FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

FOR THE FISCAL YEAR ENDED DECEMBER 30, 2000

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: 1-12203

INGRAM MICRO INC.
(Exact name of Registrant as specified in its charter)

DELAWARE **(State or other jurisdiction of incorporation or organization)**	**62-1644402** **(I.R.S. Employer Identification No.)**

1600 E. ST. ANDREW PLACE, SANTA ANA, CALIFORNIA 92705
(Address, including zip code, of principal executive offices)

(714) 566-1000
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

CLASS A COMMON STOCK, PAR VALUE $.01 PER SHARE

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 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. [ ]

The aggregate market value of the voting stock held by non-affiliates of the Registrant at March 28, 2001 was $820,081,284 based on the closing sale price on such date of $12.00 per share.

The Registrant had 76,491,197 shares of Class A Common Stock, par value $.01 per share, and 76,261,154 shares of Class B Common Stock, par value $.01 per share, outstanding at March 28, 2001.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Annual Report to Shareowners for the fiscal year ended December 30, 2000 are incorporated by reference into Parts I and II of this Annual Report on Form 10-K. Portions of the Proxy Statement for the Registrant's Annual Meeting of Shareowners to be held June 1, 2001 are incorporated by reference into Part III of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

In evaluating the business of Ingram Micro Inc., readers should carefully consider the important factors discussed under Exhibit 99.01 hereto and under "Safe Harbor for Forward-Looking Statements."

OVERVIEW

Ingram Micro Inc. ("Ingram Micro" or the "Company") is the leading distributor of information technology products and services worldwide. The Company was ranked No. 41 on the April 2000 Fortune 500 list, ahead of all other information technology distributors. The Company markets computer hardware,

networking equipment, and software products to more than 175,000 reseller customers in more than 100 countries. The company also provides supply-chain optimization services to vendor and reseller customers. As a distributor, the Company markets its products and services to resellers and vendors as opposed to marketing directly to end-user customers.

Ingram Micro offers one-stop shopping to its customers by providing a comprehensive inventory which, on a global basis, consists of more than 280,000 products (as measured by distinct part numbers assigned by manufacturers and suppliers) from over 1,700 suppliers, including most of the computer industry's leading hardware manufacturers, networking equipment suppliers, and software publishers. The Company's broad product offerings include: desktop and notebook personal computers ("PCs"), servers, and workstations; personal digital assistants; wireless devices; mass storage devices; CD-ROM drives; monitors; printers; scanners; modems; networking hubs, routers, and switches; network interface cards; business application software; entertainment software; and computer supplies.

In addition to product sales, the Company provides supply chain management services such as end-to-end order fulfillment, contract manufacturing, contract warehousing, reverse logistics, transportation management, customer care, tailored financing programs, and marketing programs. The Company markets these services to manufacturers; resellers, including Internet-based resellers; and retailers.

The Company is focused on providing a broad range of products and services, quick and efficient order fulfillment, and consistent on-time and accurate delivery to its customers around the world. The Company believes that IMpulse, the Company's on-line information system, provides a competitive advantage through real-time worldwide information access and processing capabilities. IMpulse is a single, standardized, real-time information system and operating environment, used across substantially all of the Company's worldwide operations. These on-line information systems, coupled with the Company's exacting operating procedures in telesales, credit support, customer service, purchasing, technical support, and warehouse operations, enable the Company to provide its customers with superior service in an efficient and low cost manner.

The Company's earliest predecessor began business in 1979 as a California corporation named Micro D, Inc. This company and its parent, Ingram Micro Holdings Inc. ("Holdings"), grew through a series of acquisitions, mergers, and internal growth to encompass the Company's current operations. Ingram Micro Inc. was incorporated in Delaware on April 29, 1996, in order to effect the reincorporation of the Company in Delaware. Holdings and the successor to Micro D, Inc. were merged into Ingram Micro Inc. in October 1996.

The Company completed an initial public offering and was split-off, in a tax-free reorganization, from its former parent, Ingram Industries Inc. ("Ingram Industries"), in November 1996.

THE INDUSTRY

The worldwide information technology products and services distribution industry generally consists of suppliers and manufacturers ("suppliers"), which sell directly to distributors, resellers, and end-users; distributors, which sell to resellers; and resellers, which sell to other resellers and directly to end-users. A variety of reseller categories exists, including corporate resellers, value-added resellers or "VARs," systems integrators, original equipment manufacturers, direct marketers, independent dealers, owner-operated chains, franchise chains, computer retailers, and Internet-based resellers. Many of these companies are heavily dependent on distribution partners with the necessary

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systems and infrastructure in place to provide fulfillment and other services. Different types of resellers are defined and distinguished by the end-user market they serve, such as large corporate accounts, small- and medium-sized businesses, or home users, and by the level of value they add to the basic products they sell. Distributors generally sell only to resellers and purchase a wide range of products in bulk directly from manufacturers. Characteristics of the local reseller environment, as well as other factors specific to a particular country or region, have shaped the evolution of distribution models in different countries.

The technology distribution industry is growing, but undergoing significant consolidation. Suppliers are seeking to outsource an increasing portion of certain functions such as distribution, service, and technical support to the distribution channel to minimize costs and focus on their core capabilities in manufacturing, product development, and marketing. A significant number of resellers are depending on distributors for more of their product, marketing, and technical support needs. This is due to growing product complexity, an increasing number of information technology products, shorter product life cycles, a greater focus on the highly fragmented small- and medium-sized business market, and the desire for resellers to integrate systems consisting of components from multiple vendors. In addition, resellers are relying, to an increasing extent, on distributors for inventory management and credit to avoid stocking large inventories and to reduce credit lines necessary to finance their working capital needs.

Several factors have led to significant consolidation among information technology distributors. Tightened terms and conditions from manufacturers, reductions in the number of authorized distributors, a high level of price competition in 1999 and early 2000, and changing business models (e.g., direct selling to a fragmented market via the Internet) have driven weaker competitors from the market. Recently, four significant players within the information technology distribution industry (MicroAge, CHS Electronics, Inacom, and Merisel) have substantially exited or have consolidated with other players within the distribution market.

Markets outside the United States, which represent over half of the information technology industry's sales, are characterized by a more fragmented distribution channel. Increasingly, suppliers and resellers pursuing global growth are seeking distributors with international sales and support capabilities.

A number of emerging industry trends provides new opportunities and challenges for distributors of information technology products and services. For example, the continued growth of the Internet provides distributors with an additional means to serve both suppliers and reseller customers by becoming providers of information technology fulfillment services for Internet-based resellers. Furthermore, the growing presence and importance of such electronic commerce capabilities also provides distributors with new business opportunities as new categories of products, customers, and suppliers emerge. Data storage products, for example, enjoyed increasing demand with the growing use of the Internet, data warehousing, and e-mail, and the resulting need for faster dependable data access and richer content.

Another example involves a transformation in the traditional roles played by technology distributors. Certain reseller customers are signing outsourcing agreements with large distributors whereby the distributor will provide substantially all of the reseller customers' product fulfillment needs. Such resellers include traditional corporate resellers, integrators, traditional retailers, and Internet-based resellers. Rather than basing their product purchasing decisions on the best price, these customers are focused on lowering their overall cost of doing business by establishing a valued partnership which will provide prompt, dependable and accurate delivery of products and services. The Company believes that only large distributors with backroom sophistication and leading logistics capabilities are able to take advantage of this trend.

A current industry trend is manufacturer-direct sales initiatives, developed in an effort to duplicate the success of the direct sales business model. For example, Compaq purchased Inacom's distribution business during 2000 (renamed Custom Edge), in an effort to enhance its direct strategy. Although the manufacturer-direct model may remove distributors from their traditional role, the Company believes that this direct sales model presents new partnership opportunities, such as providing logistics and fulfillment services and third-party products to suppliers and reseller customers. Furthermore, according to a June 2000 report issued by Chase H&Q, while roughly 40% of PCs are distributed directly, manufacturers in other product categories (e.g., servers and networking) appear to be increasingly embracing the distribution channel to bring their products to market.

The Company further believes that the dynamics of the information technology products and services distribution business favor the largest distributors, which have access to financing and are able to achieve economies

of scale, breadth of geographic coverage, and have the strongest vendor relationships. Consequently, the distributors with these characteristics tend to take share from smaller distributors as the industry undergoes a process of consolidation. However, smaller, high value-added niche distributors may continue to compete successfully in the consolidated market. The Company also believes that distributors need to implement high volume/low cost operations on a worldwide basis as ongoing price competition grows and the demand for value-added services and utilization of electronic commerce, as well as the globalization of the information technology products and services industry, increases. In summary, the information technology products and services distribution industry is growing while simultaneously consolidating, creating an industry environment in which market share leadership and cost efficiency are of paramount importance.

BUSINESS STRATEGY

The Company's strategic decisions and activities are guided by the following Vision and Mission statements:

Our Vision. We will always exceed expectations . . . with every partner, every day.

Our Mission. To maximize shareowner value by being the best provider of technology products and services for the world.

In addition, the Company's values encourage teamwork, respect, accountability, integrity, and innovation.

The Company believes that it is the leading worldwide distributor of information technology products and services and that it has developed the capabilities and scale of operations critical for long-term success in the information technology products and services distribution industry.

The Company's strategy of offering a broad line of products and services provides customers with one-stop shopping. The Company generally is able to purchase products in large quantities and to avail itself of special purchase opportunities from a broad range of suppliers. This allows the Company to take advantage of various discounts from its suppliers, which in turn enables the Company to provide competitive pricing to its customers. The Company's global market presence provides suppliers with access to a broad base of geographically dispersed resellers, serviced by the Company's extensive network of systems, distribution centers and support offices. Also, the Company benefits from being able to make large investments in information systems, warehousing systems, and infrastructure. Further, the Company is able to leverage the costs of these investments across its worldwide operations.

The Company is pursuing a number of strategies to further enhance its leadership position within the information technology products and services marketplace, including the following:

Expand Worldwide Market And Product Coverage. Ingram Micro is committed to expanding its already extensive worldwide market coverage through internal growth in markets in which it currently participates. In addition, the Company intends to pursue acquisitions, joint ventures, and strategic relationships which provide additional value through growth opportunities and leveraging of its strong systems, infrastructure, and global management skills.

By providing greater worldwide market coverage, Ingram Micro increases the scale of its business and its opportunity to achieve greater cost economies. In addition, as it increases its global reach, the Company can better diversify its business across different markets, reducing its exposure to individual market downturns. In 2000, the Company continued expansion of its global presence. For example, the Company increased its reach in Europe by establishing operating subsidiaries in Poland. Additionally, the Company expanded other existing operations through small acquisitions of distribution product lines.

The Company has grown its operations outside the United States principally through acquisitions, and currently has subsidiaries or offices in 29 countries and sales representatives in another seven countries, including Australia, China, India, Indonesia, Malaysia, New Zealand, Singapore, Thailand, Canada, Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom, Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru,

Puerto Rico, and Venezuela. The Company believes that it is the market share leader in the United States, Canada, Mexico, Brazil, Chile, Germany, and a number of other countries in Europe and Asia.

The Company continues to pursue initiatives to expand its global product and service offerings such as high-end storage, computer telephony integration ("CTI"), networking products, and application service provider ("ASP") offerings. Ingram Micro's High-End Storage Group provides a dedicated and focused approach to the growing storage area networks and network attached storage markets. The Company continues its expansion of its CTI offering with solutions and products made possible by the convergence of voice and data applications through its Converging Technologies Group. Examples of such products include PC-based phone systems, unified messaging applications, and a variety of Internet telephony and voice-over Internet protocol products. Expansion areas for networking include Internet appliances, wide area networking, and wireless networking solutions. Ingram Micro is also moving forward with developing the first two-tiered ASP offering that will enable technology solution providers to become ASPs and provide ASP vendors with an effective market strategy to reach the information technology channel.

In Europe, the Company has formed two specialized strategic business units that focus on specific market and customer segments: Ingram Micro Europe Components and Private Label division, and Ingram Micro Networking Services™ division. Both divisions have a pan-European scope and service reseller customers throughout Europe in all the countries where the Company has a presence. The Components and Private Label division offers a one-stop shopping opportunity to small- and medium-sized resellers, PC assemblers and original equipment manufacturers ("OEMs"). This division markets a wide range of

components that resellers need to assemble PC systems. The networking services division is another strategic customer focused business unit and specializes in high-end networking and communication products, in addition to services such as product consulting, project management and design, sales support and training, installation, technical support and on-site customer support.

Lead In Streamlining The Demand Chain. The information technology products and services distribution industry is changing at a rapid pace. The chain of relationships that spans across component suppliers, manufacturers, distributors, resellers and end-users is transforming from a manufacturer-push business model to one that is governed by end-user demand. The Company's commitment to streamlining the demand chain is evident in its investment in infrastructure and programs that enable the most efficient flow of products, services, and information up and down the demand chain. Areas of service that support its business partners include end-to-end order fulfillment, product procurement, contract manufacturing and warehouse services, logistics and transportation management, marketing services, customer care, credit management services and other outsourcing services.

Equally important to streamlining the demand chain is better information management through the development of industry-wide performance metrics and standards that enable close collaboration among demand chain partners. Ingram Micro has spearheaded this effort through its role in the formation and continuous support of RosettaNet™, an independent, self-funded, non-profit organization dedicated to promoting an industry-wide initiative to adopt common electronic business interfaces worldwide. The Company is working on several initiatives to encourage and increase industry adoption of RosettaNet's standard transactions for electronic business.

Exploit Information Systems Leadership And Enhance Electronic Commerce Capabilities. Ingram Micro continually invests in its information systems, which are crucial in supporting the Company's growth and its ability to maintain high service and performance levels. The Company has a scalable, full-featured information system, IMpulse, which it believes to be critical to its ability to deliver worldwide, real-time information to both suppliers and reseller customers. IMpulse is an industry-leading information system and is used across substantially all of the Company's markets worldwide, customized to suit local market requirements. The Company believes that it is the only full-line distributor of information technology products and services in the world with such a centralized global system to support future growth and new business ventures.

The Company's information systems provide the infrastructure that allows the implementation of a demand chain, customer-centric channel model. It provides the information necessary for Ingram Micro to act as the agent of commerce among suppliers, resellers, and end-users. In 2000, the Company made additional enhancements to its web site,*www.ingrammicro.com*, to support this prominent business-to-business tool for the technology solutions industry. The web site serves as a business center for resellers, providing them access to a myriad of information, including vendor solutions and technical information. Special features currently available in the U.S. and Canada

include real-time pricing and availability, on-line ordering, order status, and an extensive product catalog. As of December 30, 2000, Ingram Micro had fully functional websites deployed to 29 countries. The Company's seamless, easy-to-use, electronic commerce offering provides resellers the ability to more easily do business with Ingram Micro and end-users at a lower cost. The Company's electronic commerce capabilities include: robust Electronic Data Interchange (EDI) capabilities, and InsideLine™, a direct communication link that furnishes resellers with real-time access to the Company's mainframe inventory systems. InsideLine is the commerce and information engine behind successful electronic commerce sites offered by many of the Company's customers, and is offered by the Company on a global basis. The Company is also exchanging early-stage RosettaNet-standard XML transactions with a limited number of partners within the supply chain, and expects to expand these transactions in 2001.

In 2001, Ingram Micro's e-commerce capabilities in the U.S. are expected to continue to support the Company's individual programs for specialized resellers. These include VentureTech Network™ ("VTN"), which specializes in solutions for small- to medium-sized businesses, and Partnership America™, which is focused on the government and education market. The VTN site, *www.venturetechnetwork.com*, enables communication between solutions integrators and small to medium-sized business customers. The site will provide information and facilitate communication with customers through tools such as electronic storefronts and reseller community. The electronic storefront tools allow end-users to buy product through placing an order on-line through their reseller's website, which, once sent transparently to Ingram Micro, is fulfilled on behalf of the reseller or solutions integrator. The Partnership America site, *www.partnershipamerica.com*, brings independent buyers in the public sector together with independent resellers of technology. Partnershipamerica.com also contains price comparison tools, decision-making content, product reviews, news, events, on-line presentations, and interactive communication tools for the entire demand chain. These e-commerce solutions are discussed further under the section entitled "Information Systems and Related Tools."

The success of the Company's on-line capability is evidenced by the November 2000 Inter@ctive Week magazine ranking of on-line businesses which placed Ingram Micro No. 8 overall.

Provide Superior Execution For Reseller Customers. Consistent with its overall emphasis on "winning customers for life," Ingram Micro continually refines and integrates its systems and business processes to provide superior execution and service to resellers. The Company's electronic commerce tools enable resellers to do business with their end-user customers quickly, easily, and at a lower cost. To ensure efficient product delivery, the Company continues to expand and upgrade its distribution network. For example, in 2000 the Company completed the construction of new distribution centers in Tilburg, The Netherlands (290,000 square feet), Daventry, United Kingdom (270,000 square feet), and Copenhagen, Denmark (130,000 square feet). In 2001, the Company plans to complete the construction of new distribution centers in Mira Loma, California (800,000 square feet), Milan, Italy (190,000 square feet), Barcelona, Spain (160,000 square feet), and Mexico City, Mexico (130,000 square feet). In addition, the Company will expand distribution centers in Lomme, France (100,000 square feet) and Vapaalantie, Finland (20,000 square feet) and replace its current distribution center in Vancouver, British Columbia (160,000 square feet).

In 2001, the Company will continue the implementation of the next generation of operations and logistics systems, built around a client-server warehouse management system, allowing its North American distribution centers to increase operating capacity from 20 hours a day to 24 hours a day. In the area of process improvement, the Company works continuously to advance its formal systems for evaluating and tracking key performance metrics such as responsiveness to customers, processing accuracy, and order fill rate. Ingram Micro uses these metrics as well as customer satisfaction surveys to measure improvements on all key elements believed to be important to the customer. This information, when used in conjunction with Ingram Micro's core values, allows the Company's associates to provide a high level of customer satisfaction. The Company's commitment to superior service has been widely recognized throughout the industry. For example, Ingram Micro ranked No. 1 in performance in more product categories than any other distributor in 2000 according to *Computer Reseller News'* 16th annual Preferred Distributor Study. In February 2001, the Company's U.S. logistics services division, IM-Logistics, was honored by *Modern Materials Handling Magazine* with its 11th annual Productivity Award for excellence in distribution backroom services.

Ingram Micro strives to maximize order fill rates by maintaining optimum quantities of product in 48

distribution centers worldwide. The Company's advanced control systems and processes enable Ingram Micro to provide same-day shipping for any order in the United States received by 5:00 p.m., with highly accurate shipping performance. Another indication of the quality of Ingram Micro's processes is the ISO 9002 certification of all U.S. business units including customer service, returns, consolidation, operations, configuration, distribution center, sales and purchasing. Outside the U.S, Ingram Micro is also ISO 9002 certified in various business units in the following countries: Canada, Mexico, United Kingdom, Belgium, Denmark, France, Italy, Norway, Spain, Sweden, and India.

Deliver World-Class Outsourcing And Value-Added Programs To Suppliers And Resellers. As a global service-focused organization, Ingram Micro strives to compete on the basis of total value rather than solely on price. By understanding and anticipating customer needs, the Company continually develops innovative business solutions to provide full back-room outsourcing services to suppliers and resellers. These value-added services include end-to-end order fulfillment, product procurement, contract manufacturing and warehouse services, logistics and transportation management, marketing services, customer care, credit management services and other outsourcing services. These services are intended to link reseller customers and suppliers to Ingram Micro as a one-stop provider of information technology products and related services, while meeting demand by suppliers and resellers to outsource their non-core business activities and thereby lower their operating costs.

Maintain Low Cost Leadership Through Continuous Improvements In Systems And Processes. Intense competition and narrow margins characterize the information technology products and services distribution industry. As a result, achieving economies of scale and controlling operating expenses are critical to achieving and maintaining profitable growth. Over the past five years, the Company has been successful in reducing SG&A expenses as a percentage of net sales, to 3.9% in 2000 from 4.7% in 1996.

Work is in progress on a number of programs designed to continue reducing operating expenses as a percentage of net sales. Many U.S.-developed programs are slated for implementation in the Company's international operations, while other programs are region-specific. Productivity improvement initiatives include: (i) system enhancements to automatically route orders to the most cost-efficient warehouse based on customer needs and warehouse capacity; (ii) increased utilization of most of the Company's existing warehouse locations resulting from the expansion of operating hours from 20 to 24 hours per day; (iii) automated proof-of-delivery notifications to improve collection on past due invoices; (iv) enhancements that allow a close integration of major systems-such as logistics and material handling platforms-resulting in increased efficiencies, product traceability, and service offerings; and (v) the expansion of the Company's electronic commerce tools, including deployment of Internet ordering capabilities in 29 countries to date, to increase the number of orders placed without the assistance of a telesales representative. See "—Information Systems" for additional details.

The Company will, on an ongoing basis, examine its business processes and systems to determine how it can continue to improve, while simultaneously lowering costs.

Develop Human Resources For Excellence And To Support Future Growth. Ingram Micro's growth to date is a result of the talent, dedication, and teamwork of its associates. Future growth and success will be substantially dependent upon the retention and development of existing associates, as well as the recruitment of additional associates with superior talent.

Transferring functional skills and implementing cross-training programs across all Ingram Micro locations have proven to be important factors in the Company's growth and global expansion. A rigorous and systematic process is being implemented for defining, developing and delivering the highest quality training solutions in the most cost-effective way. In conjunction with these training programs, the Company is expanding its human resources systems worldwide to provide enhanced applicant tracking, hiring screens, career and succession planning, education assistance, stock ownership participation, and benefits administration. Also, the Company continues to seek top quality associates worldwide through local, professional, and college recruiting programs. Recognizing that hiring and retaining associates hinges, in part, on providing a competitive salary and benefits package, the Company has developed a global salary structure based on a comprehensive review of competitive salaries and benefits by region. Based on feedback from the Company's annual associate surveys and leadership behavior questionnaires, Ingram Micro strives to continuously modify many aspects of its programs and processes.

CUSTOMERS

Ingram Micro continues to be well positioned in providing world class fulfillment and value-added services to corporate resellers, direct marketers, retailers, and Internet-based resellers. Ingram Micro's sales organization has resources dedicated to the recruitment, development, and sales support of these marketplaces. The Company's goal is to seamlessly manage the flow of goods and services from its vendor partners through the reseller to the end-user, providing specific solutions to a diverse customer base. Ingram Micro sells to more than 175,000 reseller customers in more than 100 countries worldwide. No single customer accounted for more than 4% of Ingram Micro's net sales in 2000, 1999, or 1998.

The Company conducts business with most of the leading resellers of information technology products and services around the world including, in the United States, Best Buy, Buy.com, CompuCom, CDW Computer Centers, CompUSA, Comark, Dell Computer, GE Capital, Insight, Micro Warehouse, Office Max, PC Connection, SARCOM, Staples and Unisys. The Company's reseller customers outside the United States include Business Depot, Compugen, DSG Retail Limited, EDS Innovations, Future Shop, GE Capital, Main Bit, Media Market, Micro Warehouse, Nueva Wal Mart and Telenor. In most cases, the Company has resale contracts with its reseller customers which are generally terminable at will after a short notice period, and have no minimum purchase requirements. The Company's business is not substantially dependent on any such contracts.

The Company also has specific agreements in place with certain manufacturers and resellers to provide supply chain management services such as order management, logistics management, configuration management and procurement management services. Customers include ABM, Buy.com, CompUSA, GE Capital, Intertec-Mobile Direct, Microsoft, SARCOM, and Unisys in North America and GE Capital, IMS Data AB and Telenor in Europe. These agreements generally have longer terms than the Company's resale agreements, but, in most cases, can be terminated on relatively short notice by either party without cause. The Company's service offerings to its customers are discussed further under the section entitled "Services."

SALES AND MARKETING

As of the end of fiscal 2000, Ingram Micro employed approximately 4,000 sales representatives worldwide. Of these, approximately 1,200 representatives are located in the United States, 1,500 in Europe, and 1,300 in other regions. These individuals assist resellers with product specifications, system configuration, new product/service introductions, pricing, and availability.

The sales organization is structured to focus on resellers in the following market sectors:

- Value-added resellers

- Corporate resellers

- Direct and Consumer Marketers

The Company's product management and marketing groups also promote Ingram Micro's sales growth and facilitate customer contact. For example, Ingram Micro's marketing programs are tailored to meet specific supplier and reseller customer needs. These needs are met through a wide offering of services by the Company's in-house marketing organization, including advertising, direct mail campaigns, market research, on-line marketing, retail programs, sales promotions, training, and assistance with trade shows and other events.

Selling Arrangements. The Company offers various credit terms to qualifying customers as well as prepay, credit card, and cash on delivery terms. The Company also offers "end-user" financing based upon the end-user's credit worthiness and collects outstanding accounts receivable on behalf of the reseller in certain markets. The Company closely monitors reseller customers' credit worthiness through its IMpulse information system, which contains detailed information on each customer's payment history as well as other relevant information. In addition, the Company participates in a U.S. credit association whose members exchange customer credit rating information. In most markets, the Company utilizes various levels of credit insurance to allow sales expansion and control credit risks; for example, in Europe, a substantial portion of the Company's sales are covered by credit insurance. The Company establishes reserves for estimated credit losses in the normal course of business. If the Company's receivables were to experience a substantial deterioration in their collectibility or if the Company cannot obtain

credit insurance at reasonable rates, the Company's financial condition and results of operations may be adversely impacted.

The Company also sells to certain customers where the transactions are financed by a third-party floor plan financing company. These transactions generally involve higher sales on limited lines of product. The fees charged by these financing companies will either be subsidized by the Company's suppliers, paid by the Company or billed to the Company's reseller. The Company receives payment from these financing institutions within three to thirty days from the date of sale, depending on the specific arrangement.

PRODUCTS AND SUPPLIERS

Ingram Micro believes that it has the largest inventory of products in the industry, based on a review of its major competitors' publicly available data. The Company distributes and markets more than 280,000 products (as measured by distinct part numbers assigned by manufacturers and other suppliers) from the industry's premier computer hardware manufacturers, networking equipment suppliers, and software publishers worldwide. Product assortments vary by market, and the manufacturers' relative contribution to Ingram Micro's sales also varies from country to country. On a worldwide basis, the Company's sales mix is more heavily weighted toward hardware products than software products. Net sales of software products have decreased as a percentage of total net sales in recent years due to a number of factors, including bundling by suppliers of software with microcomputers, increased prevalence of software licensing as compared to sales of individual software titles and declines in software prices. The Company believes that this is a trend that applies to the information technology products distribution industry as a whole, and the Company expects it to continue.

Ingram Micro's worldwide suppliers include leading computer hardware manufacturers, networking equipment manufacturers, and software publishers such as 3Com, Adobe, Apple Computer, APC, Cisco Systems, Compaq Computer, Computer Associates, Epson, Hewlett-Packard, IBM, Intel, InFocus, Iomega, Microsoft, NEC/Mitsubishi Electronics, Novell, Palm Inc., Quantum/Maxtor, Seagate, Sony, Sun Microsystems, Symantec, Tektronix, Toshiba, Veritas, Viewsonic, Western Digital and Xerox.

The Company's suppliers generally warrant the products distributed by the Company and allow returns of defective products, including those that have been returned to the Company by its customers. The Company does not independently warrant the products it distributes; however, the Company does warrant the following: (1) its services with regard to products that it configures for its customers, and (2) products that it builds to order from components purchased from other sources. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. Warranty expense was not material to the Company's Consolidated Statement of Income.

The Company has written distribution agreements with many of its suppliers; however, these agreements usually provide for nonexclusive distribution rights and often include territorial restrictions that limit the countries in which Ingram Micro is permitted to distribute the products. The agreements are also generally short term, subject to periodic renewal, and often contain provisions permitting termination by either party without cause upon relatively short notice. A supplier who elects to terminate a distribution agreement generally will repurchase its products carried in the distributor's inventory. The Company does not believe that its business is substantially dependent on the terms of any such agreements.

The Company's business, like that of other distributors, is subject to the risk that the value of its inventory will be affected adversely by suppliers' price reductions or by technological changes affecting the usefulness or desirability of the products comprising the inventory. It is the policy of most technology product suppliers to protect distributors, such as the Company, from the loss in value of inventory due to technological change or the supplier's price reductions. Under many such agreements, the distributor is restricted to a designated period of time in which products may be returned for credit or exchange for other products or during which price protection credits may be claimed. The Company takes various actions, including monitoring its inventory levels and controlling the timing of purchases, to maximize its protection under vendor programs and reduce its inventory risk. However, no assurance can be given that current protective terms and conditions will continue or that they will adequately protect the Company against declines in inventory value, or that they will not be revised in such a manner as to adversely impact the Company's ability to obtain price protection.

SERVICES

Ingram Micro offers a variety of supply chain management services to manufacturers, Internet-based resellers, brick-and-mortar resellers selling on-line and large resellers. The Company strives to provide value-added services to its customers through its offering of end-to-end order fulfillment, product procurement, contract manufacturing and warehouse services, logistics and transportation management, marketing services, customer care, credit management services and other outsourcing services.

To complement the Company's core competencies, increase customer satisfaction, and expand these outsourcing opportunities by providing "Best of Brand" solutions, Ingram Micro has entered into various strategic alliances in areas such as e-commerce, telemarketing, transportation, and marketing services. Some of Ingram Micro's supply chain management customers include ABM Systems, Buy.com, CompUSA, GE Capital, Intertec-Mobile Direct, Microsoft, SARCOM, and Unisys in North America and GE Capital, IMS Data AB, and Telenor in Europe. Comparable services are provided by similar business units in other markets in which the Company operates. By providing these services, Ingram Micro benefits its customers by reducing their fixed investments while at the same time

allowing them to access the Company's latest technology and logistics services. The Company's agreements with these customers are generally for a number of years, although either party usually may terminate the agreement after a relatively short notice period.

Additionally, Ingram Micro offers channel assembly (bringing together individual OEM components into a manufacturer-authorized computer) and reconfiguration services (opening brand named finished product and upgrading it with features such as memory, components, accessories, and third-party software) within several regions in which the Company operates. Reconfiguration services are provided in the U.S. at two dedicated configuration facilities. In Europe, system assembly work is performed at the Company's highly automated manufacturing facility in The Netherlands.

INFORMATION SYSTEMS AND RELATED TOOLS

Ingram Micro's systems are primarily mainframe based and provide the high level of scalability and performance required to manage such a large and complex business operation. IMpulse, Ingram Micro's enterprise wide system, is a single, standardized, real-time information system and operating environment, used across substantially all of the Company's worldwide operations. It has been customized as necessary for use in all countries in which the Company operates and has the capability to handle multiple languages and currencies. On a daily basis, the Company's systems typically handle 50 million on-line transactions, compared to 12 million on-line transactions handled on a daily basis by IMpulse in 1996. The Company has designed IMpulse as a scalable system that has the capability to support increased transaction volume. IMpulse supports over 45,000 mainframe connections (terminals, printers, PCs, and radio frequency hand held terminals) worldwide with an internal response time of less than one second.

Worldwide, Ingram Micro's centralized processing system supports more than 40 operational functions including customer management, inventory management, order management, warehouse management, and accounting. At the core of the IMpulse system is on-line, real-time distribution software to which considerable enhancements and modifications have been made to support the Company's low cost business model and its growth. The Company makes extensive use of advanced telecommunications technologies with customer service enhancing features, such as Automatic Call Distribution to route customer calls to the telesales representatives. The Telesales Department uses its Sales Wizard system for on-line, real-time tracking of all customer calls, for proactive outbound calling, and for status reports on sales statistics such as number of customer calls, customer call intentions, and total sales generated. IMpulse allows the Company's telesales representatives to deliver real-time information on product pricing, inventory availability, and order status to reseller customers. The pricing functionality with IMpulse enables telesales representatives to make informed pricing decisions through access to specific product and order and fulfillment related costs for each sales opportunity. The Company has also invested in developing segmentation accounting tools which enable various levels of sales and product management to analyze and report sales activity with increased visibility into Ingram Micro's customer, vendor, and product mix to establish pricing guidelines.

In the United States, the Company uses CTI technology, which provides the telesales representatives with Automatic Number Identification capability and advanced telecommunications features such as on-screen call waiting and automatic call return, thereby reducing the time required to process customer orders.

In order for Ingram Micro to act as the agent of commerce among suppliers, resellers, and end-users, the Company continued to improve its web site, *www.ingrammicro.com*, during 2000. The web site communicates with IMpulse through the use of InsideLine, a direct communication link that furnishes resellers with real-time access to the Company's mainframe inventory systems, and creates a strong base from which to roll out additional customer focused solutions. The Company is rapidly enhancing and deploying other seamless, easy-to-use electronic commerce solutions that provide resellers with the ability to do business with Ingram Micro and with end-users at lower cost. This includes VentureTech Network, which specializes in solutions for small- to medium-sized businesses, and Partnership America, which is focused on the government and education market. The VTN site,*www.venturetechnetwork.com*, enables communication between solutions integrators and small- to medium-sized business customers. The site, developed and maintained by Ingram Micro, provides information and facilitates communication with customers through tools such as electronic storefronts. The electronic storefront tools allow end-users to buy product through placing an order on-line, which, once sent transparently to Ingram Micro, is fulfilled on behalf of the reseller or solutions integrator. The Partnership America site,*www.partnershipamerica.com*, brings independent buyers in the public sector together with independent resellers of technology. Partnershipamerica.com also contains price comparison tools, decision-making content, product reviews, news, events, on-line presentations, and interactive communication tools for the government/education demand chain.

To complement Ingram Micro's telesales, customer service, and technical support capabilities, IMpulse offers a number of different electronic products and services through which customers can conduct business with the Company. These products and services include the Customer Automated Purchasing System, Electronic Data Interchange, the Bulletin Board Service, Internet-based Electronic Catalog, TechNotes, and Auction Block. The Electronic Catalog provides reseller customers with access to product pricing and availability, with the capability to search by product category, name, or manufacturer. TechNotes is a comprehensive multi-manufacturer database which customers can deploy on their own web sites that contains timely and accurate product, sales, and technical information. TechNotes information is updated regularly by the Company's manufacturer partners. Auction Block is a real-time, on-line bidding service that allows reseller customers to competitively bid on unopened products that are not returnable to suppliers (e.g., discontinued products, products with cosmetic damage to their packaging, returned products not conforming to the supplier's return policies).

The Company's warehouse operations use extensive bar-coding technology and radio frequency technology for receiving and shipping, and real-time links to United Parcel Service and Federal Express for freight processing and shipment tracking. The customer service department uses the POWER System for on-line documentation and faster processing of customer product returns. To ensure that adequate inventory levels are maintained, the Company's buyers depend on the purchasing system to track inventory on a continual basis. Many other features of IMpulse help to expedite the order processing cycle and reduce operating costs for the Company as well as its reseller customers and suppliers.

The Company employs various security measures and backup systems designed to protect against unauthorized use or failure of its information systems. Access to the Company's information systems is controlled through the use of passwords and additional security measures are taken with respect to sensitive information. The Company has a contract with IBM Business Continuity & Recovery Services for disaster recovery. In addition, the Company has backup power sources for emergency power. The Company has not experienced any material failures or downtime of IMpulse or any of its other information systems, but any such failure or material downtime could prevent it from taking customer orders, printing product pick-lists and/or shipping product, and could also prevent the Company's customers from accessing price and product availability information.

The Company believes that in order to remain competitive, it will be necessary to continuously upgrade its information systems. The Company's mainframe computer systems were upgraded during 2000 to allow for continued growth and to allow further and faster integration of new web-based technology with the legacy systems. The Company is currently exploring options to enhance the openness and flexibility of its systems, and to structure business logic so that it is modular and re-usable. The Company believes that this new information system

architecture will also address the Company's need for a distributed computing environment. Doing so will provide for improved and simpler connectivity to vendors and customers 24 hours a day/7 days a week and will increase system scalability and fault tolerance.

NON-U.S. OPERATIONS AND EXPORT SALES

Operations Outside the United States. The Company has subsidiaries or offices outside the U.S. in 29 countries and sales representatives in another seven countries, including Australia, China, India, Indonesia, Malaysia, New Zealand, Singapore, Thailand, Canada, Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom, Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, and Venezuela. In 2000, 1999, and 1998, 40%, 40%, and 35%, respectively, of the Company's net sales were derived from operations outside of the United States. The Company expects its net sales from operations outside the United States to increase as a percentage of total net sales in the future due primarily to organic growth and, to a lesser extent, acquisitions.

The Company's financial transactions from operations outside the United States are primarily denominated in currencies other than the U.S. dollar. Accordingly, the Company's operations outside the United States impose risks upon its business as a result of exchange rate fluctuations. Additionally, the Company's financial transactions from operations outside the United States expose the business to financial risks from interest rate fluctuations in foreign markets. The Company mitigates most of this risk primarily through matching the currencies of its non-U.S. costs and revenues, borrowing in foreign currencies, and utilizing derivative financial instruments such as forward exchange contracts and interest rate swaps. See "Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. – Quantitative and Qualitative Disclosures About Market Risk."

Export Markets. The Company continues to serve markets where it does not have a stand-alone, in-country presence through its general telesales operations in Santa Ana, California and Buffalo, New York and in Export offices in Miami, Florida and The Netherlands. In addition, the Export office in Miami, Florida also has field sales representatives based in the following Latin American locations: Colombia, Costa Rica, Venezuela, Ecuador, Puerto Rico, and Brazil.

COMPETITION

The Company operates in a highly competitive environment, both in the United States and internationally. The information technology products and services distribution industry is characterized by intense competition, based primarily on price, product availability, speed and accuracy of delivery, effectiveness of sales and marketing programs, credit availability, ability to tailor specific solutions to customer needs, quality and breadth of product lines and service, and availability of technical and product information. The Company believes it competes favorably with respect to each of these factors.

Ingram Micro competes in the U.S. against full-line distributors such as Tech Data and Synnex Information Technologies, as well as specialty distributors such as Gates/Arrow (desktop and enterprise products), Daisytek (consumables), GE Access (enterprise products) and Avnet (industrial and enterprise products). The U.S. competitive landscape has undergone a tremendous transformation over the past year. Bankruptcies were filed by two competitors: MicroAge and Inacom. Merisel sold its Merisel Open Computing Alliance business (Sun Microsystems products) to Arrow Electronics in 2000, and recently announced its intention to focus solely on software licensing in the U.S.

Ingram Micro competes internationally with a variety of national and regional distributors. In the European market, competitors include international distributors such as Tech Data, Actebis/Peacock, and IT Europa. Other European regional and local competitors include Scribona (Nordic Region), Northamber (UK), OpenGate (Italy), and Quadram (Netherlands). In Canada, Ingram Micro competes with Merisel, Tech Data, Hartco, and Supercom, as well as a number of smaller distributors. In Latin America, Ingram Micro competes with international distributors such as Tech Data, and several regional and local distributors including MPS, Bell Micro, Officer, Deltron, Unisel, and the divested Latin American operations of CHS Electronics. In the Asia Pacific market, Ingram Micro faces both regional and local competitors, of whom the largest are Tech Pacific, a broadline distributor, and SiS

Distribution Ltd., a Hong Kong-based distributor of microcomputer products. Ingram Micro also faces local competition from Legend, Arrow, and PCI in China; Redington in India; and Express Data in Australia.

The Company believes that as manufacturer and reseller customers move their back-room operations to distribution partners, outsourcing and value-added capabilities will become more important competitive factors. Examples of value-added capabilities include configuration, innovative financing programs, and order fulfillment programs. Many of the Company's manufacturers and reseller customers are looking to outsourcing partners to perform back-room operations. To better meet these expanding opportunities, Ingram Micro created IM-Logistics, a U.S. division which offers fee-based end-to-end logistics services to manufacturers, Internet-based resellers and brick-and-mortar retailers selling on-line. There has been an accelerated movement among transportation and logistics companies to provide many of these fulfillment and e-commerce supply chain services. Within this arena, the Company faces competition from major transportation and logistics suppliers such as United Parcel Service, Federal Express, and express logistics companies such as PFSWeb, SubmitOrder.com, and SameDay.com.

The Company is constantly seeking to expand its business into areas closely related to its core information technology products and services distribution business. As the Company enters new business areas, including value-added services, it may encounter increased competition from current competitors and/or from new competitors, some of which may be current customers of the Company. As electronic purchases of software become more prevalent in the industry, electronic software distributors may become competitors of the Company. ASPs constitute a fairly new channel for vendors to remotely deliver software applications to end-users. To the extent that these companies choose to by-pass the distribution channel and attain significant revenue growth, they could potentially become competitors for the Company's software sales.

Ingram Micro also competes with hardware manufacturers and software publishers that sell directly to reseller customers and end-users. Electronic commerce companies could potentially compete with the Company by purchasing product directly from manufacturers and selling to reseller or end-user customers.

ASSET MANAGEMENT

The Company seeks to maintain sufficient quantities of product inventories to achieve optimum order fill rates. The Company believes that the risks associated with slow moving and obsolete inventory are partially mitigated by price protection and stock return privileges provided by suppliers. In the event of a supplier price reduction, the Company generally receives a credit for products based upon the terms and conditions with that supplier. In addition, the Company has the right to return a certain percentage of purchases, subject to certain limitations. The Company is exposed to inventory risk to the extent that vendor protections are not available on all products or quantities and are subject to time restrictions. In addition, vendors may become insolvent and unable to fulfill protection obligations to the Company. The Company manages this risk through continuous monitoring of existing inventory levels relative to customer demand. To the extent necessary, the Company has established and continues to accrue for excess and obsolete inventory reserves based upon current requirements.

Historically, price protection, stock return privileges, and inventory management procedures have helped to reduce the risk of decline in the value of inventory. However, major PC suppliers have stated that it is their intention to control the amount of inventory in the channel, particularly in light of the growth of vendor direct and build-to-order strategies. Many suppliers have changed the terms and conditions of their price protection plans from "full coverage" to "past shipment coverage." This results in an exposure for the distribution partner. The shorter time periods during which distributors may receive credit for decreases in manufacturer prices on unsold inventory have made it more difficult for the Company to match its inventory levels with the price protection periods. Consequently, the Company's risk of loss has increased due to declines in value of inventory held by the Company after such price protection periods have passed.

Inventory levels may vary from period to period, due in part to the addition of new suppliers or new lines with current suppliers and large cash purchases of inventory due to advantageous terms offered by suppliers. In addition, payment terms with inventory suppliers may vary from time to time, and could result in less inventory being financed by vendors and a greater amount of inventory being financed by the Company's capital.

EMPLOYEES

As of December 30, 2000, the Company employed approximately 16,500 associates located in the following regions: United States – approximately 8,200, Europe – approximately 4,800, and all other regions – approximately 3,500. Ingram Micro's success depends on the skill and dedication of its associates. The Company strives to attract, develop, and retain outstanding personnel. Certain of the Company's operations in Europe are subject to collective bargaining or similar arrangements. The Company has a process for continuously measuring the status of associate relations and responding to associate priorities.

EXECUTIVE OFFICERS AND/OR REGIONAL PRESIDENTS OF THE COMPANY

On March 6, 2000, the Company named Kent B. Foster chief executive officer and president. He was also elected to Ingram Micro's board of directors. In May 2000, Mr. Foster succeeded Jerre L. Stead as chairman of the board.

On January 4, 2001, the Company named Michael J. Grainger president and chief operating officer. Mr. Grainger will retain the responsibilities of chief financial officer until a replacement is named.

The following table sets forth certain information with respect to each person who is an executive officer and/or regional president of the Company as of March 1, 2001:

Name	***Age***	***Present And Prior Positions Held Within the Past Five Years(1)***	***Years Positions Held***
Kent B. Foster (2)	57	*Chairman of the Board*	05/00 to current
		Chief Executive Officer	03/00 to current
		President	03/00 to 01/01
		President, GTE, a telecommunications services company	06/95 to 12/99
Michael J. Grainger	48	*President and Chief Operating Officer*	01/01 to current
		Chief Financial Officer	5/96 to current
		Executive Vice President	10/96 to 01/01
		Vice President and Controller, Ingram Industries	07/90 to 10/96
Guy P. Abramo	39	*Executive Vice President and Chief Strategy and Information Officer*	09/00 to current
		Senior Vice President and Chief Information Officer	01/00 to 09/00
		Senior Vice President and Acting Chief Information Officer	11/99 to 01/00
		Senior Vice President, Marketing	09/98 to 11/99
		Partner, Yankelovich Partners, a marketing professional services company	05/98 to 10/98
		Managing Director, Marketing Intelligence, Peat Marwick, LLP, an accounting and professional services company	02/95 to 05/98
Kevin M. Murai	37	*Executive Vice President and President, Ingram Micro U.S.*	03/00 to current
		Senior Vice President, Chief Operating Officer and Acting President, Ingram Micro U.S.	01/00 to 03/00
		Senior Vice President and President, Ingram Micro Canada	12/97 to 01/00
		Vice President, Operations, Ingram Micro Canada	01/93 to 12/97
Gregory M.E. Spierkel	44	*Executive Vice President and President, Ingram Micro Europe*	06/99 to current
		Senior Vice President and President, Ingram Micro Asia-Pacific	07/97 to 06/99

Name	***Age***	***Present And Prior Positions Held Within the Past Five Years(1)***	***Years Positions Held***
		Vice President, Global Sales & Marketing, Mitel Inc., a manufacturer of telecommunications and semiconductor products	03/96 to 06/97
		President, North America, Mitel Inc.	04/92 to 03/96
James E. Anderson, Jr.	53	*Senior Vice President, Secretary and General Counsel*	01/96 to current
		Vice President, Secretary and General Counsel, Ingram Industries	09/91 to 11/96
Asger Falstrup	51	*Senior Vice President and President, Ingram Micro Canada*	01/00 to current
		Vice President, Northern Europe	11/96 to 01/00
		Managing Director, Denmark	08/94 to 11/96
David M. Finley	60	*Senior Vice President, Human Resources*	07/96 to current

		Senior Vice President, Human Resources, Budget Rent a Car, a car rental company	05/95 to 07/96
Henri T. Koppen	58	*Senior Vice President and President, Ingram Micro Asia-Pacific*	03/00 to current
		Senior Vice President and President, Ingram Micro Latin America	01/98 to 03/00
		President, Latin America, General Electric Capital Information Technology Solutions, a systems integrator/reseller company	07/96 to 12/97
		Vice President, Latin America, Ameridata Global Inc., a systems integrator/reseller company	05/95 to 07/96
Jorge G. Reyes	40	*Acting President, Ingram Micro Latin America*	06/00 to current
		Vice President, Finance & Accounting, Ingram Micro Latin America	11/98 to current
		Senior Vice President and Chief Financial Officer, Latin America, Young and Rubicam, a professional finance service company	10/97 to 10/98
		General Manager, Black & Decker Venezuela, a home improvements products company	05/92 to 10/97
James F. Ricketts	54	*Corporate Vice President and Treasurer*	04/99 to current
		Vice President and Treasurer	09/96 to 04/99
		Treasurer, Sundstrand Corporation, a manufacturer of aerospace and related technology	02/92 to 09/96

(1) The first position and any other positions not given a separate corporate identification are with the Company.

(2) Mr. Foster is a director of Campbell Soup Co., J.C. Penney Co. Inc., and New York Life Insurance Co.

TRADEMARKS AND SERVICE MARKS

The Company owns or is the licensee of various trademarks and service marks, including, among others, “Ingram Micro,” “IMpulse,” the Ingram Micro logo, “Partnership America,” “Leading the Way in Worldwide Distribution,” “Affiniti,” “VentureTech Network,” and “eSolutions.” Certain of these marks are registered, or are in the process of being registered, in the United States and various other countries. Even though the Company’s marks may not be registered in every country where the Company conducts business, in many cases the Company has acquired rights in those marks because of its continued use of them. Management believes that the value of the

Company’s marks is increasing with the development of its business, but the business of the Company as a whole is not materially dependent on such marks.

SAFE HARBOR FOR FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 (the “Act”) provides a “safe harbor” for “forward-looking statements” to encourage companies to provide prospective information, so long as such information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statement. Except for historical information, certain statements contained in this Annual Report on Form 10-K may be “forward-looking statements” within the meaning of the Act. In order to take advantage of the “safe harbor” provisions of the Act, the Company identifies the following important factors which could affect the Company’s actual results and cause such results to differ materially from those projected, forecasted, estimated, budgeted or otherwise expressed by the Company in forward-looking statements made by or on behalf of the Company:

(1) Intense competition may lead to reduced prices, lower sales or reduced sales growth, and lower gross margins. This includes competition from alternative business models, such as direct manufacturer to end-user selling.

(2) The Company’s narrow margins magnify the impact on operating results of variations in operating costs. A number of factors may reduce the Company’s margins. For example, if PC manufacturers substantially reduce or terminate price protection programs and/or return rights, if PC manufacturers substantially raise the threshold on sales volume before distributors may qualify for discounts and/or rebates or reduce the overall amount of incentives available, if the Company’s receivables experience a substantial deterioration in their collectibility or if the Company cannot obtain credit insurance at reasonable rates, the Company’s financial condition and results of operations may be adversely impacted.

(3) The failure of the Company to adequately adjust its cost structure in a timely fashion in response to a sudden decrease in demand may adversely impact the Company’s financial condition.

(4) Seasonal variations in the demand for products and services, as well as the introduction of new products, may cause variations in the Company’s quarterly results.

(5) The availability (or lack thereof) of capital on acceptable terms may hamper the Company in its efforts to fund its increasing working capital needs.

(6) The failure of the Company to adequately manage its growth may adversely impact the Company’s results of operations.

(7) A failure of the Company’s information systems may adversely impact the Company’s results of operations.

(8) Devaluation of a foreign currency, or other disruption of a foreign market, may adversely impact the Company’s operations in that country or globally.

(9) The loss of a key executive officer or other key employee may adversely impact the Company’s operations.

(10) The inability of the Company to obtain products on favorable terms may adversely impact the Company’s results of operations.

(11) The Company’s operations may be adversely impacted by an acquisition that (i) is not suited for the Company, (ii) is improperly executed and/or

integrated into the Company, or (iii) substantially increases the Company's debt.

(12) The Company's financial condition may be adversely impacted by a decline in value of a portion of the Company's inventory.

(13) The Company may experience an increased risk of credit loss as a result of reseller customers' businesses being negatively impacted by dramatic changes in the information technology products and services industry as well as intense competition among resellers.

(14) The failure of certain shipping companies to deliver product to the Company, or from the Company to its customers, may adversely impact the Company's results of operations.

(15) If the Company's inventory suppliers terminate or substantially reduce the subsidies relating to floor planning financing for the Company's master reseller business, such change in policy may adversely impact the Company's financial condition and results of operations.

Reference is made to Exhibit 99.01 hereto for additional discussion of the foregoing factors, as well as additional factors which may affect the Company's actual results and cause such results to differ materially from those projected, forecasted, estimated, budgeted or otherwise expressed in forward-looking statements.

ITEM 2. PROPERTIES

Ingram Micro's worldwide executive headquarters, as well as its West Coast sales and support offices, are located in a three-building office complex in Santa Ana, California. The Company also maintains an East Coast operations center in Williamsville (Buffalo), New York.

As of December 30, 2000, the Company operated eight distribution centers throughout the continental United States. The Company also operated 40 distribution centers outside of the U.S. in Argentina, Australia, Brazil, Canada, Chile, China, India, Hong Kong, Malaysia, Mexico, New Zealand, Norway, Peru, Singapore, Switzerland, Thailand, and most countries of the European Union.

As of December 30, 2000, the Company operated two integration centers located in Memphis, Tennessee and Rosmalen, The Netherlands. As of the same date, the Company operated three return centers, located in Santa Ana, California; Fullerton, California; and Toronto, Canada.

As of December 30, 2000, all of the Company's facilities were leased, with the exception of the combination office and distribution facility in Buenos Aires, Argentina; the combination office and distribution facility in Santiago, Chile; the combination office and distribution facility in Singapore; two combination office and distribution facilities in Straubing, Germany; and the distribution facility in Millington, Tennessee. These leases have varying terms. The Company does not anticipate any material difficulty in renewing any of its leases as they expire or securing replacement facilities, in each case on commercially reasonable terms. In addition, the Company owns two undeveloped properties in Santa Ana, California totaling approximately 16.27 acres, and has options on approximately 60 acres in Millington, Tennessee.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the Company is a party or to which any of its property is subject.

As a result of an internal review by the Company of export shipments made from its United States distribution facilities, the Company has determined that certain of these shipments and related documentation were not in compliance with U.S. export regulations. The Company has notified the appropriate federal government agencies pursuant to applicable voluntary self-disclosure procedures (the "Disclosure"). The reported shipments consisted of modems and other telecommunications products and shrink-wrapped, commercial software readily available through normal retail outlets that contained encryption features controlled under export regulations. These shipments had a total value of approximately $673,240. Violations of export laws and regulations are subject to both civil and criminal penalties, including inappropriate circumstances suspension or loss of export privileges. Since the Disclosure, a representative of the Department of Commerce has requested additional documents relating to the Disclosure, which the Company provided in January 1999. The Department has not communicated with the Company since then. The Company does not know what position the Department will take upon further review of the Disclosure. The Company is not able to estimate at this time the amount or nature of penalties, if any, that might

be sought against the Company as a result of the reported violations; however, penalties to which the Company potentially may be subject could be material.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

As of March 28, 2001, there were 639 holders of record of the Class A Common Stock and 123 holders of record of the Class B Common Stock. The Company believes that there are approximately 28,000 beneficial holders of the Class A Common Stock.

Information as to the Company's quarterly stock prices is included on the inside back cover of the Company's 2000 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated in this Annual Report on Form 10-K.

Information as to the principal market on which the Class A Common Stock is traded is included on the inside back cover of the Company's 2000 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated in this Annual Report on Form 10-K.

Dividend Policy. The Company has not declared or paid any dividends on its Class A or Class B Common Stock in the preceding two fiscal years. The Company currently intends to retain its future earnings to finance the growth and development of its business and, therefore, does not anticipate declaring or paying cash dividends on its Class A or Class B Common Stock for the foreseeable future. Any future decision to declare or pay dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements, and such other

factors as the Board of Directors deems relevant. In addition, certain of the Company's debt facilities contain restrictions on the declaration and payment of dividends.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial information of Ingram Micro for the five year period ended December 30, 2000 is included on page 18 of the Company's 2000 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated in this Annual Report on Form 10-K. It should be read in conjunction with the consolidated financial statements included on pages 30 through 50 of the Company's 2000 Annual Report to Shareowners which are also included as part of Exhibit 13.01 and incorporated in this Annual Report on Form 10-K and the financial statement schedule below in Item 14 of this Annual Report on Form 10-K.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is included on pages 19 through 29 of the Company's 2000 Annual Report to Shareowners, which are also included as part of Exhibit 13.01 and are incorporated in this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The required disclosure is included on page 28 through 29 of the Company's 2000 Annual Report to Shareowners, which is also included as part of Exhibit 13.01 and incorporated in this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's consolidated financial statements are included on pages 30 through 50 of the Company's 2000 Annual Report to Shareowners, which are also included as part of Exhibit 13.01 and incorporated in this Annual Report on Form 10-K. Reference is made to the Index to the Financial Statements in Item 14 below.

A financial statement schedule for the Company, and report thereon, are included on pages 25 and 26, respectively, of this Annual Report on Form 10-K. Reference is made to the Index to Financial Statements in Item 14 below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in the Company's independent accountants or disagreements with such accountants on accounting principles or practices or financial statement disclosures.

PART III

Information regarding executive officers required by Item 401 of Regulation S-K is furnished in a separate disclosure in Part I of this report because the Company will not furnish such information in its definitive Proxy Statement prepared in accordance with Schedule 14A.

The Notice and Proxy Statement for the 2001 Annual Meeting of Shareowners, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, which is incorporated by reference in this Annual Report on Form 10-K pursuant to General Instruction G(3) of Form 10-K, will provide the remaining information required under Part III (Items 10, 11, 12, and 13).

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements:

The consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 28, 2001, all appearing on pages 30 through 51 in the 2000 Annual Report to Shareowners, are incorporated in this Annual Report on Form 10-K. With the exception of the aforementioned information and the information incorporated in Items 5, 6, 7, 7A and 8, the 2000 Annual Report to Shareowners is not deemed filed as part of this Annual Report on Form 10-K.

	Page No. In Annual Report to Shareowners
Index to Financial Information	17
Consolidated Balance Sheet at December 30, 2000 and January 1, 2000	30
Consolidated Statement of Income for the years ended December 30, 2000, January 1, 2000, and January 2, 1999	31
Consolidated Statement of Stockholders' Equity for the years ended December 30, 2000, January 1, 2000, and January 2, 1999	32
Consolidated Statement of Cash Flows for the years ended December 30, 2000, January 1, 2000, and January 2, 1999	33
Notes to Consolidated Financial Statements	34
Report of Independent Accountants	51

Pages 18 through 52 and the inside back cover page of the 2000 Annual Report to Shareowners of Ingram Micro Inc. include the Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, the Consolidated Financial Statements and related notes thereto, the Independent Accountants' Report, Shareholder Information and Quarterly Stock Prices. These pages are filed with the Securities and Exchange Commission as Exhibit 13.01 to this Annual Report on Form 10-K.

2. Financial Statement Schedules:

Schedule II — Valuation and Qualifying Accounts.

3. List of Exhibits:

Exhibit No.	Exhibit
3.01	Form of Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.01 to the Company's Registration Statement on Form S-1 (File No. 333-08453) (the"IPO S-1"))
3.02	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.02 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998)
10.01	Reserved
10.02	Reserved
10.03	Reserved
10.04	Reserved
10.05	Reserved
10.06	Amendment No. 1 to the Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.06 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998)
10.07	Ingram Micro Inc. Rollover Stock Option Plan (incorporated by reference to Exhibit 10.07 to the IPO S-1)
10.08	Ingram Micro Inc. Key Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.08 to the IPO S-1)
10.09	Ingram Micro Inc. 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.09 to the IPO S-1)
10.10	Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to the IPO S-1)
10.11	Reserved
10.12	Credit Agreement dated as of October 30, 1996 among the Company and Ingram European Coordination Center N.V., Ingram Micro Singapore Pte Ltd., and Ingram Micro Inc., as Borrowers and Guarantors, certain financial institutions, as the Lenders, NationsBank of Texas, N.A., as Administrative Agent for the Lenders and The Bank of Nova Scotia as Documentation Agent for the Lenders (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (File No. 333-16667) (the "Thrift Plan S-1"))
10.13	Amended and Restated Reorganization Agreement dated as of October 17, 1996 among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.13 to the Thrift Plan S-1)
10.14	Registration Rights Agreement dated as of November 6, 1996 among the Company and the persons listed on the signature pages thereof (incorporated by reference to Exhibit 10.14 to the Thrift Plan S-1)

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10.16	Thrift Plan Liquidity Agreement dated as of November 6, 1996 among the Company and the Ingram Thrift Plan (incorporated by reference to Exhibit 10.16 to the Thrift Plan S-1)
10.17	Tax Sharing and Tax Services Agreement dated as of November 6, 1996 among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.17 to The Thrift Plan S-1)
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10.19	Employee Benefits Transfer and Assumption Agreement dated as of November 6, 1996 among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.19 to the Thrift Plan S-1)
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10.22	Agreement dated as of August 26, 1996 between the Company and Jerre L. Stead (incorporated by reference to Exhibit 10.22 to the IPO S-1)
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10.33	Amendment No. 2 to the Pooling and Servicing Agreement dated as of February 12, 1993, the Asset Purchase and Sale Agreement dated as

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10.35	Form of Repurchase Agreement (incorporated by reference to Exhibit 10.35 to the IPO S-1)
10.36	First Amendment to the Credit Agreement dated as of October 28, 1997 (incorporated by reference to Exhibit 10.36 to the Company's Registration Statement on Form S-3 (File No. 333-39457) (the "Rollover/Thrift Plan S-3"))
10.37	European Credit Agreement dated as of October 28, 1997 among the Company and Ingram European Coordination Center N.V., as Borrowers and Guarantors, certain financial institutions, as the Lenders, The Bank of Nova Scotia, as Administrative Agent for the Lenders and NationsBank of Texas, N.A. as Documentation Agent for the Lenders, as arranged by The Bank of Nova Scotia and NationsBanc Capital Markets, Inc., as the Arrangers (incorporated by reference to Exhibit 10.37 to the Rollover/Thrift Plan S-3)
10.38	Canadian Credit Agreement dated as of October 28, 1997 among the Company and Ingram Micro Inc. (Canada), as Borrowers and Guarantors, certain financial institutions, as the Lenders, The Bank of Nova Scotia, as Administrative Agent for the Lenders, Royal Bank of Canada as the Syndication Agent for the Lenders, and Bank of Tokyo-Mitsubishi (Canada) as the Co-Agent (incorporated by reference to Exhibit 10.38 to the Rollover/Thrift Plan S-3)
10.39	Reserved
10.40	Second Amendment to Credit Agreement dated as of September 25, 1998, among the Company, Ingram European Coordination Center N.V. ("IECC"), and Ingram Micro Inc. (Canada), as Borrowers and Guarantors, and certain financial institutions as the Relevant Required Lenders, amending the US$1,000,000,000 Credit Agreement dated as of October 30, 1996, also among certain financial institutions, as the Lenders, NationsBank, N.A. (successor in interest by merger with NationsBank of Texas, N.A.), as Administrative Agent for the Lenders, and The Bank of Nova Scotia, as Documentation Agent for the Lenders and certain named Co-Agents (incorporated by reference to Exhibit 10.40 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 1998 ("the Q3 98 10-Q"))
10.41	First Amendment to European Credit Agreement dated as of September 25, 1998, among the Company and IECC as the Primary Borrowers and Guarantors, and certain financial institutions as the Relevant Required Lenders, amending the US $500,000,000 European Credit Agreement dated as of October 28, 1997, also among the Company and IECC, as the Primary Borrowers and Guarantors, certain financial institutions as the Lenders, The Bank of Nova Scotia, as Administrative Agent for the Lenders and NationsBank, N.A. (successor in interest by merger to NationsBank of Texas, N.A.), as Documentation Agent for the Lenders, as arranged by The Bank of Nova Scotia and NationsBanc Capital Markets, Inc., as the Arrangers (incorporated by reference to Exhibit 10.41 to the Q3 98 10-Q)
10.42	First Amendment to Canadian Credit Agreement dated as of September 25, 1998,

Exhibit No.	Exhibit
	among the Company and Ingram Micro Inc. (Canada) as the Borrowers and Guarantors, and certain financial institutions as the Relevant Required Lenders, amending the US $150,000,000 Canadian Credit Agreement dated as of October 28, 1997, also among the Company, Ingram Micro Inc. (Canada) as the Borrowers and Guarantors, certain financial institutions as the Lenders, The Bank of Nova Scotia, as Administrative Agent for the Lenders, Royal Bank of Canada, as Syndication Agent for the Lenders, and Bank of Tokyo-Mitsubishi (Canada) as the Co-Agent (incorporated by Reference to Exhibit 10.42 to the Q3 98 10-Q)
10.43	Ingram Micro Supplemental Investment Savings Plan (incorporated by reference to Exhibit 10.45 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 1999)
10.44	Ingram Micro Inc. 1998 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to the 1998 10-K)
10.45	Registration Agreement dated as of December 3, 1999 between the Company and Softbank Corp. (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 (File No. 333-93783) (the "1999 S-3"))
10.46	Warrant Agreement dated as of December 3, 1999 between the Company and Softbank Corp. (incorporated by reference to Exhibit 4.02 to the 1999 S-3)
10.47	Agreement with Jeffrey R. Rodek, dated October 31, 1999 (incorporated by reference to Exhibit 10.47 to the 1999 10-K)
10.48	Executive Retention Agreement with Michael J. Grainger, dated January 31, 2000 (incorporated by reference to Exhibit 10.48 to the 1999 10-K)
10.49	Executive Retention Agreement with Kevin M. Murai, dated January 31, 2000 (incorporated by reference to Exhibit 10.49 to the 1999 10-K)
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10.57	Amended and Restated Receivables Sale Agreement dated as of March 8, 2000 between Funding, as Purchaser, and the Company, as Seller and Servicer (incorporated by reference to Exhibit 10.57 to the 1999 10-K)
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Exhibit No.	Exhibit
	Funding, the Company, as Master Servicer and Servicer, and Chase, as trustee (incorporated by reference to Exhibit 10.58 to the 1999 10-K)
10.59	Series 2000-1 Supplement to the Amended Pooling Agreement dated as of March 8, 2000 among Funding, the Company and Chase 2000

	(incorporated by reference to Exhibit 10.59 to the 1999 10-K)
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13.01	Portions of Annual Report to Shareowners for the year ended December 30, 2000
21.01	Subsidiaries of the Registrant
23.01	Consent of Independent Accountants regarding certain Registration Statements on Form S-8
23.02	Consent of Independent Accountants regarding Registration Statements on Form S-3
99.01	Cautionary Statements for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

(b) Reports on Form 8-K

On October 26, 2000, the Company filed a Current Report on Form 8-K which incorporated under Items 7 and 9 a copy of a press release announcing its financial results for the third quarter and thirty-nine weeks ended September 30, 2000.

INGRAM MICRO INC.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of year	Charged to costs and expenses	Deductions	Other(*)	Balance at end of year
Allowance for doubtful accounts receivable and sales returns:					
2000	$100,754	$71,846	$(74,227)	$ (1,379)	$ 96,994
1999	55,904	75,835	(42,788)	11,803	100,754
1998	48,541	32,534	(31,200)	6,029	55,904

- Other includes recoveries, acquisitions and the effect of fluctuation in foreign currency.

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of Ingram Micro Inc.

Our audits of the consolidated financial statements referred to in our report dated February 28, 2001 appearing in the 2000 Annual Report to Shareowners of Ingram Micro Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Orange County, California
February 28, 2001

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

INGRAM MICRO INC.

By: */s/ James E. Anderson, Jr.*

James E. Anderson, Jr.,
Senior Vice President,
Secretary and General Counsel

March 30, 2001

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ Kent B. Foster Kent B. Foster	Chairman and Chief Executive Officer (Principal Executive Officer) and Director	March 30, 2001
/s/ Michael J. Grainger Michael J. Grainger	President, Chief Operating Officer, and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 30, 2001
/s/ Don H. Davis, Jr. Don H. Davis, Jr.	Director	March 30, 2001
/s/ John R. Ingram John R. Ingram	Director	March 30, 2001
/s/ Martha R. Ingram Martha R. Ingram	Director	March 30, 2001
/s/ Orrin H. Ingram II Orrin H. Ingram II	Director	March 30, 2001
/s/ Philip M. Pfeffer Philip M. Pfeffer	Director	March 30, 2001
/s/ Gerhard Schulmeyer Gerhard Schulmeyer	Director	March 30, 2001
/s/ Joe B. Wyatt Joe B. Wyatt	Director	March 30, 2001

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INDEX TO
FINANCIAL INFORMATION

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial data of Ingram Micro Inc. ("Ingram Micro" or the "Company"). The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and notes thereto, included elsewhere in this Annual Report to Shareowners.

The fiscal year of the Company is a 52- or 53-week period ending on the Saturday nearest to December 31. References below to 1996, 1997, 1998, 1999 and 2000 represent the fiscal years ended December 28, 1996 (52 weeks), January 3, 1998 (53 weeks), January 2, 1999 (52 weeks), January 1, 2000 (52 weeks), and December 30, 2000 (52 weeks), respectively.

	Fiscal Year				
(Dollars in 000s, except per share data)	**2000**	**1999**	**1998**	**1997**	**1996**
Selected Operating Information					
Net sales	$ 30,715,149	$ 28,068,642	$ 22,034,038	$ 16,581,539	$ 12,023,451
Gross profit	1,556,298	1,336,163	1,391,168	1,085,689	812,384
Income from operations	353,437	200,004	486,605	376,579	247,508
Income before income taxes, minority interest and extraordinary item	362,509	290,493	406,860	326,489	196,757
Income before extraordinary item	223,753	179,641	245,175	193,640	110,679
Net income	226,173	183,419	245,175	193,640	110,679
Basic earnings per share – income before extraordinary item	1.54	1.25	1.76	1.43	0.99
Diluted earnings per share – income before extraordinary item	1.51	1.21	1.64	1.32	0.88
Basic earnings per share – net income	1.55	1.28	1.76	1.43	0.99
Diluted earnings per share – net income	1.52	1.24	1.64	1.32	0.88
Basic weighted average common shares outstanding	145,213,882	143,404,207	139,263,810	135,764,053	112,285,058
Diluted weighted average common shares outstanding	148,640,991	147,784,712	149,537,870	146,307,532	125,436,376
Selected Balance Sheet Information					
Cash	$ 150,560	$ 128,152	$ 96,682	$ 92,212	$ 48,279
Total assets	6,608,982	8,271,927	6,733,404	4,932,151	3,366,947
Total debt (1)	545,618	1,348,135	1,720,456	1,141,131	304,033
Stockholders' equity	1,874,392	1,966,845	1,399,257	1,038,206	825,150

(1) Includes long-term debt, convertible debentures and current maturities of long-term debt, but excludes off-balance sheet debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In evaluating the business of Ingram Micro, readers should carefully consider the important factors discussed in Exhibit 99.01 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000 "Cautionary Statements for the Purpose of the 'Safe Harbor' Provisions of the Private Securities Litigation Reform Act of 1995."

Overview

Ingram Micro is the leading distributor of information technology products and services worldwide. The Company's net sales grew to $30.7 billion in 2000 from $12.0 billion in 1996. The growth reflects substantial expansion of the Company's existing operations, resulting from the integration of numerous acquisitions worldwide, growth in the information technology products and services distribution industry in general, the addition of new customers, increased sales to the existing customer base, as well as the addition of new product categories and suppliers.

The information technology products and services distribution industry in which the Company operates is characterized by narrow gross margins and narrow income from operations as a percentage of net sales ("operating margin") that have declined industry-wide in recent years. Prior to 2000, the Company's gross profit as a percentage of net sales ("gross margin") declined to 4.8% in 1999 from 6.8% in 1996 with sequential declines in gross margin each of these years. Initially, the margin decline was caused by intense price competition; later however, changes in vendor terms and conditions, including, but not limited to, significant reductions in vendor rebates and incentives, tighter restrictions on the Company's ability to return inventory to vendors, and reduced time periods qualifying for price protection, exacerbated the decline and constrained gross margin improvements. The Company expects these competitive pricing pressures and the more restrictive vendor terms and conditions to continue in the foreseeable future. The Company has implemented and continues to refine changes to its pricing strategies, inventory management processes, and administration of vendor subsidized programs. In addition, the Company continues to change certain of the terms and conditions offered to its customers to reflect those being imposed by its vendors. In fiscal year 2000, the Company recorded its first sequential improvement in gross margin in the five-year period from 1996 to 2000, reaching 5.1% as compared to 4.8% in 1999, primarily as a result of these initiatives.

To partially offset the decline in gross margins, the Company has continually instituted operational and expense controls that have reduced selling, general, and administrative expenses as a percentage of net sales ("SG&A") to 3.9% in 2000 from 4.7% in 1996, reflecting more effective cost control measures, streamlined processes, and the benefit of greater economies of scale. However, these reductions have not fully offset past declines in gross margin and, if any future reductions in gross margins were to occur, there can be no assurance that the Company will be able to reduce SG&A commensurately.

In December 1998, the Company purchased 2,972,400 shares of common stock of SOFTBANK Corp. ("Softbank"), Japan's largest distributor of software, peripherals and networking products, for approximately $50.3 million. During December 1999, the Company sold 1,040,400 shares or approximately 35% of its original investment in Softbank common stock for approximately $230.1 million resulting in a pre-tax gain of approximately $201.3 million, net of related expenses. In January 2000, the Company sold an additional 445,800 shares or approximately 15% of its original holdings in Softbank common stock for approximately $119.2 million, net of expenses, resulting in a pre-tax gain of approximately $111.5 million. The Company used the proceeds from this sale to repay existing indebtedness. During April 2000, Softbank effected a 3 for 1 stock split. All Softbank share information has been adjusted to give retroactive effect to Softbank's stock split.

The information technology products and services distribution business is capital-intensive. The Company's business requires significant levels of working capital to finance accounts receivable and product inventory that are not financed by trade creditors. The Company has relied heavily on debt financing for its increasing working capital needs resulting from organic growth and acquisitions. In March 2000, the Company completed a new 5-year accounts receivable securitization program in the U.S., which provides for the issuance of up to $700 million in commercial paper. This new program adds to the Company's existing accounts receivable facilities, which provide additional financing capacity of approximately $310 million. As of December 30, 2000, approximately $910 million of accounts receivable were sold under these programs. The Company also has revolving credit facilities of approximately $1.65 billion, as well as additional facilities of approximately $750 million. As of December 30, 2000, borrowings

of $325.6 million were outstanding under the revolving credit and additional facilities. In addition, on June 9, 1998, the Company sold $1.33 billion aggregate principal amount at maturity of its Zero Coupon Convertible Senior Debentures due 2018 in a private placement. The Company subsequently registered the resale of these debentures with the Securities and Exchange Commission (the "SEC") and they are now generally saleable under Rule 144. Gross proceeds from this offering were $460.4 million. In 2000 and 1999, the Company repurchased Zero Coupon Convertible Senior Debentures with a total carrying value of $235.2 million and $56.5 million, respectively, as of their repurchase dates for approximately $231.3 million and $50.3 million in cash, respectively. The debenture repurchases resulted in an extraordinary gain, net of income taxes, of $2.4 million and $3.8 million in 2000 and 1999, respectively. The Company's interest expense for a substantial portion of its existing, as well as any future, indebtedness will be subject to fluctuations in interest rates which may cause fluctuations in the Company's net income.

Results of Operations

The following table sets forth the Company's net sales by geographic region (excluding intercompany sales), and the percentage of total net sales represented thereby, for each of the periods indicated.

	Fiscal Year					
	2000		1999		1998	
	(Dollars in millions)					
Net sales by geographic region:						
United States	$18,452	60.1%	$16,814	59.9%	$14,393	65.3%
Europe	7,472	24.3	7,344	26.2	5,624	25.5
Other international	4,791	15.6	3,911	13.9	2,017	9.2
Total	$30,715	100.0%	$28,069	100.0%	$22,034	100.0%

The following table sets forth certain items from the Company's consolidated statement of income as a percentage of net sales, for each of the periods indicated.

	Percentage of Net Sales Fiscal Year		
	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of sales	94.9	95.2	93.7
Gross profit	5.1	4.8	6.3

Expenses:			
SG&A expenses	3.9	4.0	4.1
Reorganization costs	—	0.0	—
Income from operations	1.2	0.8	2.2
Other (income) expense, net	(0.0)	(0.3)	0.4
Income before income taxes and extraordinary item	1.2	1.1	1.8
Provision for income taxes	0.5	0.4	0.7
Income before extraordinary item	0.7	0.7	1.1
Extraordinary item	0.0	0.0	—
Net income	0.7%	0.7%	1.1%

2000 Compared to 1999

Consolidated net sales increased 9.4% to $30.7 billion in 2000 from $28.1 billion in 1999. The increase in worldwide net sales was primarily attributable to growth in overall demand for technology products, the addition of new customers, increased sales to the existing customer base, and expansion of the Company's product and service offerings.

Net sales from U.S. operations increased 9.7% to $18.5 billion in 2000 from $16.8 billion in 1999 primarily due to growth in demand for technology products and expansion of the Company's product and service offerings. The sales growth in U.S. operations, however, was moderated, especially in the second quarter of 2000, compared to historical sales growth primarily due to pricing policy changes implemented in the same quarter and the Company's decision to eliminate certain vendor programs. Both decisions were geared towards the improvement of gross margin. In addition, towards the end of 2000, the demand for information technology products and services softened in the U.S. consistent with the slowing of the U.S. economy. This softness in U.S. sales has continued to date and may continue and/or worsen for the next several quarters. Net sales from European operations grew approximately 16.1% in local currencies in 2000, but when converted to U.S. dollars, net sales only increased by 1.7% to $7.5 billion in 2000 from $7.3 billion in 1999 as a result of weaker European currencies compared to the U.S. dollar. The sales growth, in local currency, reflects overall growth in European operations, but was negatively affected by the softness in demand for technology products and services. For geographic regions outside the U.S. and Europe ("Other International"), net sales increased 22.5% to $4.8 billion in 2000 from $3.9 billion in 1999 primarily due to the growth in the Company's Asia Pacific and Latin American operations. The Company's Canadian operations, however, experienced only moderate sales growth in 2000 as compared to the Asia Pacific and Latin American operations primarily due to the overall softness in demand for technology products and services in the Canadian market in the first half of the year, and lower than anticipated purchases by the Canadian government in the first quarter of 2000. The Canadian government purchases are generally strong in the first quarter of each year as this coincides with the Canadian government's fiscal year-end.

Gross margin increased to 5.1% in 2000 from 4.8% in 1999. The improvement in the gross margin percentage was primarily due to pricing policy changes initiated during the second quarter of 2000 to more appropriately reflect the value and related costs of services provided to the Company's customers, partially offset by the impact of changes in vendor terms and conditions including, but not limited to, significant reductions in vendor rebates and incentives, tighter restrictions on the Company's ability to return inventory to vendors, and reduced time periods qualifying for price protection. The Company has implemented and continues to refine changes to its pricing strategies, inventory management processes, and administration of vendor subsidized programs. In addition, the Company continues to change certain of the terms and conditions offered to its customers to reflect those being imposed by its vendors. Management believes gross margins in early 2001 may decline sequentially from the seasonally high fourth quarter of 2000; however, it expects actions taken in 2000 as well as its continued focus on gross margin improvement will result in moderate year-over-year improvements overall in 2001. As the Company continues to seek profitable growth through its pricing policy changes made to date, and through future pricing policy changes, if any, it may experience moderated sales growth in the near term. Additionally, no assurances can be given that the Company will be successful in its efforts to maintain and improve gross margin.

Total SG&A expenses increased 7.8% to $1.2 billion in 2000 from $1.1 billion in 1999, but decreased as a percentage of net sales to 3.9% in 2000 from 4.0% in 1999. The increase in SG&A spending was attributable to increased expenses required to support the growth of the Company's business. Expenses related to expansion consist of incremental personnel and support costs, lease expenses related to new operating facilities, and the expenses associated with the development and maintenance of information systems. The overall decrease in SG&A expenses as a percentage of net sales is attributable to economies of scale from greater sales volume, and continued cost-control measures. As noted above, demand for information technology products and services in the U.S. has recently softened, which may lead to tempered and/or negative sales growth in the U.S. for the next several quarters and a resulting increase in SG&A expenses as a percentage of net sales in the near term. The Company continues to pursue and implement process improvements and organizational changes to create sustainable cost reductions without sacrificing customer service over the long-term.

In 1999, the Company recorded a charge of $20.3 million related to reorganization efforts primarily in the Company's U.S. and European operations. The Company did not incur any reorganization charges in 2000.

Income from operations, excluding reorganization costs, increased as a percentage of net sales to 1.2% in 2000 from 0.8% in 1999. The increase in income from operations, excluding reorganization costs, as a percentage of net sales is primarily due to the increase in gross margin as described above. U.S. income from operations, excluding reorganization costs, as a percentage of net sales increased to 1.5% in 2000 from 0.9% in 1999, primarily as a result of gross margin improvements. European income from operations, excluding reorganization costs, as a percentage of net sales increased to 0.7% in 2000 compared to 0.3% in 1999 also as a result of gross margin improvements. Other International income from operations, excluding reorganization costs, as a percentage of net sales decreased to 0.5% in 2000 from 1.0% in 1999. The decrease in income from operations as a percentage of net sales for Other International was primarily related to the Asia Pacific operations, which experienced a loss from operations as the Company continues to invest in infrastructure and refine its business processes in this developing market.

Other (income) expense consisted primarily of interest, foreign currency exchange losses, gains on sales of available-for-sale securities, and fees associated with the Company's accounts receivable facilities. In 2000, the Company recorded net other income of $9.1 million, compared to $90.5 million in 1999. The decrease in other income is primarily attributable to the lower gain realized on the sale of Softbank common stock in 2000 compared to 1999. In December 1999, the Company sold 1,040,400 shares or approximately 35% of its original investment in Softbank common stock for a pre-tax gain of approximately $201.3 million, net of related costs. In January 2000, the Company sold an additional 445,800 shares or approximately 15% of its original holdings in Softbank common stock for a pre-tax gain of approximately $111.5 million, net of related costs. The decrease in interest expense was due to the decrease in the average borrowings outstanding in 2000 compared to 1999 resulting from improved working capital management, the use of proceeds received from the sale of Softbank common stock in December 1999 and January 2000 to repay existing indebtedness, and an increase in the utilization of the Company's accounts receivable facilities, partially offset by an increase in interest rates for the same period. The increase in other expenses was attributable to the increase in fees related to increased capacity and utilization of the Company's accounts receivable facilities. Management continues to focus on improving utilization of working capital to reduce or moderate debt levels in relation to revenue growth. Despite these efforts, a substantial portion of the Company's existing credit facilities have variable interest rate terms and therefore net interest expense in future periods may fluctuate.

The provision for income taxes, excluding extraordinary items, increased 25.2% to $138.8 million in 2000 from $110.9 million in 1999, reflecting the 24.8% increase in the Company's income before income taxes. The Company's effective tax rate remained relatively consistent at 38.3% in 2000 compared to 38.2% in 1999.

In 2000 and 1999, the Company repurchased Zero Coupon Convertible Senior Debentures with a total carrying value of $235.2 and $56.5 million, respectively, as of their repurchase dates for approximately $231.3 million and $50.3 million in cash, respectively. The debentures repurchased resulted in an extraordinary gain of $2.4 million and $3.8 million in 2000 and 1999, respectively, net of $1.5 million and $2.4 million in income taxes, respectively.

1999 Compared to 1998

Consolidated net sales increased 27.4% to $28.1 billion in 1999 from $22.0 billion in 1998. The increase in worldwide net sales was primarily attributable to overall growth in the demand for technology products, the addition of new customers, increased sales to the existing customer base, and the expansion of the Company's product and service offerings. Net sales also increased as a result of the January 1999 acquisition of Electronic Resources, Ltd. ("ERL") in the Asia Pacific region and the July 1998 acquisition of Munich, Germany-based Macrotron AG ("Macrotron").

Net sales from U.S. operations increased 16.8% to $16.8 billion in 1999 from $14.4 billion in 1998 primarily due to growth of its current business. Net sales from European operations increased 30.6% to $7.3 billion in 1999 from $5.6 billion in 1998 due to the overall growth in the Company's existing European operations and the acquisition of Macrotron in July 1998. Other International net sales increased 93.9% to $3.9 billion in 1999 from $2.0 billion in 1998 due to the acquisition of ERL and growth in the Company's Canadian and Latin American operations.

Gross margin decreased to 4.8% in 1999 from 6.3% in 1998. The significant decline in the margin was primarily due to reduced vendor rebates and incentives and intense price competition in the U.S. and in the larger countries in Europe. The decline was exacerbated by excess capacity in the information technology products and services distribution industry. In addition, during 1999, the Company recorded substantially higher expenses totaling approximately $94.8 million related to excess and obsolete inventory as compared to $26.1 million for 1998. The higher excess and obsolete inventory provisions primarily resulted from the rapid changes experienced in the technology marketplace and the significant changes in vendor terms and conditions during 1999. Also, in the fourth quarter of 1999, the Company recorded additional expenses to cost of sales totaling approximately $53.6 million related to estimated losses from vendor incentive and subsidy programs. The estimated losses on vendor incentive and subsidy programs primarily originated from recent dramatic changes in the terms and conditions for reimbursements of customer rebates and competitive price programs by the Company's major personal computer suppliers. The majority of these higher provisions related to inventory and vendor programs in the U.S. region with some in the European region. In response to these issues, the Company has implemented changes to and continually refines its pricing strategies, terms and conditions offered to its customers, inventory management processes, and administration of vendor subsidized programs.

Total SG&A expenses increased 23.4% to $1.1 billion in 1999 from $0.9 billion in 1998, but decreased as a percentage of net sales to 4.0% in 1999 from 4.1% in 1998. The increase in SG&A spending was attributable in part to the acquisition of ERL in January 1999, and the full-year impact of the acquisition of Macrotron in July 1998. In addition, during fiscal year 1999, the Company recorded significantly higher bad debt expense of approximately $75.8 million or 0.27% as a percentage of net sales as compared to fiscal year 1998 expense of approximately $32.5 million or 0.15% as a percentage of net sales. The larger bad debt provision was primarily the result of negotiations with several large customers principally in the area of unauthorized product returns. SG&A also increased to support the expansion of the Company's business. Expenses related to expansion consisted of incremental personnel and support costs, lease expenses related to new operating facilities, and expenses associated with the development and maintenance of information systems. The overall decrease in SG&A expenses as a percentage of sales is attributable to economies of scale from greater sales volume and continued cost-control measures, but was moderated by the higher bad debt expenses.

In February 1999, the Company initiated a plan, primarily in the U.S., but also in Europe, to streamline operations and reorganize resources to increase flexibility and service and maximize cost savings and operational efficiencies. This reorganization plan included several organizational and structural changes, including the closing of the Company's California-based consolidation center and certain other redundant locations; realignment of the Company's sales force and the creation of a product management organization that integrates purchasing, vendor services, and product marketing functions; as well as a realignment of administrative functions and processes throughout the U.S. organization. In addition, during the fourth quarter of 1999, further organizational and strategic changes were implemented in the Company's assembly and custom-configuration operations, including the selection of an outsource partner to produce unbranded systems and the reallocation of resources to support the Company's custom-configuration services capabilities.

In connection with these reorganization efforts, the Company recorded a charge of $20.3 million for the fiscal year ended January 1, 2000. The reorganization charge included $12.3 million in employee termination benefits for approximately 597 employees, $6.4 million for the write-off of software used in the production of unbranded systems, $1.3 million for closing and consolidation of redundant facilities relating primarily to excess lease costs net of estimated sublease income, and $0.3 million for other costs associated with the reorganization. These initiatives were substantially complete as of January 1, 2000.

Income from operations, excluding reorganization costs, decreased as a percentage of net sales to 0.8% in 1999 from 2.2% in 1998. The decrease in income from operations, excluding reorganization costs, as a percentage of net sales is primarily due to the significant decrease in gross profit as a percentage of net sales as described above. U.S. income from operations, excluding reorganization costs, decreased as a percentage of net sales to 0.9% in 1999 from 2.8% in 1998. European income from operations, excluding reorganization costs, decreased as a percentage of net sales to 0.3% in 1999 from 1.1% in 1998. For Other International, income from operations, excluding reorganization costs, decreased as a percentage of net sales to 1.0% in 1999 from 1.4% in 1998.

Management's Discussion and Analysis continued

Other (income) expense consisted primarily of interest, foreign currency exchange losses, gains on sales of securities and miscellaneous non-operating (income) expenses. During 1999, the Company recorded net other income of $90.5 million, or 0.3% as a percentage of net sales, as compared to net other expense of $79.7 million, or 0.4% as a percentage of net sales in 1998. The increase in other income over 1998 is primarily attributable to the gain realized on the sale of Softbank common stock, partially offset by an increase in interest expense. In December 1999, the Company sold 1,040,400 shares or 35% of its original holdings in Softbank common stock for a pre-tax gain of approximately $201.3 million, net of related costs. Interest expense increased primarily due to increased borrowings to finance the January 1999 ERL acquisition; the fourth quarter 1998 investment in Softbank; the July 1998 acquisition of Macrotron; changing vendor terms and conditions associated with floor plan financing arrangements; and the growth of the Company's ongoing operations. This increase was partially offset by a decrease in average interest rates in fiscal 1999 compared to fiscal 1998.

The provision for income taxes, excluding extraordinary items, decreased 31.4% to $110.9 million in 1999 from $161.7 million in 1998, primarily reflecting the 28.6% decrease in the Company's income before income taxes. The Company's effective tax rate was 38.2% in 1999 compared to 39.7% in 1998. The decrease in the effective tax rate was primarily due to tax planning in certain countries.

In March 1999, the Company repurchased Zero Coupon Convertible Senior Debentures with a carrying value of $56.5 million as of the repurchase date for approximately $50.3 million in cash. The debenture repurchase resulted in an extraordinary gain of $3.8 million (net of $2.4 million in income taxes).

Quarterly Data; Seasonality

The Company's quarterly operating results have fluctuated significantly in the past and will likely continue to do so in the future as a result of seasonal variations in the demand for the products and services offered by the Company; changing competitive conditions including pricing; variation in the amount of provisions for excess and obsolete inventory, vendor sponsored programs, and doubtful accounts resulting from technological changes or other changes in the market or economy as a whole; changes in the level of operating expenses to support seasonal changes in demand; the impact of acquisitions; the introduction by suppliers of new hardware and software products and services which may result in the obsolescence of existing products and/or affect the mix of products sold or overall demand; the loss or consolidation of a significant supplier or customer; product supply constraints; interest rate fluctuations; currency fluctuations; and general economic conditions. The Company's narrow operating margins may magnify the impact of these factors on the Company's operating results. Specific historical seasonal variations in the Company's operating results have included a reduction of demand in Europe during the summer months, increased Canadian government purchasing in the first quarter (except in the first quarter of 2000, as explained above), and worldwide pre-holiday stocking in the retail channel during the September-to-November period.

The following table sets forth certain unaudited quarterly historical financial data for each of the eight quarters in the period ended December 30, 2000. This unaudited quarterly information has been prepared on the same basis as the annual information presented elsewhere herein and, in the Company's opinion, includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the selected quarterly information. This information should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report to Shareowners. The operating results for any quarter shown are not necessarily indicative of results for any future period.

Management's Discussion and Analysis continued

Consolidated Quarterly Information

	Net Sales	Gross Profit	Income From Operations	Income Before Income Taxes	Income Before Extra-ordinary Item	Net Income	Diluted Earnings Per Share Before Extraordinary Item	Diluted Earnings Per Share on Net Income
				(in millions, except per share data)				
Fiscal Year Ended January 1, 2000								
Thirteen Weeks Ended: [1]								
April 3, 1999	$6,725.3	$359.3	$ 85.5	$ 61.1	$38.5	$42.3	$ 0.26	$0.29
July 3, 1999	6,804.8	367.8	107.6	79.6	50.3	50.3	0.34	0.34
October 2, 1999	6,710.1	321.9	52.8	24.8	15.8	15.8	0.11	0.11
January 1, 2000 [2]	7,828.5	287.2	(45.9)	125.0	75.0	75.0	0.51	0.51
Fiscal Year Ended December 30, 2000								
Thirteen Weeks Ended:								
April 1, 2000 [3]	$7,796.3	$366.2	$ 70.5	$152.0	$94.0	$96.1	$ 0.64	$0.65
July 1, 2000	7,295.0	361.5	76.4	53.5	33.1	33.3	0.22	0.22
September 30, 2000	7,558.7	387.9	87.2	62.9	38.8	38.9	0.26	0.26
December 30, 2000	8,065.1	440.7	119.3	94.1	57.9	57.9	0.39	0.39

(1) Reflects charges related to a reorganization plan initiated to streamline operations and reorganize resources. Quarterly charges were recorded as follows: first quarter, $6.2 million; second quarter, $2.1 million; third quarter, $2.7 million; fourth quarter, $9.3 million.

(2) For the quarter ended January 1, 2000, the Company recorded larger-than-historical provisions of $48.4 million for excess and obsolete inventory, $53.6 million for losses on vendor-sponsored programs, and $40.6 million for doubtful accounts, primarily resulting from rapid industry changes and changes in vendor terms and conditions. In addition, income before income taxes included a pre-tax gain of approximately $201.3 million, net of related costs, realized from the sale of Softbank common stock.

(3) For the quarter ended April 1, 2000, income before income taxes included a pre-tax gain of approximately $111.5 million, net of related costs, realized from the sale of Softbank common stock.

As indicated in the table above, the Company's net sales in the fourth quarter of each fiscal year have generally been higher than those in the other three quarters in the same fiscal year. The trend of higher fourth quarter net sales is attributable to calendar year-end business purchases and holiday period purchases made by customers.

Liquidity and Capital Resources

Cash Flows

The Company has financed its growth and cash needs largely through income from operations, borrowings, sales of accounts receivable through established accounts receivable facilities, trade and supplier credit, its initial public stock offering in November 1996, the sale of Zero Coupon Convertible Senior Debentures in June 1998, and the sale of Softbank common stock in December 1999 and January 2000.

In 2000 and 1999, one of the Company's objectives has been to improve the utilization of working capital and put assets to work through increasing inventory turns and steady management of vendor payables and customer receivables. The Company's success in this regard can be best demonstrated by the Company's ability to repurchase convertible debentures and reduce overall debt levels, thereby lowering its debt-to-capitalization ratio, including off-balance sheet debt, to 43.7% and 45.0% at December 30, 2000 and January 1, 2000, respectively, compared to 56.5% at January 2, 1999. Although the Company has realized improvements in working capital management and debt reduction in 2000 and 1999, and will continue to strive for further improvements for the foreseeable future, no assurance can be made that the Company will be able to maintain its current debt levels. The following is a detailed discussion of the Company's cash flows for 2000, 1999 and 1998:

Net cash provided by operating activities was $836.4 million in 2000 and $573.0 million in 1999 compared to cash used of $278.5 million in 1998. The significant increase in cash provided by operating activities in 2000 compared to 1999 was primarily

attributable to higher operating income and an increase in the amount of accounts receivable sold under the Company's accounts receivable facilities offset by a decrease in trade creditor financing of product inventory. The significant increase in cash provided by operating activities in 1999 compared to cash used in 1998 was primarily attributable to the increase in trade creditor financing of product inventory (through an increase in accounts payable) and a reduction in the growth rate of accounts receivable over 1998.

Net cash used by investing activities was $19.5 million, $138.4 million, and $218.6 million in 2000, 1999, and 1998, respectively. These uses of cash were due in part to capital expenditures for the Company's expansion of warehouses and other facilities, the development of information systems and the Company's commitment to growth through acquisitions and strategic alliances. In 2000, the Company used approximately $146.1 million in cash for capital expenditures, which was partially offset by the proceeds from the sale of Softbank common stock totaling approximately $119.2 million. In 1999, the Company used approximately $241.9 million in cash for acquisitions, net of cash acquired, and $135.3 million for capital expenditures, which were partially offset by the proceeds from the sale of Softbank common stock totaling approximately $230.1 million. In 1998, the Company used approximately $96.6 million in cash for acquisitions, net of cash acquired, approximately $143.2 million for capital expenditures, and approximately $50.3 million for the purchase of Softbank common stock. Mitigating the uses of cash in 1998 was approximately $75.3 million in cash proceeds from a sale-leaseback agreement entered into by the Company for the sale of its Santa Ana, California facility and a portion of its Buffalo, New York facility to a third party.

Net cash used by financing activities was $802.6 million in 2000 and $413.8 million in 1999 compared to cash provided of $497.1 million in 1998. Net cash used by financing activities in 2000 was primarily due to the repurchase of the convertible debentures, the net repayment of borrowings under the revolving credit facilities, and the repayment of other debt through the use of cash provided by operations and the continued focus on working capital management, as well as the proceeds received from the sale of Softbank common stock in 2000. Net cash used by financing activities in 1999 was primarily due to the repurchase of the convertible debentures and the net repayment of borrowings under the revolving credit facilities through the use of the proceeds received from the sale of Softbank common stock, as well as the continued focus on working capital management. Net cash provided by financing activities in 1998 was primarily due to the proceeds from the convertible debentures and stock option exercises, which were partially offset by the net repayment of other debt.

Acquisitions

The Company had no significant acquisitions in 2000.

Capital Resources

The Company has three revolving credit facilities with bank syndicates providing an aggregate credit availability of $1.65 billion. Under these credit facilities, the Company is required to comply with certain financial covenants, including minimum tangible net worth, restrictions on funded debt and interest coverage. The credit facilities also restrict the amount of dividends the Company can pay as well as the amount of common stock that the Company can repurchase annually. Borrowings are subject to the satisfaction of customary conditions, including the absence of any material adverse change in the Company's business or financial condition. Two of these credit facilities, representing approximately $1.15 billion in credit availability, mature in October 2001 while the remaining credit facility matures in October 2002. At December 30, 2000 and January 1, 2000, the Company had $75.5 million and $503.5 million, respectively, in outstanding borrowings under the credit facilities.

The Company has an arrangement pursuant to which certain U.S. trade accounts receivable of the Company are transferred to a trust, which in turn has sold certificates representing undivided interests in the total pool of trade receivables without recourse. The trust has issued fixed-rate, medium-term certificates and has the ability to support a commercial paper program. Sales of receivables under these programs result in a reduction of total accounts receivable on the Company's consolidated balance sheet. In March 2000, the Company completed a new 5-year accounts receivable securitization program, which provides for the issuance of up to $700 million in commercial paper. At December 30, 2000 and January 1, 2000, the amount of medium-term certificates outstanding totaled $50 million and $75 million, respectively, and the amount of commercial paper outstanding under the new program totaled $650 million and $0, respectively. The Company believes that available funding under this new program provides

increased flexibility for the Company to make incremental investments in strategic growth initiatives and to manage working capital requirements.

The Company also has certain other facilities relating to accounts receivable in Europe and Canada which provide up to approximately $260 million of additional financing capacity. Under these programs, the Company had sold approximately $210 million and $188 million of trade accounts receivable in the aggregate at December 30, 2000 and January 1, 2000, respectively, resulting in a further reduction of total trade accounts receivable on the Company's consolidated balance sheet.

The aggregate amount of trade accounts receivable sold as of December 30, 2000 and January 1, 2000 totaled approximately $910 million and $263 million, respectively. Proceeds from these accounts receivable facilities are generally used to repay existing indebtedness. The Company believes that there are sufficient trade accounts receivable to support the U.S., European and Canadian accounts receivable facilities.

On June 9, 1998, the Company sold $1.33 billion aggregate principal amount at maturity of its Zero Coupon Convertible Senior Debentures due 2018 in a private placement. The Company subsequently registered the resale of these debentures with the SEC and they are now generally saleable under Rule 144. Gross proceeds from this offering were $460.4 million. The debentures were sold at an issue price of $346.18 per $1,000 principal amount at maturity (representing a yield to maturity of 5.375% per annum), and are convertible into shares of the Company's Class A Common Stock at a rate of 5.495 shares per $1,000 principal amount at maturity, subject to adjustment under certain circumstances.

In 2000 and 1999, the Company repurchased outstanding Zero Coupon Convertible Senior Debentures with a total carrying value of $235.2 million and $56.5 million, respectively, as of their repurchase dates for approximately $231.3 million and $50.3 million in cash, respectively. The debenture repurchases resulted in extraordinary gains of $2.4 million and $3.8 million in 2000 and 1999, respectively, net of $1.5 million and $2.4 million in income taxes, respectively.

At December 30, 2000, there were $220.0 million of Zero Coupon Convertible Debentures outstanding that were convertible into approximately 3.1 million shares of the Company's Class A Common Stock. The debentures are redeemable at the option of the Company on or after June 9, 2003, at the issue price plus accrued original issue discount to the date of the redemption. Each debenture is subject to repurchase at the option of the holder as of June 9, 2001, June 9, 2003, June 9, 2008, or June 9, 2013, or if there is a Fundamental Change (as defined), at the issue price plus accrued original issue discount to the date of the redemption. In the event of a repurchase at the option of the holder (other than upon a Fundamental Change), the Company may, at its option, satisfy the redemption in cash or Class A Common Stock, or any combination thereof. In the case of any such repurchase as of June 9, 2001, the Company may elect, in lieu of the payment of cash or Class A Common Stock, to satisfy the redemption in new Zero Coupon Convertible Senior Debentures due 2018.

The Company and its foreign subsidiaries have additional lines of credit, commercial paper, short-term overdraft facilities and other credit facilities with various financial institutions worldwide, which provide for borrowings aggregating approximately $750 million at December 30, 2000. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At December 30, 2000, the Company had $250.1 million outstanding under these facilities.

The proceeds from stock option exercises provide an additional source of cash to the Company. In 2000, 1999, and 1998, respectively, cash proceeds from the exercise of stock options, including applicable tax benefits, totaled $13.1 million, $20.8 million, and $93.9 million, respectively.

The Company believes that existing cash resources and cash provided by operating activities, supplemented as necessary with funds available under credit arrangements will provide sufficient resources to meet its present and future working capital and cash requirements for at least the next 12 months.

Capital Expenditures

The Company presently expects to spend approximately $145 million in fiscal 2001 for capital expenditures due to continued expansion of its business.

New Accounting Standards

Refer to Note 2 of the Company's consolidated financial statements for the discussion of new accounting standards.

Market Risk

The Company is exposed to the impact of foreign currency fluctuations and interest rate changes due to its international sales and global funding. In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in the value of foreign currencies and interest rates using a variety of financial instruments. It is the Company's policy to utilize financial instruments to reduce risks where internal netting cannot be effectively employed. It is the Company's policy not to enter into foreign currency or interest rate transactions for speculative purposes.

In addition to product sales and costs, the Company has foreign currency risk related to debt that is denominated in currencies other than the dollar and cross-currency swaps hedging intercompany debt. The Company's foreign currency risk management objective is to protect its earnings and cash flows resulting from sales, purchases and other transactions from the adverse impact of exchange rate movements. Foreign exchange risk is managed by using forward and option contracts to hedge receivables and payables. By policy, the Company maintains hedge coverage between minimum and maximum percentages. Cross-currency swaps are used to hedge foreign currency denominated payments related to intercompany and third-party loans. During 2000, hedged transactions were denominated primarily in euros, Canadian dollars, Australian dollars, Danish kroner, Swedish krona, Swiss francs, Norwegian kroner, Indian rupees and Mexican pesos.

The Company is exposed to changes in interest rates primarily as a result of its long-term debt used to maintain liquidity and finance inventory, capital expenditures and business expansion. Interest rate risk is also present in the cross-currency swaps hedging intercompany and third-party loans. The Company's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives the Company uses a combination of fixed- and variable-rate debt. As of December 30, 2000 and January 1, 2000, approximately 40% and 34%, respectively, of the Company's outstanding debt had fixed interest rates.

Market Risk Management

Foreign exchange and interest rate risk and related derivatives use is monitored using a variety of techniques including a review of market value, sensitivity analysis and Value-at-Risk ("VaR"). The VaR model determines the maximum potential loss in the fair value of foreign exchange rate-sensitive financial instruments assuming a one-day holding period. The VaR model estimates were made assuming normal market conditions and a 95% confidence level. There are various modeling techniques that can be used in the VaR computation. The Company's computations are based on interrelationships between currencies and interest rates (a "variance/co-variance" technique). These interrelationships were determined by observing foreign currency market changes and interest rate changes over the preceding 90 days. The value of foreign currency options does not change on a one-to-one basis with changes in the underlying currency rate. The potential loss in option value was adjusted for the estimated sensitivity (the "delta" and "gamma") to changes in the underlying currency rate. The model

includes all of the Company's forwards, options, cross-currency swaps and nonfunctional currency denominated debt (i.e., the Company's market-sensitive derivative and other financial instruments as defined by the SEC). The accounts receivable and accounts payable denominated in foreign currencies, which certain of these instruments are intended to hedge, were excluded from the model.

The VaR model is a risk analysis tool and does not purport to represent actual losses in fair value that will be incurred by the Company, nor does it consider the potential effect of favorable changes in market rates. It also does not represent the maximum possible loss that may occur. Actual future gains and losses will likely differ from those estimated because of changes or differences in market rates and interrelationships, hedging instruments and hedge percentages, timing and other factors.

The following table sets forth the estimated maximum potential one-day loss in fair value, calculated using the VaR model (in millions). The increase in VaR from interest rate sensitive financial instruments reflects an increase in the notional value of such instruments from January 1, 2000 to December 30, 2000. The Company believes that the hypothetical loss in fair value of its derivatives would be offset by gains in the value of the underlying transactions being hedged.

	Interest Rate Sensitive Financial Instruments	Currency Sensitive Financial Instruments	Combined Portfolio
VaR as of December 30, 2000	$11.7	$0.1	$10.2
VaR as of January 1, 2000	4.5	0.6	4.4

Euro Conversion

On January 1, 1999, a single currency called the euro was introduced in Europe. Twelve of the 15 member countries of the European Union have adopted the euro as their common legal currency. Fixed conversion rates between these participating countries' existing currencies (the "legacy currencies") and the euro have been established. The legacy currencies are scheduled to remain legal tender as denominations of the euro until at least January 1, 2002 (but not later than July 1, 2002). During this transition period, parties may settle transactions using either the euro or a participating country's legacy currency. Beginning in January 2002, new euro-denominated bills and coins will be issued and legacy currencies will be withdrawn from circulation. The Company has implemented plans to address the issues raised by the euro currency conversion. These plans include, among others, the need to adapt computer information systems and business processes and equipment to accommodate euro-denominated transactions; the need to analyze the legal and contractual implications on contracts; and the ability of the Company's customers and vendors to accommodate euro-denominated transactions on a timely basis. Since the implementation of the euro on January 1, 1999, the Company has experienced improved efficiencies in its cash management program in Europe as all intracompany transactions within participating countries are conducted in euros. In addition, the Company has reduced hedging activities in Europe for transactions conducted between euro participating countries. Since the Company's information systems and processes generally accommodate multiple currencies, the Company anticipates that modifications to its information systems, equipment and processes will be made on a timely basis and does not expect any failures which would have a material adverse effect on the Company's financial position or results of operations or that the costs of such modifications will have a material effect on the Company's financial position or results of operations.

Cautionary Statements for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

The matters in this Annual Report that are forward-looking statements are based on current management expectations that involve certain risks, including without limitation: intense competition; continued pricing and margin pressures; failure to adjust costs in response to a sudden decrease in demand; the potential for continued restrictive vendor terms and conditions; the potential decline as well as seasonal variations in demand for the Company's products and services; unavailability of adequate capital; management of growth; reliability of information systems; interest rate and foreign currency fluctuations; impact of governmental controls and political or economic instability on foreign operations; changes in local, regional, and global economic conditions and practices; dependency on key individuals; product supply shortages; the potential termination of a supply agreement with a major supplier; acquisitions; rapid product improvement and technological change, and resulting obsolescence risks; risk of credit loss; dependency on independent shipping companies; and the changes in terms of subsidized floor plan financing.

The Company has instituted and continues to institute changes to its strategies, operations and processes to address these risk factors and to mitigate their impact on the Company's results of operations and financial condition. However, no assurances can be given that the Company will be successful in these efforts. For a further discussion of these and other significant factors to consider in connection with forward-looking statements concerning the Company, reference is made to Exhibit 99.01 of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000; other risks or uncertainties may be detailed from time to time in the Company's future SEC filings.

INGRAM MICRO INC.

CONSOLIDATED BALANCE SHEET
(Dollars in 000s, except per share data)

	Fiscal Year End	
	2000	**1999**
ASSETS		
Current assets:		
Cash	$ 150,560	$ 128,152
Investment in available-for-sale securities	52,897	142,338
Accounts receivable:		
Trade accounts receivable	1,945,496	2,853,509

Retained interest in securitized receivables	407,176	—
Total accounts receivable (less allowances of $96,994 and $100,754)	2,352,672	2,853,509
Inventories	2,919,117	3,471,565
Other current assets	294,838	373,365
Total current assets	5,770,084	6,968,929
Investment in available-for-sale securities	—	474,525
Property and equipment, net	350,829	316,643
Goodwill, net	430,853	455,473
Other	57,216	56,357
Total assets	$6,608,982	$8,271,927
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$3,725,080	$4,322,303
Accrued expenses	350,111	317,283
Current maturities of long-term debt	42,774	31,020
Total current liabilities	4,117,965	4,670,606
Convertible debentures	220,035	440,943
Other long-term debt	282,809	876,172
Deferred income taxes and other liabilities	113,781	313,561
Total liabilities	4,734,590	6,301,282
Commitments and contingencies (Note 9)		
Redeemable Class B Common Stock	—	3,800
Stockholders' equity:		
Preferred Stock, $0.01 par value, 1,000,000 shares authorized; no shares issued and outstanding	—	—
Class A Common Stock, $0.01 par value, 265,000,000 shares authorized; 75,798,115 and 71,212,517 shares issued and outstanding in 2000 and 1999, respectively	758	712
Class B Common Stock, $0.01 par value, 135,000,000 shares authorized; 70,409,806 and 73,280,871 shares issued and outstanding in 2000 and 1999 (including 542,855 redeemable shares in 1999), respectively	704	727
Additional paid-in capital	664,840	645,182
Retained earnings	1,221,208	995,035
Accumulated other comprehensive income (loss)	(11,936)	328,285
Unearned compensation	(1,182)	(3,096)
Total stockholders' equity	1,874,392	1,966,845
Total liabilities and stockholders' equity	$6,608,982	$8,271,927

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF INCOME
(Dollars in 000s, except per share data)

	Fiscal Year		
	2000	**1999**	**1998**
Net sales	$30,715,149	$28,068,642	$22,034,038
Cost of sales	29,158,851	26,732,479	20,642,870
Gross profit	1,556,298	1,336,163	1,391,168
Expenses:			
Selling, general and administrative	1,202,861	1,115,854	904,563
Reorganization costs	—	20,305	—
	1,202,861	1,136,159	904,563
Income from operations	353,437	200,004	486,605
Other (income) expense:			

Interest income	(8,527)	(4,338)	(5,652)
Interest expense	88,726	101,691	72,181
Net foreign currency exchange loss	3,322	2,583	6,247
Gain on sale of available-for-sale securities	(111,458)	(201,318)	—
Other	18,865	10,893	6,969
	(9,072)	(90,489)	79,745
Income before income taxes and extraordinary item	362,509	290,493	406,860
Provision for income taxes	138,756	110,852	161,685
Income before extraordinary item	223,753	179,641	245,175
Extraordinary gain on repurchase of debentures, net of $1,469 and $2,405 in income taxes	2,420	3,778	—
Net income	$ 226,173	$ 183,419	$ 245,175
Basic earnings per share:			
Income before extraordinary item	$ 1.54	$ 1.25	$ 1.76
Extraordinary gain on repurchase of debentures	.01	.03	—
Net income	$ 1.55	$ 1.28	$ 1.76
Diluted earnings per share:			
Income before extraordinary item	$ 1.51	$ 1.21	$ 1.64
Extraordinary gain on repurchase of debentures	.01	.03	—
Net income	$ 1.52	$ 1.24	$ 1.64

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Dollars in 000s)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total
January 3, 1998	$374	$ 973	$484,912	$ 566,441	$ (14,236)	$ (258)	$1,038,206
Noncash compensation charge related to stock options			4,392				4,392
Stock options exercised	50		36,337				36,387
Income tax benefit from exercise of stock options			57,476				57,476
Vesting of Redeemable Class B Common Stock		11	8,118				8,129
Conversion of Class B to Class A Common Stock	241	(241)					—
Amortization of unearned compensation						170	170
Comprehensive income				245,175	9,322		254,497
January 2, 1999	665	743	591,235	811,616	(4,914)	(88)	1,399,257
Noncash compensation charge related to stock options			1,978				1,978
Stock options exercised	17		7,387				7,404
Income tax benefit from exercise of stock options			13,428				13,428
Vesting of Redeemable Class B Common Stock		6	3,901				3,907
Conversion of Class B to Class A Common Stock	22	(22)					—
Grant of restricted Class A Common Stock	3		3,455			(3,458)	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	5		12,534				12,539
Warrants issued			11,264				11,264

Amortization of unearned compensation						450	450
Comprehensive income				183,419	333,199		516,618
January 1, 2000	712	727	645,182	995,035	328,285	(3,096)	1,966,845
Noncash compensation charge related to stock options			1,493				1,493
Stock options exercised	16		10,381				10,397
Income tax benefit from exercise of stock options			2,671				2,671
Vesting of Redeemable Class B Common Stock		6	3,705				3,711
Conversion of Class B to Class A Common Stock	29	(29)					—
Forfeiture of restricted Class A Common Stock			(485)			192	(293)
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	1		1,893				1,894
Amortization of unearned compensation						1,722	1,722
Comprehensive income (loss)				226,173	(340,221)		(114,048)
December 30, 2000	$758	$ 704	$664,840	$1,221,208	$ (11,936)	$(1,182)	$1,874,392

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in 000s)

	Fiscal Year		
	2000	**1999**	**1998**
Cash flows from operating activities:			
Net income	$ 226,173	$ 183,419	$ 245,175
Adjustments to reconcile net income to cash provided (used) by operating activities:			
Depreciation	86,471	74,701	57,673
Amortization of goodwill	22,039	22,900	10,269
Deferred income taxes	50,757	22,524	3,532
Pre-tax gain on sale of available-for-sale securities	(111,458)	(201,318)	—
Gain on repurchase of debentures (net of tax)	(2,420)	(3,778)	—
Noncash compensation charge	2,922	2,428	4,562
Noncash interest expense on debentures	20,223	26,442	14,248
Changes in operating assets and liabilities, net of effects of acquisitions:			
Changes in amounts sold under accounts receivable programs	647,000	163,000	(60,000)
Accounts receivable	(141,757)	(257,266)	(726,727)
Inventories	556,222	(307,940)	(445,324)
Other current assets	53,850	(101,127)	(17,473)
Accounts payable	(614,398)	899,574	694,880
Accrued expenses	40,782	49,449	(59,348)
Cash provided (used) by operating activities	836,406	573,008	(278,533)
Cash flows from investing activities:			
Purchase of property and equipment	(146,104)	(135,260)	(143,236)
Proceeds from sale of property and equipment	16,400	10,433	75,321
Acquisitions, net of cash acquired	(4,620)	(241,928)	(96,550)
Purchase of available-for-sale securities	—	—	(50,262)
Net proceeds from sale of available-for-sale securities	119,228	230,109	—
Other	(4,385)	(1,795)	(3,867)
Cash used by investing activities	(19,481)	(138,441)	(218,594)
Cash flows from financing activities:			
Repurchase of Redeemable Class B Common Stock	(89)	(107)	(650)
Exercise of stock options including tax benefits	13,068	20,832	93,863
Proceeds from issuance of convertible debentures, net of issuance costs	—	—	449,604
Repurchase of convertible debentures	(231,330)	(50,321)	—

(Repayment of) proceeds from debt	(156,232)	123,999	(80,689)
Net (repayments) borrowings under revolving credit facilities	(428,053)	(508,250)	34,978
Cash (used) provided by financing activities	(802,636)	(413,847)	497,106
Effect of exchange rate changes on cash	8,119	10,750	4,491
Increase in cash	22,408	31,470	4,470
Cash, beginning of year	128,152	96,682	92,212
Cash, end of year	$ 150,560	$ 128,152	$ 96,682
Supplemental disclosure of cash flow information:			
Cash payments during the year:			
Interest	$ 72,953	$ 72,343	$ 61,706
Income taxes	40,438	96,682	109,108

See accompanying notes to these consolidated financial statements.

Note 1 — Organization and Basis of Presentation

Ingram Micro Inc. (the “Company” or “Ingram Micro”) is primarily engaged, directly and through its wholly- and majority-owned subsidiaries, in distribution of information technology products and services worldwide. The Company conducts the majority of its operations in the United States, Europe, Canada, Latin America and Asia Pacific.

Note 2 — Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly- and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The fiscal year of the Company is a 52- or 53-week period ending on the Saturday nearest to December 31. All references herein to “2000,” “1999,” and “1998” represent the 52-week fiscal years ended December 30, 2000, January 1, 2000, and January 2, 1999, respectively.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the financial statement date, and reported amounts of revenue and expenses during the reporting period. Significant estimates primarily relate to reserves for inventory, vendor programs and credit losses on accounts receivable. Actual results could differ from these estimates.

Revenue Recognition

In December 1999, the Securities and Exchange Commission (the “SEC”) issued Staff Accounting Bulletin No. 101 (“SAB 101”). SAB 101 summarizes the SEC’s views in applying generally accepted accounting principles to revenue recognition. The adoption of SAB 101 had no material impact on the Company’s financial position or results of operations.

Revenue on products shipped is recognized when the risks and rights of ownership are substantially passed to the customer. Service revenues are recognized upon delivery of the services. The Company, under specific conditions, permits its customers to return or exchange products. The provision for estimated sales returns is recorded concurrently with the recognition of revenue.

Vendor Programs

Funds received from vendors for price protection, product rebates, marketing or training programs are recorded net of direct costs as adjustments to product costs; selling, general and administrative expenses; or revenue according to the nature of the program.

The Company generated approximately 42% of its net sales in fiscal 2000, 39% in 1999, and 40% in 1998 from products purchased from three vendors.

Warranties

The Company’s suppliers generally warrant the products distributed by the Company and allow returns of defective products, including those that have been returned to the Company by its customers. The Company does not independently warrant the products it distributes; however, the Company does warrant the following: (1) its services with regard to products that it configures for its customers, and (2) products that it builds to order from components purchased from other sources. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. Warranty expense was not material to the Company’s consolidated statement of income.

Foreign Currency Translation and Remeasurement

Financial statements of foreign subsidiaries, for which the functional currency is the local currency, are translated into United States ("U.S.") dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for statement of income items. Translation adjustments are recorded in accumulated other comprehensive income, a component of stockholders' equity. The functional currency of the Company's subsidiaries in Latin America and certain countries within the Company's Asian operations is the U.S. dollar; accordingly, the monetary assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Revenues, expenses, gains or losses are translated at the average exchange rate for the period, and nonmonetary assets and liabilities are translated at historical rates. The resultant remeasurement gains and losses of these subsidiaries are recognized in the consolidated statement of income. Gains and losses from foreign currency transactions are included in the consolidated statement of income.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, accounts payable and other accrued expenses approximate fair value because of the short maturity of these items. The carrying amounts of outstanding debt issued pursuant to bank credit agreements approximate fair value because interest rates over the relative term of these instruments approximate current market interest rates. The estimated fair value of the Zero Coupon Convertible Debentures including original issue discount was $219,323 and $388,939 at December 30, 2000 and January 1, 2000, respectively, based upon quoted market prices. The carrying value at December 30, 2000 and January 1, 2000 was $220,035 and $440,943, respectively.

Cash

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Book overdrafts of $184,945 and $140,149 as of December 30, 2000 and January 1, 2000, respectively, are included in accounts payable.

Inventories

Inventories are stated at the lower of average cost or market.

Long-Lived and Intangible Assets

The Company assesses potential impairments to its long-lived and intangible assets when there is evidence that events or changes in circumstances have made recovery of the asset's carrying value unlikely. An impairment loss would be recognized when the sum of the expected, undiscounted future net cash flows is less than the carrying amount of the asset. The amount of an impairment loss would be recognized as the excess of the asset's carrying value over the fair value.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives. The Company also capitalizes computer software costs that meet both the definition of internal-use software and defined criteria for capitalization in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life:

Buildings	40 years
Leasehold improvements	3-17 years
Distribution equipment	5-7 years
Computer equipment and software	2-5 years

Maintenance, repairs and minor renewals are charged to expense as incurred. Additions, major renewals and betterments to property and equipment are capitalized.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in an acquisition accounted for using the purchase method, and is amortized on a straight-line basis over periods ranging from 10 to 30 years. Accumulated amortization was $76,560 at December 30, 2000 and $54,521 at January 1, 2000.

Investments in Available-for-Sale Securities

The Company classifies its existing marketable equity securities as available-for-sale in accordance with the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." These securities are carried at fair market value, with unrealized gains and losses reported in stockholders' equity as a component of accumulated other comprehensive income (loss). Realized gains or losses on securities sold are based on the specific identification method.

In December 1998, the Company purchased 2,972,400 shares of common stock of SOFTBANK Corp. ("Softbank"), Japan's largest distributor of software, peripherals and networking products, for approximately $50,262. During December 1999, the Company sold 1,040,400 shares or approximately 35% of its original investment in Softbank common stock for approximately $230,109 resulting in a pre-tax gain of approximately $201,318, net of related expenses. In January 2000, the Company sold an additional 445,800 shares or approximately 15% of its original holdings in Softbank common stock for approximately $119,228, net of expenses, resulting in a pre-tax gain of approximately $111,458. The realized gains, net of expenses, associated with the sales of Softbank common stock in January 2000 and December 1999 totaled $69,327 and $125,220, respectively, net of deferred taxes of $42,131 and $76,098, respectively. The Company used the net proceeds from the sales to repay existing indebtedness. During April 2000, Softbank effected a 3 for 1 stock split. All Softbank share information has been adjusted to give retroactive effect to Softbank's stock split.

In connection with the December 1999 sale of Softbank common stock, the Company issued warrants to Softbank for the purchase of 1,500,000 shares of the Company's Class A Common Stock with an exercise price of $13.25 per share, which approximated the market price of the Company's common stock on the

warrant issuance date. The warrants were exercisable immediately and have a 5-year term. The estimated fair value of these warrants upon issuance was approximately $11,264 and was determined using the Black-Scholes option-pricing model using the following assumptions:

Risk-free interest rate	6.27%
Term of warrant	5 years
Expected stock volatility	55.4%

The estimated fair value of the warrants has been included in other expenses in the Company's consolidated statement of income for fiscal 1999.

At December 30, 2000 and January 1, 2000, the unrealized holding gain associated with the Softbank common stock totaled $16,965 and $356,936, respectively, net of $10,801 and $227,248, respectively, in deferred income taxes.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of trade accounts receivable and derivative financial instruments. Credit risk with respect to trade accounts receivable is limited due to the large number of customers and their dispersion across geographic areas. No single customer accounts for 10% or more of the Company's net sales. The Company performs ongoing credit evaluations of its customers' financial conditions, obtains credit insurance in certain locations and requires collateral in certain circumstances. The Company maintains an allowance for potential credit losses.

Derivative Financial Instruments

The Company operates internationally with distribution facilities in various locations around the world. The Company reduces its exposure to fluctuations in interest rates and foreign exchange rates by creating offsetting positions through the use of derivative financial instruments. The market risk related to the foreign exchange agreements is offset by changes in the valuation of the underlying items being hedged. The majority of the Company's derivative financial instruments have terms of 90 days or less. The Company currently does not use derivative financial instruments for trading or speculative purposes, nor is the Company a party to leveraged derivatives.

Foreign exchange risk is managed by using forward and option contracts to hedge receivables and payables. Written foreign currency options are used to mitigate currency risk in conjunction with purchased options. Currency interest rate swaps and forward rate agreements are used to hedge foreign currency denominated principal and interest payments related to intercompany and third-party loans.

Derivative financial instruments are accounted for on an accrual basis. Income and expense are recorded in the same category as that arising from the related asset or liability being hedged. Gains and losses resulting from effective hedges of existing assets, liabilities or firm commitments are deferred and recognized when the offsetting gains and losses are recognized on the related hedged items. Gains or losses on written foreign currency options are adjusted to market value at the end of each accounting period and have not been material to date.

The notional amount of forward exchange contracts and options is the amount of foreign currency bought or sold at maturity. The notional amount of currency interest rate swaps and forward rate agreements are the underlying principal and currency amounts used in determining the interest payments exchanged over the life of the swap. Notional amounts are indicative of the extent of the Company's involvement in the various types and uses of derivative financial instruments and are not a measure of the Company's exposure to credit or market risks through its use of derivatives. The estimated fair value of derivative financial instruments represents the amount required to enter into like offsetting contracts with similar remaining maturities based on quoted market prices.

Credit exposure for derivative financial instruments is limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the Company to the counterparties. Potential credit losses are minimized through careful evaluation of counterparty credit standing, selection of counterparties from a limited group of high-quality institutions and other contract provisions.

Derivative financial instruments comprise the following:

	2000		1999	
	Notional Amounts	**Estimated Fair Value**	**Notional Amounts**	**Estimated Fair Value**
Foreign exchange forward contracts	$1,141,702	$(11,799)	$365,931	$ (251)
Purchased foreign currency options	14,333	111	54,149	1,215
Written foreign currency options	18,837	(72)	53,603	(503)
Currency interest rate swaps	110,000	11,775	211,534	27,457

Comprehensive Income (Loss)

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("FAS 130") establishes standards for reporting and displaying comprehensive income and its components in the Company's consolidated financial statements. Comprehensive income is defined in FAS 130 as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources and is comprised of net income and other comprehensive income (loss).

The components of accumulated other comprehensive income (loss) are as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
Balance at January 3, 1998	$(14,236)	$ —	$ (14,236)
Change in foreign currency translation adjustment	2,656	—	2,656
Unrealized holding gain arising during the period	—	6,666	6,666
Balance at January 2, 1999	(11,580)	6,666	(4,914)
Change in foreign currency translation adjustment	(17,071)	—	(17,071)
Unrealized holding gain arising during the period	—	475,490	475,490
Reclassification adjustment for realized gain included in net income	—	(125,220)	(125,220)
Balance at January 1, 2000	(28,651)	356,936	328,285
Change in foreign currency translation adjustment	(250)	—	(250)
Unrealized holding loss arising during the period	—	(270,644)	(270,644)
Reclassification adjustment for realized gain included in net income	—	(69,327)	(69,327)
Balance at December 30, 2000	$(28,901)	$ 16,965	$ (11,936)

Accounting for Stock-Based Compensation

The Company has adopted the disclosure requirements of Statement of Financial Accounting Standards No. 123, “Accounting for Stock Based Compensation” (“FAS 123”). As permitted by FAS 123, the Company continues to measure compensation cost in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”) and related interpretations, but provides pro forma disclosures of net income and earnings per share as if the fair-value method had been applied.

Earnings Per Share

The Company reports a dual presentation of Basic Earnings per Share (“Basic EPS”) and Diluted Earnings per Share (“Diluted EPS”). Basic EPS excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the reported period. Diluted EPS reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised using the treasury stock method or the if-converted method, where applicable.

The composition of Basic EPS and Diluted EPS is as follows:

	2000	1999	1998
Income before extraordinary item	$ 223,753	$ 179,641	$ 245,175
Weighted average shares	145,213,882	143,404,207	139,263,810
Basic earnings per share before extraordinary item	$ 1.54	$ 1.25	$ 1.76
Weighted average shares including the dilutive effect of stock options (3,427,109; 4,380,505; and 10,274,060 for Fiscal 2000, 1999, and 1998, respectively)	148,640,991	147,784,712	149,537,870
Diluted earnings per share before extraordinary item	$ 1.51	$ 1.21	$ 1.64

At December 30, 2000, January 1, 2000, and January 2, 1999, there were $220,035, $440,943, and $473,475, respectively, in Zero Coupon Convertible Debentures that were convertible into approximately 3,051,000, 6,428,000, and 7,308,000 shares of Class A Common Stock (see Note 7). These potential shares were excluded from the computation of Diluted EPS because their effect would be antidilutive. Additionally, there were approximately 11,178,000; 3,483,000; and 388,000 options in 2000, 1999, and 1998, respectively, that were not included in the computation of Diluted EPS because the exercise price was greater than the average market price of the Class A Common Stock, thereby resulting in an antidilutive effect.

New Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“FAS 133”). FAS 133 was amended by Statement of Financial Accounting Standards No. 137, “Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FAS No. 133” and Statement of Financial Accounting Standards No. 138, “Accounting for Certain

Derivative Instruments and Certain Hedging Activities – an amendment of FASB No. 133." As amended, FAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. FAS 133, as amended, is effective for the Company in fiscal 2001. The Company does not expect the adoption of FAS 133 to have a material impact on its reported consolidated financial condition or results of operations.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FASB Statement No. 125" ("FAS 140"). FAS 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral. The accounting standards of FAS 140 are effective for transfers and servicing of financial assets and extinguishments of liabilities occuring after March 31, 2001. The Company does not expect the adoption of FAS 140 to have a material impact on its reported financial condition or results of operations.

Note 3 – Reorganization Costs

During 1999, the Company initiated a reorganization plan primarily in the U.S., but also in Europe to streamline certain operations and strengthen operational efficiencies. In connection with this reorganization plan, the Company recorded a charge of $20,305 for the fiscal year ended January 1, 2000. The 1999 reorganization charge included employee termination benefits for approximately 597 employees; a write-off of software used in the production of unbranded systems; costs of closing and consolidating redundant facilities which related primarily to excess lease costs net of estimated sublease income; and other costs associated with the reorganization. These initiatives were substantially completed at January 1, 2000 and related costs have been substantially paid and charged against the liability, without significant adjustment.

The payment activities in 2000 and 1999 are summarized as follows:

	Outstanding Liability at Beginning of Period	Reorganization Charge	Amounts Paid and Charged Against the Liability	Remaining Liability at End of Period
2000				
Employee termination benefits	$1,708	$ —	$ (1,269)	$ 439
Facility costs	612	—	(612)	—
Total	$2,320	$ —	$ (1,881)	$ 439
1999				
Employee termination benefits	$ —	$12,322	$(10,614)	$1,708
Software costs	—	6,381	(6,381)	—
Facility costs	—	1,284	(672)	612
Other costs	—	318	(318)	—
Total	$ —	$20,305	$(17,985)	$2,320

Note 4 – Acquisitions

In January 1999, the Company purchased 44,114,340 shares of the common stock of Ingram Micro Asia Ltd. (formerly known as Electronic Resources Ltd., "ERL") from certain shareholders, which increased the Company's ownership to 39.6% from the 21% ownership held in 1998. In accordance with Singapore law, the Company was required to extend a tender offer for the remaining shares and warrants of ERL as a result of its increased ownership. The Company offered to purchase the remaining outstanding shares and warrants for approximately $1.20 and $0.65 per share and warrant, respectively, during the tender offer period from January 4, 1999 to February 19, 1999. In addition, during January and February 1999, the Company made open market purchases of ERL shares and warrants. As a result of the open market purchases and the tender offer, the Company's ownership in ERL increased to approximately 95%. In the third quarter of 1999, the Company commenced a take-over offer for the remaining ERL shares and warrants not already owned by Ingram Micro. As a result of the takeover, the Company purchased an additional 12,151,748 shares and 1,337,962 warrants of ERL, increasing the Company's ownership position to 100% of the outstanding shares of ERL and approximately 99% of the outstanding warrants. The aggregate purchase price paid during 1999 for these ERL shares and warrants, net of cash acquired, was approximately $237,396.

Prior to 1999, the Company accounted for its investment in ERL, which totaled approximately $71,212, under the equity method. Due to the purchase of ERL common stock and warrants in 1999, the Company has consolidated the results of ERL. The Company accounted for the acquisition of ERL under the purchase method; accordingly, the results of ERL's operations have been combined with those of the Company commencing with the year ended January 1, 2000. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price, including the $71,212 paid in December 1997, over the net assets acquired was approximately $240,506 and is being amortized on a straight-line basis over 30 years.

In April 1999, the Company acquired ITG Computers, an Australian computer products distributor. In addition, the Company increased its ownership of Walton Kft., a Hungarian based computer products distributor, to 100% in September 1999, including a 33% interest previously held by the Company's majority-owned subsidiary Ingram Macrotron AG. Total cash paid for these acquisitions was approximately $4,532, net of cash acquired. These acquisitions were accounted for

using the purchase method, and the results of their operations have been combined with those of the Company since their acquisition dates. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the dates of acquisition. The excess of the purchase prices over the net assets acquired was approximately $4,922 and is being amortized on a straight-line basis over 10 years.

In July 1998, the Company completed the acquisition of approximately 99% and 91% of the outstanding common and preferred stock, respectively, of Macrotron AG ("Macrotron") for approximately $100,000 in cash. Macrotron is based in Munich, Germany, and operates primarily in Germany, Austria, and Switzerland. The acquisition was accounted for using the purchase method, and the results of Macrotron's operations have been combined with those of the Company since July 1, 1998, the effective date of acquisition. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the net assets acquired was approximately $80,000 and is being amortized on a straight-line basis over 30 years.

In June 1998, the Company completed its acquisition of Tulip Computer N.V.'s assembly facility and related business in 's-Rosmalen, The Netherlands. In October 1998, the Company completed its purchase of the remaining 30% minority interest in Ingram Dicom S.A. de C.V. ("Dicom"), a Mexican subsidiary. In December 1998, the Company completed the acquisition of Nordemaq Commercial de Maquinas Nordeste Ltda, a Brazilian computer products distributor. The combined consideration paid was approximately $19,000. The acquisitions were accounted for using the purchase method of accounting and the results of operations have been combined with those of the Company since the respective dates of acquisition. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over net assets acquired for these acquisitions totaled approximately $9,000 and is being amortized on a straight-line basis over 20 years.

The Company had no significant acquisitions in 2000.

Note 5 — Accounts Receivable

The Company has an arrangement pursuant to which certain U.S. trade accounts receivable of the Company are transferred to a trust, which in turn has sold certificates representing undivided interests in the total pool of trade receivables without recourse. The trust has issued fixed-rate medium-term certificates to investors and has the ability to issue variable rate certificates to support a commercial paper program. In March 2000, the Company completed a new 5-year accounts receivable securitization program, which provides for the issuance of up to $700,000 in commercial paper. Sales of receivables under these programs result in a reduction of total accounts receivable on the Company's consolidated balance sheet. Retained interests are carried at their fair value estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At December 30, 2000 and January 1, 2000, the amount of medium-term certificates outstanding totaled $50,000 and $75,000, respectively, and the amount of commercial paper outstanding under the new program totaled $650,000 and $0, respectively.

The Company also established certain other facilities relating to accounts receivable in Europe and Canada which provide up to approximately $260,000 of additional financing capacity. Under these programs, the Company had sold approximately $210,000 and $188,000 of trade accounts receivable in the aggregate at December 30, 2000 and January 1, 2000, respectively, resulting in a further reduction of trade accounts receivable on the Company's consolidated balance sheet.

Fees in the amount of $13,351, $7,223, and $8,667 in 2000, 1999 and 1998, respectively, related to the sale of trade accounts receivable facilities are included in other expenses in the Company's consolidated statement of income.

Note 6 — Property and Equipment

Property and equipment consists of the following:

	Fiscal Year End	
	2000	**1999**
Land	$ 6,552	$ 8,237
Buildings and leasehold improvements	132,158	93,282
Distribution equipment	205,546	180,147
Computer equipment and software	298,933	249,753
	643,189	531,419
Accumulated depreciation	(292,360)	(214,776)
	$ 350,829	$ 316,643

Note 7 — Long-Term Debt

The Company has a $1,000,000 revolving credit agreement (the "U.S. Credit Facility") with a syndicate of banks. The U.S. Credit Facility is unsecured and matures on October 30, 2001. The Company also has two additional multicurrency revolving credit agreements of $500,000 (the "European Credit Facility") and $150,000 (the "Canadian Credit Facility") with two bank syndicates. The European Credit Facility and the Canadian Credit Facility are unsecured and mature on October 28, 2002 and October 28, 2001, respectively. Collectively, the U.S. Credit Facility, the European Credit Facility and the Canadian Credit Facility are referred to as the "Credit Facilities."

Revolving loan rate and competitive bid interest rate options are available under the Credit Facilities. The spreads over LIBOR for revolving rate loans and associated facility fees are determined by reference to certain financial ratios or credit ratings by recognized rating agencies on the Company's senior unsecured debt. At December 30, 2000 and January 1, 2000, the Company had $75,484 and $503,537 in outstanding borrowings under the Credit Facilities. The weighted average interest rate on outstanding borrowings under the Credit Facilities at December 30, 2000 and January 1, 2000, was 7.28% and 6.52%, respectively.

The Company is required to comply with certain financial covenants, including minimum tangible net worth, restrictions on funded debt and interest coverage. The credit facilities also restrict the amount of dividends the Company can pay as well as the amount of common stock that the Company can repurchase annually. At December 30, 2000, the Company was in compliance with these covenants.

On June 9, 1998, the Company sold $1,330,000 aggregate principal amount at maturity of its Zero Coupon Convertible Senior Debentures ("Debentures") due 2018 in a private placement. The Company subsequently registered the resale of these Debentures with the SEC and they are now generally saleable under Rule 144. The Debentures were sold at an issue price of $346.18 per $1,000 principal amount at maturity (representing a yield to maturity of 5.375% per annum), and are convertible into shares of the Company's Class A Common Stock at a rate of 5.495 shares per $1,000 principal amount at maturity, subject to adjustment under certain circumstances. Gross proceeds from the offering were $460,400. In 2000 and 1999, the Company repurchased Debentures with a total carrying value of $235,219 and $56,504, respectively, as of their repurchase dates for approximately $231,330 and $50,321 in cash, respectively. The Debenture repurchases resulted in extraordinary gains of $2,420 and $3,778 in 2000 and 1999, respectively, net of $1,469 and $2,405 in income taxes, respectively. At December 30, 2000 and January 1, 2000, the carrying value of the outstanding Debentures was $220,035 and $440,943, respectively.

At December 30, 2000, the outstanding Debentures were convertible into approximately 3.1 million shares of the Company's Class A Common Stock. The Debentures are redeemable at the option of the Company on or after June 9, 2003 at the issue price

plus accrued original issue discount to the date of redemption. Each Debenture is subject to repurchase at the option of the holder, as of June 9, 2001, June 9, 2003, June 9, 2008, and June 9, 2013, or if there is a Fundamental Change (as defined), at the issue price plus accrued original issue discount to the date of the redemption. In the event of a repurchase at the option of the holder (other than upon a Fundamental Change), the Company may, at its option, satisfy the redemption in cash or Class A Common Stock, or any combination thereof. In the case of any such repurchase as of June 9, 2001, the Company may elect, in lieu of the payment of cash or Class A Common Stock, to satisfy the redemption by the issuance of new Zero Coupon Convertible Senior Debentures due 2018.

The Company has additional lines of credit, commercial paper, short-term overdraft facilities, and other credit facilities with various financial institutions worldwide which aggregated $751,640 and $859,024 at December 30, 2000 and January 1, 2000, respectively. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At December 30, 2000 and January 1, 2000, the Company had $250,099 and $403,655, respectively, outstanding under these facilities. The weighted average interest rate on the outstanding borrowings under these credit facilities was 6.67% and 5.25% at December 30, 2000 and January 1, 2000, respectively.

Other long-term debt, excluding the convertible debentures, consists of the following:

	Fiscal Year End	
	2000	**1999**
Revolving credit facilities	$ 75,484	$503,537
Commercial paper	29,577	155,470
Overdraft facilities	42,774	31,020
Other	177,748	217,165
	325,583	907,192
Current maturities of other long-term debt	(42,774)	(31,020)
	$282,809	$876,172

Annual maturities of other long-term debt as of December 30, 2000, excluding the convertible debentures, are as follows:

2001	$ 42,774
2002	282,809
	$325,583

Note 8 — Income Taxes

The components of income before taxes and extraordinary item consist of the following:

	Fiscal Year		
	2000	**1999**	**1998**
United States	$332,241	$275,013	$350,631
Foreign	30,268	15,480	56,229

Total	$362,509	$290,493	$406,860

The provision for income taxes consists of the following:

	Fiscal Year		
	2000	**1999**	**1998**
Current:			
Federal	$ 55,038	$ 62,832	$111,862
State	4,626	8	15,146
Foreign	28,335	25,488	31,145
	87,999	88,328	158,153
Deferred:			
Federal	56,130	27,867	4,057
State	6,115	7,832	6,926
Foreign	(11,488)	(13,175)	(7,451)
	50,757	22,524	3,532
Total income tax provision	$138,756	$110,852	$161,685

Deferred income taxes reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred tax assets and liabilities are as follows:

	Fiscal Year End	
	2000	**1999**
Net deferred tax assets and (liabilities):		
Tax in excess of book basis of foreign operations	$ 50,983	$ 37,466
Items not currently taxable	(121,514)	(31,045)
Depreciation	(13,351)	(25,485)
Tax credit carryforwards	26,301	23,525
	(57,581)	4,461
Unrealized gain on available for sale securities	(10,801)	(227,248)
Total	$ (68,382)	$(222,787)

Net current deferred tax assets of $26,297 and $51,460 are included in other current assets at December 30, 2000 and January 1, 2000, respectively. Net non-current deferred tax liabilities of $94,679 and $274,247 are included in other liabilities at December 30, 2000 and January 1, 2000, respectively.

Reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate is as follows:

	2000	**1999**	**1998**
U.S. statutory rate	35%	35%	35%
State income taxes, net of federal income tax benefit	3	3	4
Foreign rates in excess of statutory rate	1	—	1
Other	(1)	—	—
Effective tax rate	38%	38%	40%

At December 30, 2000, the Company had foreign net operating tax loss carryforwards of approximately $166,000 of which approximately $146,000 has no expiration date. The remaining foreign net operating tax loss carryforwards expire through the year 2010.

The Company does not provide for income taxes on undistributed earnings of foreign subsidiaries as such earnings are intended to be permanently reinvested in those operations.

Note 9 — Commitments and Contingencies

There are various claims, lawsuits and pending actions against the Company incident to the Company's operations. It is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

The Company has arrangements with certain finance companies that provide accounts receivable and inventory financing facilities for its customers. In conjunction with certain of these arrangements, the Company has agreements with the finance companies that would require it to repurchase certain inventory which might be repossessed from the customers by the finance companies. Such repurchases have been insignificant to date.

The Company leases the majority of its facilities and certain equipment under noncancelable operating leases. Renewal and purchase options at fair values exist for a substantial portion of the leases. Rental expense for the years ended 2000, 1999, and 1998 was $102,334, $82,781, and $55,906, respectively.

Future minimum rental commitments on operating leases that have remaining noncancelable lease terms in excess of one year as of December 30, 2000 were as follows:

2001	$ 64,182
2002	54,478
2003	45,944
2004	42,599
2005	41,714
Thereafter	229,067
	$477,984

Notes to Consolidated Financial Statements
(Dollars in 000s, except per share data)

Note 10 — Segment Information

The Company operates predominantly in a single industry segment as a distributor of information technology products and services. The Company's reportable operating segments are based on geographic location, and the measure of segment profit is income from operations. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Geographic areas in which the Company operates include the United States, Europe (Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, and the United Kingdom) and Other international (Australia, China, India, Malaysia, New Zealand, Singapore, Thailand, Canada, Argentina, Brazil, Chile, Mexico, and Peru). Inter-geographic sales primarily represent intercompany sales which are accounted for based on established sales prices between the related companies and are eliminated in consolidation.

Financial information by geographic segments is as follows:

	Fiscal Year		
	2000	**1999**	**1998**
Net sales			
United States			
Sales to unaffiliated customers	$18,452,069	$16,813,414	$14,393,295
Intergeographic sales	192,339	183,208	163,199
Europe	7,472,266	7,344,142	5,624,074
Other international	4,790,814	3,911,086	2,016,669
Eliminations of intergeographic sales	(192,339)	(183,208)	(163,199)
Total	$30,715,149	$28,068,642	$22,034,038
Income from operations			
United States	$ 279,457	$ 143,496	$ 397,194
Europe	51,104	19,118	62,172
Other international	22,876	37,390	27,239
Total	$ 353,437	$ 200,004	$ 486,605
Identifiable assets			
United States	$ 4,083,399	$ 5,827,382	$ 3,939,573
Europe	1,514,109	1,644,354	2,051,827
Other international	1,011,474	800,191	742,004
Total	$ 6,608,982	$ 8,271,927	$ 6,733,404
Capital expenditures			
United States	$ 97,965	$ 93,059	$ 119,838
Europe	34,839	27,192	19,109
Other international	13,300	15,009	4,289

Total	$ 146,104	$ 135,260	$ 143,236
Depreciation and amortization			
United States	$ 66,165	$ 54,819	$ 44,067
Europe	22,077	23,668	15,904
Other international	20,268	19,114	7,971
Total	$ 108,510	$ 97,601	$ 67,942

Note 11 — Stock Options and Incentive Plans

The Company adopted the disclosure requirements of Statement of Financial Accounting Standards No. 123 ("FAS 123") in 1996. As permitted by FAS 123, the Company continues to measure compensation cost in accordance with APB 25 and related interpretations. Therefore, the adoption of FAS 123 had no impact on the Company's financial condition or results of operations. Had compensation cost for the Company's stock option plans been determined based on the fair value of the options consistent with the method of FAS 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		Fiscal Year		
		2000	**1999**	**1998**
Net Income	As reported	$226,173	$183,419	$245,175
	Pro forma	$183,117	$152,789	$225,772
Diluted earnings per share	As reported	$ 1.52	$ 1.24	$ 1.64
	Pro forma	$ 1.23	$ 1.03	$ 1.51

The weighted average fair value per option granted in 2000, 1999, and 1998 for pro forma disclosure was $5.00, $7.66, and $16.54, respectively. The fair value of options was estimated using the Black-Scholes option-pricing model assuming no dividends and using the following weighted average assumptions:

	Fiscal Year		
	2000	**1999**	**1998**
Risk-free interest rate	6.30%	5.45%	5.01%
Expected years until exercise	2.2 years	2.7 years	4.0 years
Expected stock volatility	59.2%	55.5%	57.4%

Rollover Stock Option Plan

Certain of the Company's employees participated in the qualified and non-qualified stock option and stock appreciation right ("SAR") plans of the Company's former parent, Ingram Industries Inc. ("Industries"). In conjunction with the Company's split-off from Industries, Industries options and SARs held by the Company's employees and certain other Industries options, SARs and Incentive Stock Units ("ISUs") were converted to or exchanged for Ingram Micro options ("Rollover Stock Options"). Approximately 11.0 million Rollover Stock Options were outstanding immediately following the conversion. The majority of the Rollover Stock Options were fully vested by the year 2000 and no such options expire later than 10 years from the date of grant.

Equity Incentive Plans

In 1999, the Company had two existing equity incentive plans, the 1996 and 1998 Equity Incentive Plans. Effective June 2000, the Company's Board of Directors and Stockholders adopted the 2000 Equity Incentive Plan. The 1996, 1998 and 2000 Plans (collectively called "the Equity Incentive Plans") provide for the granting of stock based awards including incentive stock options, non-qualified stock options, restricted stock, and stock appreciation rights, among others, to key employees and members of the Company's Board of Directors. Under the three plans, the Company's board of directors authorized 47.0 million shares to be made available for granting. As of December 30, 2000, 20.4 million shares were available for granting. Options granted under the Equity Incentive Plans were issued at exercise prices ranging from $7.00 to $53.56 per share and have expiration dates not longer than 10 years. The options granted generally vest over a period of one to five years. In October 1999, the Company also granted a total of 272,250 shares of restricted Class A Common Stock to certain executives under the 1998 Plan. These shares have no purchase price and vest ratably over a two year period. The Company recorded unearned compensation of $3,458 as a component of stockholders' equity. The unearned compensation is amortized and charged to operations over the vesting period. In 2000, 38,000 shares of the restricted Class A Common Stock were forfeited.

A summary of activity under the Company's stock option plans is presented below:

	Shares (000s)	Weighted Average Exercise Price

Outstanding at January 3, 1998	18,033	$ 9.89
Stock options granted during the year	2,709	32.52
Stock options exercised	(4,992)	7.29
Forfeitures	(569)	8.12
Outstanding at January 2, 1999	15,181	14.85
Stock options granted during the year	7,833	18.45
Stock options exercised	(1,674)	4.42
Forfeitures	(2,297)	24.06
Outstanding at January 1, 2000	19,043	16.90
Stock options granted during the year	10,016	13.52
Stock options exercised	(1,621)	6.41
Forfeitures	(3,031)	19.01
Outstanding at December 30, 2000	24,407	$15.93

The following table summarizes information about stock options outstanding and exercisable at December 30, 2000.

	Options Outstanding			**Options Exercisable**	
Range of Exercise Prices	**Number Outstanding at 12/30/00 (000s)**	**Weighted Average Remaining Life**	**Weighted Average Outstanding Price**	**Number Exercisable at 12/30/00 (000s)**	**Weighted Average Exercise Price**
$ 0.68-$ 3.32	1,956	1.8	$ 2.13	1,931	$ 2.13
$ 7.00	1,487	3.3	7.00	1,045	7.00
$10.63-$17.44	12,652	9.1	13.24	2,312	12.58
$18.00-$27.00	5,114	4.9	19.81	4,302	19.22
$27.06-$38.63	2,616	5.5	29.72	1,058	29.63
$41.69-$53.56	582	6.0	47.54	285	47.60
	24,407		$15.93	10,933	$15.38

Stock options exercisable totaled approximately 10,933,000; 7,260,000; and 4,717,000 at December 30, 2000, January 1, 2000, and January 2, 1999, respectively, at weighted average exercise prices of $15.38, $13.42, and $10.29, respectively.

Key Employee Stock Purchase Plan

As of April 30, 1996, the Company adopted the Key Employee Stock Purchase Plan (the “Stock Purchase Plan”) which provides for the issuance of up to 4,000,000 shares of Class B Common Stock to certain employees. In June 1996, the Company offered 2,775,000 shares of its Class B Common Stock for sale to certain employees pursuant to the Stock Purchase Plan, and subsequently sold 2,510,400 shares at $7.00 per share with aggregate proceeds of approximately $17,573. The shares sold thereby were subject to certain restrictions on transfer and to repurchase by the Company at the original offering price upon termination of employment prior to certain specified vesting dates. The Company has repurchased 248,170 of such shares. All remaining shares are fully vested.

Employee Stock Purchase Plans

In 1996 and 1998, the Board of Directors and the Company’s shareholders approved Employee Stock Purchase Plans (the “1996 and 1998 ESPP Plans”) under which 1,000,000 and 3,000,000 shares, respectively, of the Company’s Class A Common Stock could be sold to employees. Under the Plans, employees can elect to have between 1% and 6% of their earnings withheld to be applied to the purchase of these shares. The purchase price under the Plans is generally the lesser of the market price on the beginning or ending date of the offering periods under such Plans. On December 31, 1998, the 1996 ESPP terminated and the offering period was completed for all 1996 ESPP offerings. In January 1999, the Company issued 582,362 of the 1,000,000 authorized shares and converted approximately $12,500 in accrued employee contributions into stockholders’ equity. Under the 1998 Plan, offerings were made both in January and June of 2000 and 1999. The 2000 and 1999 offerings ended on December 31, 2000 and 1999, respectively. In January 2001 and 2000, the Company issued approximately 138,000 and 145,000, respectively, of the authorized shares and converted approximately $1,600 and $1,900, respectively, in accrued employee contributions into stockholders’ equity as a result.

Employee Benefit Plans

The Company’s employee benefit plans permit eligible employees to make contributions up to certain limits which are matched by the Company at stipulated percentages. The Company’s contributions charged to expense were $4,530 in 2000, $4,484 in 1999, and $3,314 in 1998.

Note 12 — Common Stock

The Company has two classes of Common Stock, consisting of 265,000,000 authorized shares of $0.01 par value Class A Common Stock and 135,000,000 authorized shares of $0.01 par value Class B Common Stock, and 1,000,000 authorized shares of $0.01 par value Preferred Stock. Class A stockholders are entitled to one vote on each matter to be voted on by the stockholders whereas Class B stockholders are entitled to ten votes on each matter to be voted on by the

stockholders. The two classes of stock have the same rights in all other respects. Each share of Class B Common Stock may at any time be converted to a share of Class A Common Stock; however, conversion will occur automatically on the earliest to occur of (1) November 1, 2001; (2) the sale or transfer of such share of Class B Common Stock to any person not specifically authorized to hold such shares by the Company's Certificate of Incorporation; or (3) the date on which the number of shares of Class B Common Stock then outstanding represents less than 25% of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding.

The detail of changes in the number of issued and outstanding shares of Class A Common Stock, Class B Common Stock, and Redeemable Class B Common Stock for the three year period ended December 30, 2000, is as follows:

	Common Stock		
	Class A	**Class B**	**Class B Redeemable**
January 3, 1998	37,366,389	97,344,272	2,370,400
Stock options exercised	4,992,264		
Repurchase of Redeemable Class B Common Stock			(92,900)
Conversion of Class B Common Stock to Class A Common Stock	24,162,062	(24,162,062)	
Vesting of Redeemable Class B Common Stock		1,161,250	(1,161,250)
January 2, 1999	66,520,715	74,343,460	1,116,250
Stock options exercised	1,673,621		
Repurchase of Redeemable Class B Common Stock			(15,270)
Conversion of Class B Common Stock to Class A Common Stock	2,163,569	(2,163,569)	
Vesting of Redeemable Class B Common Stock		558,125	(558,125)
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	582,362		
Grant of restricted Class A Common Stock	272,250		
January 1, 2000	71,212,517	72,738,016	542,855
Stock options exercised	1,620,890		
Repurchase of Redeemable Class B Common Stock			(12,657)
Conversion of Class B Common Stock to Class A Common Stock	2,858,408	(2,858,408)	
Vesting of Redeemable Class B Common Stock		530,198	(530,198)
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	144,300		
Forfeiture of restricted Class A Common Stock	(38,000)		
December 30, 2000	75,798,115	70,409,806	—

MANAGEMENT'S STATEMENT OF FINANCIAL RESPONSIBILITY

Management is responsible for the integrity of the financial information contained in this annual report, including the Company's consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles and include amounts based upon management's informed estimates and judgments.

Management believes it maintains an effective system of internal accounting controls, including an internal audit program, that is designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that accounting records provide a reliable basis for the preparation of financial statements. This system is continuously reviewed, improved and modified in response to changing business conditions and operations and recommendations made by the independent accountants and internal auditors. Management believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Company's Bylaws provide that a majority of members of the Audit Committee of the Board of Directors shall be Independent Directors who are not employees of the Company. The Audit Committee is currently comprised entirely of Independent Directors. The Audit Committee represents the shareowners and the Board of Directors on matters relating to corporate accounting, financial reporting, internal accounting control and auditing including the ongoing assessment of the activities of the independent accountants and internal auditors. The independent accountants and internal auditors advise the Audit Committee of significant findings and recommendations arising from their activities and have free access to the Audit Committee, with or without the presence of management.

/s/ KENT B. FOSTER

/s/ MICHAEL J. GRAINGER

Kent B. Foster
Chairman of the Board and
Chief Executive Officer

Michael J. Grainger
President, Chief Operating Officer and
Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Ingram Micro Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Ingram Micro Inc. and its subsidiaries at December 30, 2000 and January 1, 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 30, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Orange County, California
February 28, 2001

BOARD OF DIRECTORS

KENT B. FOSTER
Chairman of the Board and Chief Executive Officer,
Ingram Micro Inc.

DON H. DAVIS, JR
Chairman and Chief Executive Officer,
Rockwell International Corporation

JOHN R. INGRAM
Vice Chairman,
Ingram Industries Inc.

MARTHA R. INGRAM
Chairman of the Board,
Ingram Industries Inc.

ORRIN H. INGRAM II
President and Chief Executive Officer,
Ingram Industries Inc.

PHILIP M. PFEFFER
President and Chief Executive Officer,
Treemont Capital Inc.

GERHARD SCHULMEYER
President and Chief Executive Officer,
Siemens Corporation

JOE B. WYATT
Chancellor Emeritus,
Vanderbilt University

CORPORATE MANAGEMENT

KENT B. FOSTER
Chief Executive Officer (Principal Executive Officer)

MICHAEL J. GRAINGER
President, Chief Operating Officer and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

GUY P. ABRAMO
Executive Vice President and Chief Strategic and Information Officer

JAMES E. ANDERSON, JR

Senior Vice President, Secretary and General Counsel

DAVID M. FINLEY
Senior Vice President, Human Resources

JAMES F. RICKETTS
Corporate Vice President and Treasurer

REGIONAL MANAGEMENT

KEVIN M. MURAI
Executive Vice President and President,
Ingram Micro U. S.

GREGORY M.E. SPIERKEL
Executive Vice President and President,
Ingram Micro Europe

ASGER FALSTRUP
Senior Vice President and President,
Ingram Micro Canada

HENRI T. KOPPEN
Senior Vice President and President,
Ingram Micro Asia-Pacific

JORGE G. REYES
Vice President, Finance and Accounting and Acting President,
Ingram Micro Latin America

CORPORATE OFFICES

Ingram Micro Inc.
1600 E. St. Andrew Place
Santa Ana, CA 92705
714.566.1000

ANNUAL MEETING

The 2001 Annual Meeting of Shareowners will be held at 10 a.m. (Eastern Time), Friday, June 1, 2001, at Ingram Micro Inc., 1740 Wehrle Drive, Williamsville, New York 14221. Shareowners are cordially invited to attend.

TRANSFER AGENT & REGISTRAR

First Chicago Trust Company of New York
A Division of EquiServe
Post Office Box 2500
Jersey City, NJ 07303-2500
Phone: 201.324.1644

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
2020 Main Street, Suite 400
Irvine, CA 92614
Phone: 949.437.5200

COMMON STOCK

The Class A Common Stock of Ingram Micro is traded on the New York Stock Exchange under the symbol “IM”.

Price Range of Class A Common Stock

		HIGH	LOW
Fiscal 1999	First Quarter	$36.31	$16.13
	Second Quarter	31.75	20.50
	Third Quarter	33.88	12.56
	Fourth Quarter	15.44	10.00
Fiscal 2000	First Quarter	$16.00	$10.50
	Second Quarter	21.13	13.00
	Third Quarter	20.75	13.13

Fourth Quarter	18.38	10.19

SHAREOWNER INQUIRIES

Request for information may be sent to the Investor Relations Department at our corporate offices.

Investor relations telephone information line: 714.382.8282.

Investor relations e-mail address: investor.relations@ingrammicro.com

Additional information also is available on our web site: www.ingrammicro.com

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 15, 2001

NORTH AMERICA REGION

	NAME OF SUBSIDIARY	JURISDICTION
1.	CD Access Inc.	Iowa
2.	IMI Washington Inc.	Delaware
3.	Ingram Funding Inc.	Delaware
4.	Ingram Micro Asia Holdings Inc. (1)	California
5.	Ingram Micro CLBT Inc.	Delaware
6.	Ingram Micro Delaware Inc.	Delaware
7.	Ingram Micro CLBT (2)	Pennsylvania
8.	Ingram Micro L.P. (3)	Tennessee
9.	Ingram Micro Texas L.P. (4)	Texas
10.	Ingram Micro Inc.	Canada
11.	Ingram Micro Japan Inc.	Delaware
12.	Ingram Micro Management Company	California
13.	Ingram Micro Singapore Inc.	California
14.	Ingram Micro Taiwan Inc.	Delaware
15.	Ingram Micro Texas LLC (5)	Delaware
16.	Intelligent Advanced Systems, Inc. (6)	Delaware
17.	Intelligent Distribution Services, Inc. (6)	Delaware
18.	Intelligent Express, Inc. (6)	Pennsylvania
19.	Intelligent SP, Inc.	Colorado
20.	RND, Inc. (6)	Colorado

LATIN AMERICA REGION

	NAME OF SUBSIDIARY	JURISDICTION
21.	Computek Enterprises (U.S.A.) Inc. (6)	Florida
22.	Ingram Export Company Ltd.	Barbados
23.	Ingram Micro Argentina, S.A. (7)	Argentina
24.	Ingram Micro Compania de Servicios, S.A. de C.V. (8)	Mexico
25.	Ingram Micro de Costa Rica, S. de R.L. (7)	Costa Rica
26.	Ingram Micro Latin America	Cayman Islands
27.	Ingram Micro Caribbean	Cayman Islands
28.	Ingram Micro Chile, S.A. (9)	Chile
29.	Ingram Micro do Brazil Holdings Ltda. (10)	Brazil
30.	Ingram Micro Brazil Ltda (11)	Brazil
31.	Ingram Micro Peru, S.A. (12)	Peru
32.	Ingram Micro Logistics Inc. (13)	Cayman Islands
33.	CIM Ventures Inc. (14)	Cayman Islands
34.	Ingram Micro Mexico, S.A. de C.V. (8)	Mexico
35.	Export Services Inc.	California
36.	Ingram Micro Panama, S. de R.L. (7)	Panama
37.	Ingram Micro SB Holdings Inc.	Cayman Islands
38.	Ingram Micro SB Inc.	California

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 15, 2001

EUROPE REGION

	NAME OF SUBSIDIARY	JURISDICTION
39.	Ingram European Coordination Center N.V. (15)	Belgium
40.	Ingram Micro AB	Sweden
41.	Ingram Micro AS	Norway
42.	Ingram Micro Logistics AS	Norway
43.	Ingram Micro A/S	Denmark
44.	Ingram Micro Logistics A/S	Denmark
45.	Ingram Micro Logistics OY	Finland
46.	Ingram Micro Acquisition Gmbh	Germany
47.	Ingram Micro B.V.	The Netherlands
48.	Micro Communications Services B.V.	The Netherlands
49.	Bright Communications B.V.	The Netherlands
50.	Ingram Micro Frameworks B.V.	The Netherlands
51.	Ingram Micro Purchasing & Warehousing B.V.	The Netherlands
52.	Ingram Micro Europe AG	Switzerland
53.	Ingram Micro Holding Gmbh	Germany
54.	Ingram Micro Hungary Ltd (16)	Germany
55.	WSH kft	Hungary
56.	Ingram Micro Deutschland Gmbh	Germany
57.	Ingram Micro Gmbh Zweigniederlassung Oesterriech	Austria
58.	Ingram Micro Components (Europe) GmbH	Germany
59.	Ingram Micro Europe GmbH	Germany
60.	Ingram Micro Development GmbH	Germany
61.	Ingram Macrotron AG (96.75%)	Germany
62.	Computer Peripheral Services GmbH	Germany
63.	Future Software Gmbh (90%)	Germany
64.	Ingram Macrotron AG	Switzerland
65.	Ingram Macrotron Distribution Gmbh	Germany
66.	Compu-Shack Electronic Gmbh	Germany
67.	Compu-Shack Praha s.r.o.	Czech Republic
68.	Compushack Distribution	Germany
69.	Compushack Production	Germany
70.	Macrotron Computer Manufacturing	Germany
71.	Ingram Macrotron Gmbh	Austria
72.	Macrotron Systems Gmbh	Germany
73.	Macrotron CAD-CAM Systems	Germany
74.	Macrotron Process Technologies	Germany
75.	Macrotron (UK) Ltd.	England
76.	Ingram Micro Management Gmbh	Germany
77.	Ingram Micro Germany Verwaltungs Gmbh	Germany

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 15, 2001

EUROPE REGION (CONTINUED)

	NAME OF SUBSIDIARY	JURISDICTION
78.	Ingram Micro Holding Limited	United Kingdom
79.	Ingram Micro Finance Center of Excellence Ltd	United Kingdom
80.	Ingram Micro Purchasing Ltd	United Kingdom
81.	Ingram Micro (UK) Limited	United Kingdom
82.	Ingram Micro N.V. (15)	Belgium
83.	Ingram Micro OY	Finland
84.	Ingram Micro Polska Sp. z o. o.	Poland
85.	Ingram Micro Logistics AB	Sweden
86.	Ingram Micro Purchasing & Warehousing Sp. z o. o.	Poland
87.	Ingram Micro S.A.	Spain
88.	Ingram Micro Purchasing & Warehousing SA (17)	Spain
89.	Ingram Micro S.A.R.L.	France
90.	Ingram Micro Purchasing & Warehousing S.A.R.L.	France
91.	Ingram Micro S.p.A. (18)	Italy
92.	Ingram Micro Purchasing & Warehousing SRL (19)	Italy
93.	IMICRO Lda.	Portugal

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 15, 2001

ASIA-PACIFIC REGION

	NAME OF SUBSIDIARY	JURISDICTION
94.	Ingram Micro Asia Ltd (20)	Singapore
95.	Electronic Resources Pakistan Pte Ltd (6)	Singapore
96.	Electronic Resources Systems Pte Ltd (6)	Singapore
97.	Eltee Electronics Pte Ltd (6)	Singapore
98.	Erijaya Pte Ltd (60%)	Singapore
99.	Ingram Micro Australia Pty Ltd	Australia
100.	Electronic Resources Australia (Qld) Pty Ltd (6)	Australia
101.	Electronic Resources Australia (Vic) Pty Ltd (6)	Australia
102.	Ingram Micro Holding (Thailand) Ltd (49%) (21)	Thailand
103.	Ingram Micro (Thailand) Ltd (99.999%) (6) (22)	Thailand
104.	Ingram Micro Hong Kong (Holding) Ltd (6)	Hong Kong
105.	Chinam Electronics Limited (6)	Hong Kong
106.	Ingram Micro (China) Ltd	Hong Kong
107.	Ingram Micro International Trading (Shanghai) Co., Ltd	China
108.	Ingram Micro India Limited (51%)	India
109.	Ingram Micro Malaysia Sdn Bhd	Malaysia
110.	Ingram Micro NZ Ltd (70%)	New Zealand
111.	Ingram Micro Singapore (Indo-China) Pte Ltd (60%)	Singapore
112.	Ingram Micro Singapore (South Asia) Pte Ltd (51%)	Singapore
113.	Ingram Micro Gulf Fze (6)	United Arab Emirates
114.	Ingram Micro (S.E.A.) Pte Ltd	Singapore
115.	ERIM Sdn Bhd (6)	Malaysia
116.	LT Electronics Sdn Bhd (6)	Malaysia
117.	Megawave Pte Ltd	Singapore

FOOTNOTES:

(1) Parent of Ingram Micro Asia Ltd, under Asia-Pacific region.

(2) Pennsylvania business trust, with Ingram Micro Delaware Inc. as trustee and Ingram Micro CLBT Inc. as beneficiary.

(3) Tennessee limited partnership, with Ingram Micro Inc. (Delaware) as general partner and Ingram Micro Delaware Inc. as limited partner.

(4) Texas limited partnership, with Ingram Micro Texas LLC (dba IMTX LLC) as general partner and Ingram Micro Delaware Inc. as limited partner.

(5) Single member limited liability company with Ingram Micro Inc. (Delaware) as its sole member, dba IMTX LLC in Texas.

(6) Dormant.

(7) 99.998% owned by Ingram Micro Latin America and .002% owned by Ingram Micro Caribbean.

(8) 99.998% owned by Ingram Micro Inc. (Delaware) and .002% owned by Ingram Micro Caribbean.

(9) 99% owned by Ingram Micro Latin America and 1% owned by Ingram Micro Caribbean.

(10) 99.999% owned by Ingram Micro Latin America and .001% owned by Ingram Micro Caribbean.

(11) 99% owned by Ingram Micro do Brazil Holdings Ltda. and 1% owned by Ingram Micro Caribbean.

FOOTNOTES (CONTINUED):

(12) 99.998% owned by Ingram Micro Latin America, .001% owned by Ingram Micro Caribbean and .001% owned by Ingram Micro Inc. (Delaware).

(13) 40,000,000 voting preferred shares owned by Ingram Micro Inc. (Delaware) and 10,000,000 non-voting common shares owned by Ingram Micro SB Inc.

(14) 346,800 non-voting shares owned by Ingram Micro Logistics Inc. and 55 Class A preferred voting shares owned by Ingram Micro SB Holdings Inc.

(15) 1 share owned by Ingram Micro Delaware Inc.

(16) 65.6% owned by Ingram Micro Holding Gmbh and 34.4% owned by Compu-Shack Electronic Gmbh.

(17) 6,099 shares owned by Ingram Micro S.A. and 1 share owned by Ingram Micro N.V.

(18) 97% owned by Ingram Micro Inc. and 3% by Ingram Micro N.V.

(19) 99% owned by Ingram Micro SpA and 1% by Ingram Micro N.V.

(20) Ingram Micro Asia Holdings Inc. owns 100% of the issued share capital and 99.46% of the outstanding warrants.

(21) 51% of shares in Ingram Micro Holding (Thailand) Ltd. are held in trust by nominee Thai shareholders on behalf of Ingram Micro Asia Ltd.

(22) 0.001% of shares in Ingram Micro (Thailand) Ltd. are held in trust by nominee Thai shareholders on behalf of Ingram Micro Asia Ltd.

EXHIBIT 23.01

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-23821, 333-23823, 333-23825, 333-23827, 333-43447, 333-52807, 333-52809 and 333-39780) of Ingram Micro Inc. of our report dated February 28, 2001 relating to the financial statements, which appears in the Annual Report to Shareowners, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 28, 2001 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Orange County, California
March 27, 2001

EXHIBIT 23.02

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-39457 and 333-93783) of Ingram Micro Inc. of our report dated February 28, 2001 relating to the financial statements, which appears in the Annual Report to Shareowners, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 28, 2001 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Orange County, California
March 27, 2001

CAUTIONARY STATEMENTS FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a "safe harbor" for "forward-looking statements" to encourage companies to provide prospective information, so long as such information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the forward-looking statement(s). Ingram Micro desires to take advantage of the safe harbor provisions of the Act.

Our Annual Report on Form 10-K for the year ended December 30, 2000 to which this exhibit is appended, our quarterly reports on Form 10-Q, our current reports on Form 8-K, periodic press releases, as well as other public documents and statements, may contain forward-looking statements within the meaning of the Act.

In addition, our representatives participate from time to time in:

- speeches and calls with market analysts,
- conferences, meetings and calls with investors and potential investors in our securities, and
- other meetings and conferences.

Some of the information presented in these calls, meetings and conferences may be forward-looking within the meaning of the Act.

It is not reasonable for us to itemize all of the factors that could affect us and/or the information technology products and services distribution industry as a whole. In some cases, we may convey additional information regarding important factors that could cause actual results to differ materially from those projected in forward-looking statements made by or on behalf of Ingram Micro. The following factors (in addition to other possible factors not listed) could affect our actual results and cause these results to differ materially from those projected or otherwise expressed in forward-looking statements made by or on behalf of Ingram Micro:

***We are subject to intense competition, both in the U.S. and internationally*.** We operate in a highly competitive environment, both in the United States and internationally. The intense competition that characterizes the information technology products and services distribution industry is based primarily on:

- breadth, availability and quality of product lines and services,
- price,
- terms and conditions of sale,
- credit terms and availability,
- speed and accuracy of delivery,
- effectiveness of sales and marketing programs, and
- availability of technical and product information.

Our competitors include regional, national, and international distributors, as well as hardware manufacturers, networking equipment manufacturers and software publishers that sell directly to resellers and large end-users. We

cannot assure you that we will not lose market share in the United States or in international markets, or that we will not be forced in the future to reduce our prices in response to the actions of our competitors and thereby experience a further reduction in our gross margins.

We have initiated and continue to initiate other business activities and may face competition from companies with more experience and/or new entries in those new markets. For example, there has been an accelerated movement among transportation and logistics companies to provide fulfillment and e-commerce supply chain services. Within this arena, we face competition from transportation and logistics suppliers, such as United Parcel Service, Federal Express, and express logistics companies such as PFSWeb, SubmitOrder.com, and SameDay.com. In addition, as we enter new business areas, we may also encounter increased competition from current competitors and/or from new competitors, some of which may be our current customers or suppliers. We cannot ensure that increased competition and adverse reaction from customers or suppliers resulting from our expansion into new business areas will not have a material adverse effect on our business, financial condition, or results of operations.

***Our gross margins have been historically narrow, and we expect them to continue to be narrow; this magnifies the impact of variations in costs on our operating results*.** As a result of intense price competition in the information technology products and services distribution industry, our gross margins have historically been narrow and we expect them to continue to be narrow in the future. We receive purchase discounts and rebates from suppliers based on various factors, including sales or purchase volume and breadth of customers. These purchase discounts and rebates directly affect gross margins. Because many purchase discounts from suppliers are based on percentage increases in sales of products, it may become more difficult for us to achieve the percentage growth in sales required for larger discounts due to the current size of our revenue base. In addition, the percentage of purchase discounts as a component of gross margins has declined. A decrease in revenues could also negatively affect the level of volume rebates received from our suppliers.

A significant percentage of our revenues relates to products sold to us by relatively few manufacturers or publishers. They each have the ability to make rapid and significantly adverse changes in their sales terms and conditions, such as reducing the amount of price protection and return rights as well as reducing the level of purchase discounts and rebates they make available to us. Our inability to pass through to our 175,000 reseller customers the impact of these changes as

well as our failure to develop systems to manage ongoing supplier pass through programs could have a material negative impact on our gross margins. These narrow gross margins magnify the impact of variations in operating costs, bad debts or interest expense on our operating results.

To partially offset the decline in gross margins, we seek to continually institute more effective operational and expense controls to reduce selling, general and administrative ("SG&A") expenses as a percentage of net sales. However, the reduction in SG&A expenses may not be large enough to offset a decline in gross margins and as a result, operating margins may decline. There can be no assurance that we will be able to reduce operating expenses as a percentage of net sales to mitigate any further reductions in gross margins in the future. A continuation of the decline in gross margins could have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to adequately adjust our cost structure in a timely fashion in response to a sudden decrease in demand which may adversely impact our financial condition or results of operation. A significant portion of our selling, general and administrative expense is comprised of personnel, facilities and costs of invested capital. Historically, the Company has monitored and controlled the growth in operating costs in relation to overall revenue growth to reduce operating costs as a percentage of net sales. Additionally, the Company has continued to pursue and implement process and organizational changes to provide sustainable operating efficiencies. However, in the event of a significant downturn in revenues, the Company may not be able to exit facilities, reduce personnel, or make other significant changes to its cost structure without significant disruption to its operations or without significant termination and exit costs. Additionally, management may not be able to implement such actions, if at all, in a timely manner to offset an immediate shortfall in revenues and gross profit. As a result, a downturn in revenues could have a material adverse effect on our business, financial condition, and results of operations.

Our quarterly results have fluctuated significantly in the past and will likely continue to do so. Our quarterly net sales and operating results have varied significantly in the past and will likely continue to do so in the future as a result of:

- seasonal variations in the demand for our products and services,
- competitive conditions including pricing,
- variations in the amount of provisions for excess inventory, vendor sponsored programs and doubtful accounts,
- changes in the level of operating expenses,
- the impact of acquisitions,
- the introduction of new products and services offering improved features and functionality (by us and our competitors),
- the loss or consolidation of a significant supplier or customer,
- product supply constraints,
- interest rate fluctuations,
- currency fluctuations, and
- general economic conditions.

Our narrow margins may magnify the impact of these factors on our operating results. We believe that you should not rely on period-to-period comparisons of our operating results as an indication of future performance. In addition, the results of any quarterly period are not indicative of results to be expected for a full fiscal year. In certain future quarters, our operating results may be below the expectations of public market analysts or investors. In this regard, we did not meet consensus analyst earnings estimates in the fourth quarter of 1998 and in several fiscal quarters in 1999. This event may materially adversely affect the market price of our common stock.

Because of the capital intensive nature of our business, we need continued access to capital which may or may not be available to us. Our business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. In order to continue expanding our business, including acquisitions, we will continue to need access to capital, including debt financing, which may or may not be available on terms acceptable to us, or at all. In addition to our prospects, financial condition and results of operations, macroeconomic factors such as fluctuations in interest rates or a general economic downturn may restrict our ability to raise the necessary capital. We cannot assure you that we will continue to be able to raise capital in adequate amounts for these or other purposes on terms acceptable to us, and the failure to do so could have a material adverse effect on our business, financial condition, and results of operations.

Rapid changes in the technology marketplace, including major changes in our manufacturers' and publishers' terms and conditions of sale, combined with our rapid growth, has caused significant changes to our company, and we cannot assure you of our success in managing our growth in the future. This growth in combination with the dynamic changes in the industry has resulted in new and increased responsibilities for management personnel and has placed and continues to place a significant strain upon our management, operating and financial systems, and other resources. This strain may be exacerbated when we seek to fill open executive positions. We cannot assure you that the strain placed upon our management, operating and financial systems, and other resources will not have a material adverse effect on our business, financial condition, and results of operations, nor can we assure you that we will be able to attract or retain sufficient personnel to continue the expansion of our operations. Also crucial to our success in managing our growth will be our ability to achieve additional economies of scale. Although we have experienced significant sales growth in recent years, you should not consider this growth indicative of future sales growth. Therefore, we cannot assure you that we will be able to increase our economies of scale, and the failure to do so could have a material adverse effect on our business, financial condition, and results of operations.

We are dependent on a variety of information systems and a failure of these systems could adversely impact our business. We depend on a variety of information systems for our operations, particularly our centralized IMpulse information processing system which supports more than 40 operational functions,

including:

- inventory management,
- order processing,
- shipping,
- receiving, and
- accounting.

At the core of IMpulse is on-line, real-time distribution software which supports basic order entry and processing and customers' shipments and returns. Although we have not in the past experienced significant system-wide failures or downtime of IMpulse or any of our other information systems, we have experienced failures in IMpulse in certain specific geographies. Failures or significant downtime for IMpulse could prevent us from taking customer orders, printing product pick-lists, and/or shipping product. It could also prevent customers from accessing our price and product availability information. From time to time we may acquire other businesses having information systems and records which must be converted and integrated into IMpulse or other Ingram Micro information systems. This can be a lengthy and expensive process that results in a significant diversion of resources from other operations. We also rely on the Internet for a percentage of our orders and information exchanges with our customers. The Internet generally and individual web sites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some web sites have experienced security breakdowns. To date, our web site has not experienced any material breakdowns or disruptions; however, we cannot assure you that this will not occur in the future. If we were to experience a security breakdown that compromised sensitive information, this could harm our relationship with our customers or vendors. Disruption of our web site or the Internet in general could impair our order processing or more generally prevent our customers and vendors from accessing information. This could cause us to lose business.

We believe that customer information systems and product ordering and delivery systems, including Internet-based systems, are becoming increasingly important in the distribution of technology products and services. As a result, we are continually enhancing our customer information systems by adding new features, including on-line ordering through the Internet. However, we cannot assure you that competitors will not develop customer information systems that are superior to those offered by us. Our inability to develop competitive customer information systems could adversely affect our business, financial condition, and results of operations.

***Our international operations impose risks upon our business, such as exchange rate fluctuations*.** We operate, through our subsidiaries, in a number of countries outside the United States, and we expect our international net sales to increase as a percentage of total net sales in the future. Our international net sales are primarily denominated in currencies other than the U.S. dollar. Accordingly, our international operations impose risks upon our business as a result of exchange rate fluctuations. Through our recent acquisitions in Latin America and Asia Pacific, we now have operations in countries which may have a greater risk of exchange rate fluctuations. We cannot assure you that exchange rate fluctuations will not have a material adverse effect on our business, financial condition, or results of operations in the future. In some countries outside the United States, operations are accounted for primarily on a U.S. dollar denominated basis. In the event of an unexpected devaluation of the local currency in those countries (as occurred in Mexico in December 1994 and Asia and Latin America in 1997), we may experience significant foreign exchange losses. In addition, our operations may be significantly adversely affected as a result of the general economic impact of the devaluation of the local currency. We engage in various activities to mitigate most of these risks, including matching the currencies of our non-U.S. costs and revenues, borrowing in foreign currencies, and utilizing derivative financial instruments such as forward exchange contracts and interest rate swaps.

Our international operations are subject to other risks such as:

- the imposition of governmental controls,
- export license requirements,
- restrictions on the export of certain technology,
- political instability,
- trade restrictions,
- tariff changes,
- difficulties in staffing and managing international operations,
- difficulties in collecting accounts receivable and longer collection periods, and
- the impact of local economic conditions and practices.

***We are dependent on key individuals in our company, and our ability to retain our personnel*.** We are dependent in large part on our ability to retain the services of our key management, finance, sales, IT, and operational personnel. Our continued success is also dependent upon our ability to retain and attract other qualified employees, including highly skilled technical, managerial, and marketing personnel, to meet our needs. Competition for qualified personnel is intense, particularly in technical areas such as IT. We may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our business, financial condition, and results of operations.

***We are dependent on suppliers to maintain an adequate supply of products to fulfill customer orders on a timely basis*.** Our ability to obtain particular products or product lines in the required quantities and to fulfill customer orders on a timely basis is critical to our success. We generated approximately 42%, 39%, and 40% of our net sales in fiscal 2000, 1999, and 1998, respectively, from products purchased from three vendors. In most cases, we have no guaranteed

price or delivery agreements with suppliers. In certain product categories, such as systems, limited price protection or return rights offered by manufacturers may have a bearing on the amount of product we may be willing to stock. The PC industry experiences significant product supply shortages and customer order backlogs from time to time due to the inability of certain manufacturers to supply certain products on a timely basis. As a result, we have experienced, and may in the future continue to experience, short-term inventory shortages. In addition, manufacturers who currently distribute their products through us may decide to distribute, or to substantially increase their existing distribution, through other distributors, their own dealer networks, or directly to resellers. In addition, in the case of software, there is the emergence of alternative means of distribution, such as site licenses and electronic distribution. We cannot assure you that suppliers will be able to maintain an adequate supply of products to fulfill our customer orders on a timely basis or that we will be able to obtain particular products or that a product line currently offered by suppliers will continue to be available.

We currently pursue a strategy of acquisitions, which involves various risks and difficulties. As part of our growth strategy, we pursue the acquisition of companies that either complement or expand our existing business. Acquisitions involve a number of risks and difficulties, including:

- the diversion of management's attention to the integration of the operations and personnel of the acquired companies,
- the retention of key personnel and customers,
- the conversion of the acquired companies' management information systems to ours,
- potential adverse short-term effects on our operating results,

- the possibility that we could incur or acquire substantial debt in connection with the acquisitions,
- expansion into new geographic markets and business areas,
- the requirement to understand local business practices,
- the amortization of acquired intangible assets, and
- the need to present a unified corporate image.

We are subject to the risk that our inventory values may decline and protective terms under vendor agreements may not adequately cover the decline in values. The information technology products industry is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory in stock to decline substantially in value or to become obsolete. It is the policy of most suppliers of information technology products to offer limited protection to distributors such as Ingram Micro, who purchase directly from these suppliers, from the loss in value of inventory due to technological change or the supplier's price reductions. For example, in the event of a supplier price reduction, we generally receive a credit for products based upon the terms and conditions with that supplier. In addition, we have the right to return a certain percentage of purchases, subject to certain limitations. These policies are sometimes not embodied in written agreements and do not protect us in all cases from declines in inventory value. We cannot assure you that price protection will continue, that unforeseen new product developments will not materially adversely affect us, or that we will be able to successfully manage our existing and future inventories. If major PC suppliers decrease the availability of price protection to distributors, such a change in policy could have a material adverse effect on our business, financial condition, and results of operations. For example, during 1999 and 2000 the Company experienced higher expenses related to excess and obsolete inventory as compared to 1998 primarily resulting from the rapid changes in the technology marketplace and the significant changes in supplier terms and conditions in 1999. We are also exposed to inventory risk to the extent that vendor protections are not available on all products or quantities and are subject to time restrictions. In addition, vendors may become insolvent and unable to fulfill protection obligations to Ingram Micro. We manage this risk through continuous monitoring of existing inventory levels relative to customer demand. To the extent necessary, we have established and continue to accrue for excess and obsolete inventory reserves based upon current requirements. We are implementing and continually refining changes to our inventory management processes and management of our vendor subsidized programs which we believe will help mitigate the impact of changes in our vendors' terms and conditions.

We may experience an increased risk of credit loss as a result of our reseller customers' businesses being negatively impacted by dramatic changes in the information technology products and services industry as well as intense competition among resellers. In addition, our risk of collectibility on receivables may increase if our reseller customers experience decreases in demand for their products and services. We engage in a variety of credit management programs to mitigate these risks. For example, we offer several credit programs to customers based on our assessment of their credit worthiness as well as prepay, credit card, and cash on delivery terms. We also offer "end-user" financing based upon the end-user's credit worthiness and collect accounts receivable on behalf of our reseller customers. We closely monitor reseller customers' credit worthiness through IMpulse, which contains detailed information on each customer's payment history as well as other relevant information. In addition, we participate in a U.S. credit association whose members exchange customer credit rating information. In most markets, we utilize various levels of credit insurance. In addition, we are implementing certain changes to the terms and conditions we offer our customers, including product returns, to reflect those being imposed by our vendors. We also establish reserves for estimated credit losses in the normal course of business. We believe that these plans will help mitigate the impact of changes in vendor terms and conditions and the intense price competition. However, if there is a substantial deterioration in the collectibility of our receivables or if we cannot obtain credit insurance at reasonable rates, our financial condition and results of operations may be adversely impacted.

We are dependent on independent shipping companies for the delivery of our products. We rely almost entirely on arrangements with independent shipping companies for the delivery of our products. The termination of our arrangements with one or more of these independent shipping companies, or the failure or inability of one or more of these independent shipping companies to deliver products from suppliers to us or products from Ingram

Micro to our reseller customers or their end-user customers, could have a material adverse effect on our business, financial condition, or results of operations.

We are subject to the risk of termination of subsidized floor plan financing by our systems manufacturers. Our revenue from sales of systems is characterized by gross margins and operating margins that are even narrower than those of other information technology products and services. A substantial majority of our U.S. systems sales are funded by floor plan financing companies. We currently receive payment from these financing institutions within three to

thirty business days from the date of the sale, depending on the specific arrangement, allowing this business to operate at much lower relative working capital levels than our traditional distribution business. Such floor plan financing is typically subsidized for our reseller customers by the systems manufacturers. If the arrangements for such subsidies are terminated or substantially reduced, such change in policy could have a material adverse effect on our business, financial condition, and results of operations.