participant, (3) upon termination of service or (4) if actively employed, upon attainment of age 59 1/2 (vested balances only). Distributions are paid in a lump-sum amount or in the instance of a distribution from Tech Data Stock Fund, in whole shares of Tech Data Stock. If the participant dies, 100% of the participant's account balance will be paid to the designated beneficiary or beneficiaries.

Effective April 1, 2004, the Board of Directors of the Company approved an amendment to the Plan adding a hardship withdrawal provision which allows active participants, meeting specified requirements, to take a distribution that does not exceed an amount that satisfies their immediate financial need, plus any related taxes.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting The accounts of the Plan are maintained on the accrual basis.

Valuation of investments and income recognition Investments in mutual funds, the money market fund, and the Tech Data Stock Fund are valued at the last reported sales price on the last business day of the Plan year. The participant loans are valued at their outstanding balances, which approximate fair value. Net appreciation (depreciation) in the fair value of investments for the year is reflected in the Statement of Changes in Net Assets Available for Benefits. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Use of estimates The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Table of Contents**TECH DATA CORPORATION****401(k) SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS****(3) INVESTMENTS**

The Plan's investments, including investments bought, sold and held during the year, depreciated in value by \$390,136 during the year ended December 31, 2005 and appreciated in value by \$6,512,220 during the year ended December 31, 2004 as follows:

	Year ended	
	December 31,	
	2005	2004
Manager's Special Equity Fund	\$ (244,759)	\$ 846,439
Fidelity Capital & Income Fund	13,763	
Fidelity Equity Income Fund	1,148	19,441
Fidelity Government Income Fund	(48,465)	11,270
Fidelity Blue Chip Growth Fund	330,838	495,981
Fidelity Low-Priced Stock Fund	22,537	198,855
Fidelity Diversified International Fund	769,525	682,904
Fidelity Dividend Growth Fund	49,157	201,114
Fidelity Freedom Income Fund	484	616
Fidelity Freedom 2000 Fund	201	485
Fidelity Freedom 2010 Fund	12,976	16,078
Fidelity Freedom 2020 Fund	28,120	22,044
Fidelity Freedom 2030 Fund	88,105	94,814
Fidelity Freedom 2040 Fund	14,831	8,462
Dodge & Cox Balanced Fund	107,157	358,944
PIMCO High Yield Admin Fund	(40,102)	24,025
Fidelity Spartan Investment Grade Bond Fund	(7,241)	(1,603)
Spartan U.S. Equity Index Fund	149,970	407,039
Lord Abbett Mid Cap Value Fund	(17,067)	146,541
Artisan Mid Cap Fund	303,142	835,374
Lord Abbett Small Cap Value Fund	(9,385)	(6,863)
Total mutual funds	1,524,935	4,361,960
Tech Data Stock Fund	(1,915,071)	2,150,260
Total net (depreciation) appreciation in fair value of investments	\$ (390,136)	\$ 6,512,220

Table of Contents**TECH DATA CORPORATION****401(k) SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS****(3) INVESTMENTS, CONTINUED**

Investments that represent 5% or more of the fair value of the Plan's net assets are as follows:

	December 31,	
	2005	2004
Tech Data Stock Fund *	\$ 13,293,295	\$ 15,332,464
Fidelity Retirement Money Market Fund *	5,540,513	8,634,500
Fidelity Government Income Fund		6,453,806
Fidelity Blue Chip Growth Fund	9,998,952	10,138,820
Fidelity Dividend Growth Fund	5,023,317	5,004,444
Spartan U.S. Equity Index Fund	5,010,458	5,121,683
Artisan Mid Cap Fund	7,279,156	6,658,226
Manager's Special Equity Fund	6,163,645	6,378,854
Dodge & Cox Balanced Fund	11,814,448	4,954,081
Fidelity Diversified International Fund	7,919,679	4,597,791

* includes non-participant directed investments

(4) NON-PARTICIPANT DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the non-participant directed investments is as follows:

	December 31,	
	2005	2004
Net assets:		
Tech Data Stock Fund	\$ 27,612	\$ 6,027
Fidelity Retirement Money Market Fund	81,936	73,456
	\$ 109,548	\$ 79,483
Changes in net assets:		
Forfeited balances from participant directed funds	\$ 27,909	\$ 157,233
Forfeitures used for Company match	111	(481,639)
Earnings and (depreciation) appreciation	2,045	(23,820)
Net (decrease) increase in non-participant directed investments	\$ 30,065	\$ (348,226)

(5) PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants immediately become 100% vested in their accounts.

(6) RISKS AND UNCERTAINTIES

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The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

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TECH DATA CORPORATION

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(7) PARTIES-IN-INTEREST

The Plan investments include shares of Tech Data Corporation common stock. As of December 31, 2005 and 2004, the amounts totaled \$13,293,295 and \$15,332,464, respectively.

(8) INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated September 17, 2003 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

Table of Contents**TECH DATA CORPORATION****401(k) SAVINGS PLAN****SCHEDULE OF ASSETS (HELD AT END OF YEAR)****December 31, 2005**

Schedule H, line 4i

Employer identification number: 59-1578329

Plan number: 003

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Fidelity Retirement Money Market Fund	5,458,577 shares, Fidelity Retirement Money Market Fund	**	\$ 5,458,577
*	Fidelity Equity Income Fund	7,343 shares, Fidelity Equity Income Fund	**	387,569
*	Fidelity Government Income Fund	266,585 shares, Fidelity Government Income Fund	**	2,697,843
*	Fidelity Blue Chip Growth Fund	231,672 shares, Fidelity Blue Chip Growth Fund	**	9,998,952
*	Fidelity Low-Priced Stock Fund	44,970 shares, Fidelity Low-Priced Stock Fund	**	1,836,557
*	Fidelity Diversified International Fund	243,383 shares, Fidelity Diversified International Fund	**	7,919,679
*	Fidelity Dividend Growth Fund	174,481 shares, Fidelity Dividend Growth Fund	**	5,023,317
*	Fidelity Freedom Income Fund	5,267 shares, Fidelity Freedom Income Fund	**	59,888
*	Fidelity Freedom 2000 Fund	1,047 shares, Fidelity Freedom 2000 Fund	**	12,784
*	Fidelity Freedom 2010 Fund	30,915 shares, Fidelity Freedom 2010 Fund	**	434,357
*	Fidelity Freedom 2020 Fund	44,923 shares, Fidelity Freedom 2020 Fund	**	660,821
*	Fidelity Freedom 2030 Fund	100,462 shares, Fidelity Freedom 2030 Fund	**	1,508,941
*	Fidelity Freedom 2040 Fund	37,504 shares, Fidelity Freedom 2040 Fund	**	331,162
	Dodge & Cox Balanced Fund	145,248 shares, Dodge & Cox Balanced Fund	**	11,814,448
*	Fidelity Capital & Income Fund	179,781 shares, Fidelity Capital & Income Fund	**	1,504,765
*	Fidelity Spartan Investment Grade Bond Fund	24,470 shares, Fidelity Spartan Investment Grade Bond Fund	**	254,484
	Spartan U.S. Equity Index Fund	113,461 shares, Spartan U.S. Equity Index Fund	**	5,010,458
	Lord Abbett Mid Cap Value Fund	91,373 shares, Lord Abbett Mid Cap Value Fund	**	2,047,667
	Artisan Mid Cap Fund	235,419 shares, Artisan Mid Cap Fund	**	7,279,156

Table of Contents**TECH DATA CORPORATION****401(k) SAVINGS PLAN****SCHEDULE OF ASSETS (HELD AT END OF YEAR)****December 31, 2005****(Continued)**

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	Lord Abbett Small Cap Value Fund	48,028 shares, Lord Abbett Small Cap Value Fund	**	1,362,088
	Manager's Special Equity Fund	71,034 shares, Manager's Special Equity Fund	**	6,163,645
*	Tech Data Stock Fund	1,081,075 units, Tech Data Stock Fund	**	13,265,683
*	Participant loans	5.00% -10.5% principal and interest payable monthly; secured by participants' vested accrued benefits	**	2,638,568
*	Fidelity Retirement Money Market Fund	81,936 shares, Fidelity Retirement Money Market Fund	\$ 81,936	81,936
*	Tech Data Stock Fund	2,211 shares, Tech Data Stock Fund	\$ 27,612	27,612
				\$ 87,780,957

* Denotes exempt party-in-interest.

** Information not required as investment is participant directed.

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PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THE TRUSTEES (OR OTHER PERSONS WHO ADMINISTER THE EMPLOYEE BENEFIT PLAN) HAVE DULY CAUSED THIS ANNUAL REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED HEREUNTO DULY AUTHORIZED.

TECH DATA CORPORATION 401(k) SAVINGS PLAN

DATE: June 14, 2006

By: /s/ Charles V. Dannewitz
Name: Charles V. Dannewitz
Senior Vice President, Tax and Treasurer

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EXHIBIT INDEX

EXHIBIT

NUMBER	DESCRIPTION
23	Consent of Independent Registered Certified Public Accountants