

ANIXTER INTERNATIONAL INC

Form 10-Q

October 29, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 28, 2012

OR

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

For the transition period from to

Commission File Number: 001-10212

ANIXTER INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

94-1658138
(I.R.S. Employer
Identification No.)

2301 Patriot Blvd.
Glenview, Illinois 60026
(224) 521-8000

(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark 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

Accelerated Filer

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

Smaller Reporting Company

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

At October 24, 2012, 32,247,314 shares of the registrant's Common Stock, \$1.00 par value, were outstanding.

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This report may contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements can be identified by the use of forward-looking terminology such as believes, expects, intends, anticipates, contemplates, estimates, plans, projects, should, may, will or the negative thereof or other variations thereon or comparable terminology indicating the Company's expectations or beliefs concerning future events. The Company cautions that such statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, a number of which are identified in this report. Other factors could also cause actual results to differ materially from expected results included in these statements. These factors include general economic conditions, changes in supplier or customer relationships, risks associated with nonconforming products and services, political and technology changes, economic and currency risks of non-U.S. operations, new or changed competitors, risks associated with inventory and accounts receivable risk, copper and commodity price fluctuations, risks associated with the integration of acquired companies, capital project volumes and the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.****ANIXTER INTERNATIONAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Unaudited)**

(In millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011
Net sales	\$ 1,609.0	\$ 1,611.8	\$ 4,708.7	\$ 4,647.9
Cost of goods sold	1,250.3	1,249.8	3,642.9	3,589.2
Gross profit	358.7	362.0	1,065.8	1,058.7
Operating expenses	264.2	260.3	794.7	787.5
Impairment of goodwill and long-lived assets	27.2		27.2	
Operating income	67.3	101.7	243.9	271.2
Other expense:				
Interest expense	(16.6)	(12.5)	(43.5)	(38.1)
Other, net	(3.2)	(5.9)	(11.8)	(6.8)
Income from continuing operations before income taxes	47.5	83.3	188.6	226.3
Income tax expense	27.7	21.7	69.2	75.4
Net income from continuing operations	19.8	61.6	119.4	150.9
Income (loss) from discontinued operations, net of tax	0.7	(18.1)	0.3	(11.0)
Net income	\$ 20.5	\$ 43.5	\$ 119.7	\$ 139.9
Income per share:				
Basic:				
Continuing operations	\$ 0.60	\$ 1.80	\$ 3.59	\$ 4.37
Discontinued operations	\$ 0.02	\$ (0.53)	\$ 0.01	\$ (0.32)
Net income	\$ 0.62	\$ 1.27	\$ 3.60	\$ 4.05
Diluted:				
Continuing operations	\$ 0.59	\$ 1.78	\$ 3.51	\$ 4.23
Discontinued operations	\$ 0.02	\$ (0.52)	\$ 0.01	\$ (0.31)
Net income	\$ 0.61	\$ 1.26	\$ 3.52	\$ 3.92
Basic weighted-average common shares outstanding	33.0	34.3	33.3	34.5
Effect of dilutive securities:				
Stock options and units	0.3	0.3	0.3	0.5
Convertible notes due 2013	0.2		0.4	0.3
Convertible notes due 2033				0.4
Diluted weighted-average common shares outstanding	33.5	34.6	34.0	35.7

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Comprehensive income	\$ 47.3	\$ 10.3	\$ 146.3	\$ 132.1
Dividend declared per common share	\$	\$	\$ 4.50	\$

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**ANIXTER INTERNATIONAL INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In millions)**

	September 28, 2012 (Unaudited)	December 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 136.6	\$ 106.1
Accounts receivable (Includes \$545.7 and \$524.6 at September 28, 2012 and December 30, 2011, respectively, associated with securitization facility)	1,250.1	1,151.0
Inventories	1,067.3	1,070.7
Deferred income taxes	27.0	37.7
Other current assets	35.0	37.4
Total current assets	2,516.0	2,402.9
Property and equipment, at cost	310.6	291.0
Accumulated depreciation	(215.6)	(202.7)
Net property and equipment	95.0	88.3
Goodwill	360.1	351.7
Other assets	216.1	191.1
Total assets	\$ 3,187.2	\$ 3,034.0
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 745.8	\$ 706.5
Accrued expenses	246.4	317.4
Short-term debt	2.4	3.0
Total current liabilities	994.6	1,026.9
Long-term debt (Includes \$0 and \$175.0 at September 28, 2012 and December 30, 2011, respectively, associated with securitization facility.)	1,031.6	806.8
Other liabilities	203.7	199.1
Total liabilities	2,229.9	2,032.8
Stockholders equity:		
Common stock \$1.00 par value, 100,000,000 shares authorized, 32,550,923 and 33,228,049 shares issued and outstanding at September 28, 2012 and December 30, 2011, respectively	32.6	33.2
Capital surplus	215.6	196.5
Retained earnings	768.0	857.0
Accumulated other comprehensive loss:		
Foreign currency translation	19.7	(0.5)
Unrecognized pension liability, net	(78.9)	(85.3)
Unrealized loss on derivatives, net	0.3	0.3
Total accumulated other comprehensive loss	(58.9)	(85.5)
Total stockholders equity	957.3	1,001.2

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Total liabilities and stockholders equity	\$ 3,187.2	\$ 3,034.0
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See accompanying notes to the condensed consolidated financial statements.

Table of Contents**ANIXTER INTERNATIONAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Nine Months Ended	
	September 28, 2012	September 30, 2011
	(in millions)	
Operating activities:		
Net income	\$ 119.7	\$ 139.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of goodwill and long-lived assets	27.2	
Loss on sale of business		22.6
Depreciation	16.4	16.6
Accretion of debt discount	13.4	12.9
Stock-based compensation	11.6	8.3
Amortization of intangible assets	7.8	8.7
Amortization of deferred financing costs	2.2	1.8
Deferred income taxes	0.8	9.2
Excess income tax benefit from employee stock plans	(3.1)	(6.2)
Changes in current assets and liabilities, net	(72.0)	(179.1)
Other, net	1.9	(3.2)
Net cash provided by operating activities	125.9	31.5
Investing activities:		
Acquisition of business, net of cash acquired	(55.8)	
Capital expenditures, net	(26.5)	(19.8)
Net proceeds from sale of business		137.6
Return of escrow funds from prior acquisition		1.6
Net cash (used in) provided by investing activities	(82.3)	119.4
Financing activities:		
Proceeds from borrowings	446.4	823.1
Repayment of borrowings	(601.8)	(809.2)
Proceeds from issuance of Notes due 2019	350.0	
Payment of special cash dividend	(150.6)	
Purchases of common stock for treasury	(56.6)	(107.5)
Deferred financing costs	(7.6)	(4.1)
Excess income tax benefit from employee stock plans	3.1	6.2
Proceeds from stock options exercised	2.5	13.1
Retirement of Convertible Notes due 2033 debt component		(48.9)
Retirement of Convertible Notes due 2033 equity component		(44.9)
Other	1.5	(0.8)
Net cash used in financing activities	(13.1)	(173.0)
Increase (decrease) in cash and cash equivalents	30.5	(22.1)
Cash and cash equivalents at beginning of period	106.1	78.4
Cash and cash equivalents at end of period	\$ 136.6	\$ 56.3

See accompanying notes to the condensed consolidated financial statements.

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ANIXTER INTERNATIONAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation: The accompanying Condensed Consolidated Financial Statements should be read in conjunction with the consolidated financial statements included in Anixter International Inc.'s (the Company) Annual Report on Form 10-K for the year ended December 30, 2011. The condensed consolidated financial information furnished herein reflects all adjustments (consisting of normal recurring accruals), which are, in the opinion of management, necessary for a fair presentation of the Condensed Consolidated Financial Statements for the periods shown. Certain prior period amounts have been reclassified to conform to the current year presentation. The results of operations of any interim period are not necessarily indicative of the results that may be expected for a full fiscal year.

Foreign currency translation: The increase or decrease in expected functional currency cash flows is a foreign currency transaction gain or loss that is included in Other, net in the Condensed Consolidated Statements of Comprehensive Income. The Company recognized \$3.5 million and \$10.3 million in net foreign exchange losses, including the effects of foreign currency forward contracts and hedging costs, in the three and nine months ended September 28, 2012, respectively, and losses of \$4.0 million and \$5.0 million in the three and nine months ended September 30, 2011, respectively. See Other, net discussion herein for further information regarding these losses.

The Company purchases foreign currency forward contracts to minimize the effect of fluctuating foreign currency-denominated accounts on its reported income. The foreign currency forward contracts are not designated as hedges for accounting purposes. The Company's strategy is to negotiate terms for its derivatives and other financial instruments to be highly effective, such that the change in the value of the derivative perfectly offsets the impact of the underlying hedged item (e.g., various foreign currency-denominated accounts). The Company's counterparties to its foreign currency forward contracts have investment-grade credit ratings. The Company expects the creditworthiness of its counterparties to remain intact through the term of the transactions. The Company regularly monitors the creditworthiness of its counterparties to ensure no issues exist which could affect the value of the derivatives.

The Company does not hedge 100% of its foreign currency-denominated accounts and results of the hedging can vary significantly based on various factors, such as the timing of executing the foreign currency forward contracts versus the movement of the currencies as well as the fluctuations in the account balances throughout each reporting period. The fair value of the foreign currency forward contracts is based on the difference between the contract rate and the current exchange rate. The fair value of the foreign currency forward contracts is measured using observable market information. These inputs would be considered Level 2 in the fair value hierarchy. At September 28, 2012 and December 30, 2011, foreign currency forward contracts were revalued at then-current foreign exchange rates with the changes in valuation reflected directly in Other, net in the Condensed Consolidated Statements of Comprehensive Income partially offsetting the transaction gain/loss recorded on the foreign currency-denominated accounts. At September 28, 2012 and December 30, 2011, the notional amount of the foreign currency forward contracts outstanding was approximately \$377.0 million and \$161.3 million, respectively. The fair value of the Company's foreign currency forward contracts was not significant at September 28, 2012.

The following activity relates to foreign exchange gains and losses reflected in Other, net in the Company's Condensed Consolidated Statements of Comprehensive Income (in millions):

	Three Months Ended		Nine Months Ended	
	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011
(Loss) gains				
Remeasurement of balances denominated in foreign currencies	\$	\$ (0.1)	\$ (12.1)	\$ 2.5
Revaluation of foreign currency forward contracts	(2.7)	(3.1)	4.2	(5.7)
Hedge costs	(0.8)	(0.8)	(2.4)	(1.8)
Total foreign exchange	\$ (3.5)	\$ (4.0)	\$ (10.3)	\$ (5.0)

Table of Contents**ANIXTER INTERNATIONAL INC.****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Recently issued and adopted accounting pronouncements: In May 2011, the Financial Accounting Standards Board (FASB) issued guidance to amend the requirements related to fair value measurement which changes the wording used to describe many requirements in Generally Accepted Accounting Principles (GAAP) for measuring fair value and for disclosing information about fair value measurements. Additionally, the amendments clarify the FASB 's intent about the application of existing fair value measurement requirements. The amended guidance was effective for the Company beginning in fiscal 2012 and the adoption of the guidance did not have a material impact on the Company 's Condensed Consolidated Financial Statements in 2012.

In June 2011, the FASB issued an update to Accounting Standards Codification (ASC) No. 220, *Presentation of Comprehensive Income*, which eliminates the option to present other comprehensive income and its components in the statement of stockholders ' equity. The Company could elect to present the items of net income and other comprehensive income in a single continuous statement of comprehensive income or in two separate, but consecutive statements. The provisions of ASC No. 220 were adopted by the Company at the beginning of 2012, which is when it became effective for the Company. The Company elected to present the items of net income and comprehensive income in one single continuous statement for interim presentation purposes. See the Company 's Condensed Consolidated Statements of Comprehensive Income.

In September 2011, the FASB issued Accounting Standard Update (ASU) 2011-08, *Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and, in some cases, skip the two-step impairment test. The ASU was effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 with early adoption permitted. The provisions of ASU 2011-08 were considered in the Company 's annual goodwill impairment evaluation during the third quarter of 2012. For further information, see Note 7. *Impairment of Goodwill and Long-Lived Assets* in the Notes to the Condensed Consolidated Financial Statements.

Recently issued accounting pronouncements not yet adopted: In December 2011, the FASB issued guidance to amend the requirements related to balance sheet offsetting. These amendments would require the Company to disclose information about rights of offset and related arrangements to enable users of its financial statements to understand the effect or potential effect of those arrangements on its financial position. The amended guidance is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013 with required disclosures made retrospectively for all comparative periods presented. Adoption of this guidance at the beginning of fiscal 2014 is not expected to have a material impact on the Company 's Consolidated Financial Statements.

NOTE 2. INCOME TAXES

The tax provision on continuing operations for the third quarter of 2012 was \$27.7 million compared to \$21.7 million in the corresponding period of last year. The Company 's effective tax rate for the third quarter of 2012 was 58.4% as compared to 26.1% in the prior year period. The third quarter of 2012 includes a net tax benefit of \$1.0 million associated with \$28.4 million impairment and inventory charges in Europe (see Note 7. *Impairment of Goodwill and Long-Lived Assets* for further information). The tax impact of these charges differs from the statutory rate as the goodwill impairment is not deductible for tax purposes and the other charges result in an increase in valuation allowances. Excluding the impact of the charge, the adjusted tax rate in the current quarter was 37.8% which includes additional expense due to the geographical mix changes in forecasted earnings. The prior year third quarter results included a net tax benefit of \$8.8 million primarily related to the reversal of deferred income tax valuation reserves. Excluding this benefit, the adjusted tax rate for the prior year third quarter was 36.6%.

The tax provision on continuing operations for the nine months ended September 28, 2012 was \$69.2 million compared to \$75.4 million in the corresponding period of last year. During the first quarter of 2012, the Company recorded a tax benefit of \$9.7 million primarily related to the reversal of deferred income tax valuation allowances in certain foreign jurisdictions. The prior year nine month results included a net tax benefit of \$8.8 million primarily related to the reversal of deferred income tax valuation reserves. As a result, the Company 's effective tax rate for the nine months ended September 28, 2012 was 36.7% as compared to 33.3% in the prior year period. Excluding the impact of the third quarter charge described herein, the current year tax benefits related to the reversal of deferred income tax valuation allowances in certain foreign jurisdictions and the prior year net tax benefit, the adjusted tax rate in the first nine months of 2012 was 36.8% compared to 37.2% in the year ago period.

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The remaining difference between the statutory corporate federal tax rate of 35% and the effective tax rate was primarily due to state income taxes.

NOTE 3. DEBT

Debt is summarized below:

(In millions)	September 28, 2012	December 30, 2011
Long-term debt:		
5.625% senior notes due 2019	\$ 350.0	\$
1% convertible senior notes due 2013	293.3	280.3
5.95% senior notes due 2015	200.0	200.0
Revolving lines of credit and other	156.9	120.4
10.0% senior notes due 2014	31.4	31.1
Accounts receivable securitization facility		175.0
Total long-term debt	1,031.6	806.8
Short-term debt	2.4	3.0
Total debt	\$ 1,034.0	\$ 809.8

At September 28, 2012, the Company's total carrying value and estimated fair value of debt outstanding, including convertible debt, was \$1,034.0 million and \$1,102.1 million, respectively. This compares to a carrying value and estimated fair value at December 30, 2011 of \$809.8 million and \$881.6 million, respectively. The estimated fair value of the Company's debt instruments is measured using observable market information which would be considered Level 2 inputs as described in the fair value accounting guidance on fair value measurements. The Company's weighted-average cost of borrowings was 6.3% and 4.9% for the three months ended September 28, 2012 and September 30, 2011, respectively, and 6.0% and 5.0% for the nine months then ended, respectively. The Company's 1% convertible senior notes due in February 2013 are classified as long-term as the Company has the intent and ability to refinance such convertible notes under existing long-term financing agreements.

On April 30, 2012, the Company's primary operating subsidiary, Anixter Inc., completed the issuance of \$350 million principal amount of Senior Notes due 2019 (Notes due 2019). The Notes due 2019 will pay interest semiannually at a rate of 5.625% per annum and will mature on May 1, 2019. In addition, Anixter Inc. may at any time redeem some or all of the Notes due 2019 at a price equal to 100% of the principal amount plus a make whole premium. If Anixter Inc. and/or the Company experience certain kinds of changes of control, it must offer to repurchase all of the Notes due 2019 outstanding at 101% of the aggregate principal amount repurchased, plus accrued and unpaid interest. Net proceeds from this offering were approximately \$342.9 million after deducting fees and expenses. The proceeds were used by Anixter Inc. to repay amounts outstanding under the accounts receivable credit facility, to repay certain borrowings under the revolving credit facility, to provide additional liquidity for maturing indebtedness of the Company and for general corporate purposes. Issuance costs of approximately \$7.1 million are being amortized through maturity using the straight-line method. The Company fully and unconditionally guarantees the Notes due 2019, which are unsecured obligations of Anixter Inc.

On May 31, 2012, Anixter Inc. amended the agreements governing its accounts receivable securitization program. The following key changes have been made to the program:

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The size of the program increased from \$275 million to \$300 million.

The liquidity termination date of the program is now May 2015 (formerly May 2013).

The renewed program carries an all-in drawn funding cost of LIBOR plus 95 basis points (previously Commercial Paper plus 90 basis points).

Unused capacity fees increased from 45 to 55 basis points to 47.5 to 57.5 basis points depending on utilization.

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All other material terms and conditions remain unchanged.

Under Anixter Inc.'s accounts receivable securitization program, the Company sells, on an ongoing basis without recourse, a portion of the accounts receivable originating in the United States to the Anixter Receivables Corporation (ARC), which is considered a wholly-owned, bankruptcy-remote variable interest entity (VIE). The Company has the authority to direct the activities of the VIE and, as a result, the Company has concluded that it maintains control of the VIE and is the primary beneficiary as defined by accounting guidance and, therefore, consolidates the account balances of ARC. As of September 28, 2012 and December 30, 2011, \$545.7 million and \$524.6 million of the Company's receivables were sold to ARC, respectively. ARC in turn sells an interest in these receivables to a financial institution for proceeds up to \$300.0 million. The assets of ARC are not available to Anixter Inc. until all obligations of ARC are satisfied in the event of bankruptcy or insolvency proceedings.

NOTE 4. PENSION PLANS

The Company has various defined benefit and defined contribution pension plans. The defined benefit plans of the Company are the Anixter Inc. Pension Plan, Executive Benefit Plan and Supplemental Executive Retirement Plan (SERP) (together the Domestic Plans) and various pension plans covering employees of foreign subsidiaries (Foreign Plans). The majority of the Company's pension plans are non-contributory and cover substantially all full-time domestic employees and certain employees in other countries. Retirement benefits are provided based on compensation as defined in both the Domestic Plans and the Foreign Plans. The Company's policy is to fund all Domestic Plans as required by the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Service (IRS) and all Foreign Plans as required by applicable foreign laws. The Executive Benefit Plan and SERP are the only two plans that are unfunded. Assets in the various plans consist primarily of equity securities and fixed income investments.

Components of net periodic pension cost are as follows (in millions):

	Domestic		Three Months Ended Foreign		Total	
	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011
	Service cost	\$ 2.6	\$ 1.8	\$ 1.4	\$ 1.3	\$ 4.0
Interest cost	3.1	3.0	2.3	2.5	5.4	5.5
Expected return on plan assets	(2.8)	(2.9)	(2.4)	(2.6)	(5.2)	(5.5)
Net amortization	2.1	0.8	0.2	0.1	2.3	0.9
Net periodic cost	\$ 5.0	\$ 2.7	\$ 1.5	\$ 1.3	\$ 6.5	\$ 4.0

	Domestic		Nine Months Ended Foreign		Total	
	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011
	Service cost	\$ 7.6	\$ 5.3	\$ 4.2	\$ 4.0	\$ 11.8
Interest cost	9.4	9.0	7.0	7.4	16.4	16.4
Expected return on plan assets	(8.4)	(8.8)	(7.3)	(7.7)	(15.7)	(16.5)
Net amortization	6.4	2.5	0.7	0.2	7.1	2.7
Curtailement loss		0.6				0.6
Net periodic cost	\$ 15.0	\$ 8.6	\$ 4.6	\$ 3.9	\$ 19.6	\$ 12.5

Table of Contents**ANIXTER INTERNATIONAL INC.****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE 5. SUMMARIZED FINANCIAL INFORMATION OF ANIXTER INC.**

The Company guarantees, fully and unconditionally, substantially all of the debt of its subsidiaries, which include Anixter Inc. The Company has no independent assets or operations and all subsidiaries other than Anixter Inc. are minor. The following summarizes the financial information for Anixter Inc. (in millions):

ANIXTER INC.**CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 28, 2012 (Unaudited)	December 30, 2011
Assets:		
Current assets	\$ 2,517.5	\$ 2,404.0
Property, equipment and capital leases, net	108.1	102.3
Goodwill	360.1	351.7
Other assets	215.7	190.2
	\$ 3,201.4	\$ 3,048.2
Liabilities and Stockholder's Equity:		
Current liabilities	\$ 991.1	\$ 1,023.3
Subordinated notes payable to parent	0.5	6.0
Long-term debt	754.9	543.9
Other liabilities	202.1	198.2
Stockholder's equity	1,252.8	1,276.8
	\$ 3,201.4	\$ 3,048.2

ANIXTER INC.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011
Net sales	\$ 1,609.0	\$ 1,611.8	\$ 4,708.7	\$ 4,647.9
Operating income	\$ 68.8	\$ 103.1	\$ 247.9	\$ 275.3
Income from continuing operations before income taxes	\$ 53.9	\$ 89.6	\$ 207.4	\$ 244.6
Net income (loss) from discontinued operations	\$ 0.7	\$ (18.1)	\$ 0.3	\$ (11.0)
Net income	&			