FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED APRIL 4, 1998

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

1600 E. ST. ANDREW PLACE, SANTA ANA, CALIFORNIA 92799-5125
(Address, including zip code, of principal executive offices)

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

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 [ ]

The Registrant had 38,271,346 shares of Class A Common Stock, par value $.01 per share, and 99,664,302 shares of Class B Common Stock, par value $.01 per share, outstanding at April 4, 1998.

INGRAM MICRO INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INGRAM MICRO INC.

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

	APRIL 4, 1998	JANUARY 3, 1998
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash	$ 103,694	$ 92,212
Trade accounts receivable (less allowances of $52,254 and $48,541 at April 4, 1998 and January 3, 1998, respectively)	1,791,934	1,635,728
Inventories	2,278,665	2,492,646
Other current assets	202,447	225,408
Total current assets	4,376,740	4,445,994
Property and equipment, net	228,726	215,148
Goodwill, net	141,690	142,478
Other	128,273	128,531
Total assets	$ 4,875,429	$ 4,932,151
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,282,210	$ 2,415,001
Accrued expenses	280,372	292,515
Current maturities of long-term debt	28,638	21,869
Total current liabilities	2,591,220	2,729,385
Long-term debt	1,126,986	1,119,262
Other	30,896	23,843
Total liabilities	3,749,102	3,872,490
Minority interest	4,890	4,862
Commitments and contingencies		
Redeemable Class B Common Stock	8,129	16,593
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; 38,271,346 and 37,366,389 shares issued and outstanding at April 4, 1998 and January 3, 1998, respectively	383	374
Class B Common Stock, $0.01 par value, 135,000,000 shares authorized; 99,664,302 and 99,714,672 shares issued and outstanding (including 1,161,250 and 2,370,400 redeemable shares) at April 4, 1998 and January 3, 1998, respectively	985	973
Additional paid in capital	505,822	484,912
Retained earnings	622,977	566,441
Cumulative translation adjustment	(16,643)	(14,236)
Unearned compensation	(216)	(258)
Total stockholders' equity	1,113,308	1,038,206
Total liabilities and stockholders' equity	$ 4,875,429	$ 4,932,151

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.
CONSOLIDATED STATEMENT OF INCOME
(Dollars in 000s, except per share data)
(Unaudited)

	THIRTEEN WEEKS ENDED	
	APRIL 4, 1998	MARCH 29, 1997
Net sales	$ 5,150,088	$ 3,649,978
Cost of sales	4,820,178	3,415,270
Gross profit	329,910	234,708
Expenses:		
Selling, general and administrative	212,611	154,145
Noncash compensation charge	1,148	1,813
	213,759	155,958
Income from operations	116,151	78,750
Other (income) expense:		
Interest income	(1,413)	(814)
Interest expense	19,272	7,308
Net foreign currency exchange loss	1,575	63
Other	2,680	3,148
	22,114	9,705
Income before income taxes and minority interest	94,037	69,045
Provision for income taxes	37,474	28,453
Income before minority interest	56,563	40,592
Minority interest	27	215
Net income	$ 56,536	$ 40,377
Basic earnings per share	$ 0.41	$ 0.30
Diluted earnings per share	$ 0.38	$ 0.28

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in 000s)
(Unaudited)

	THIRTEEN WEEKS ENDED	
	APRIL 4, 1998	MARCH 29, 1997
Cash provided (used) by operating activities:		
Net income	$ 56,536	$ 40,377
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	15,402	10,326
Deferred income taxes	(1,138)	(1,892)
Minority interest	27	215
Noncash compensation charge	1,148	1,813
Changes in operating assets and liabilities		
Trade accounts receivable	(165,131)	(81,599)
Inventories	206,658	(322,031)
Other current assets	33,400	(3,916)
Accounts payable	(127,887)	114,732
Accrued expenses	(8,778)	50,620
Cash provided (used) by operating activities	10,237	(191,355)
Cash provided (used) by investing activities:		
Purchase of property & equipment	(27,052)	(19,358)
Other	(4,633)	(1,955)
Cash used by investing activities	(31,685)	(21,313)
Cash provided (used) by financing activities:		
Redemption of Redeemable Class B Stock	(335)	--
Exercise of stock options including tax benefits	11,696	6,276
(Repayments) proceeds of debt	(452)	53,135
Net borrowings under revolving credit facility	22,453	168,750
Cash provided by financing activities	33,362	228,161
Effect of exchange rate changes on cash	(432)	(1,634)
Increase in cash	11,482	13,859
Cash, beginning of period	92,212	48,279
Cash, end of period	$ 103,694	$ 62,138
Supplemental disclosure of cash flow information:		
Cash payments during the period:		
Interest	$ 19,038	$ 7,089
Income taxes	13,754	15,324

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(DOLLARS IN 000S, EXCEPT PER SHARE DATA)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Ingram Micro Inc. (the "Company" or "Ingram Micro"), is primarily engaged in wholesale distribution of computer-based technology products and services worldwide. The Company conducts the majority of its operations in North America, Europe, and Latin America. In November 1996, the Company's former parent, Ingram Industries Inc. ("Ingram Industries"), consummated a split-off of the Company in a tax-free reorganization (the "Split-Off"). In connection with the Split-Off, certain stockholders of Ingram Industries exchanged all or some of their shares of Ingram Industries Common Stock for 107,251,362 shares of Class B Common Stock of the Company in specified ratios.

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited consolidated financial statements contain all material adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company and its wholly-owned and majority-owned subsidiaries as of April 4, 1998 and the results of their operations and cash flows for the thirteen weeks ended April 4, 1998 and March 29, 1997. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the thirteen week periods may not be indicative of the results of operations that can be expected for the full year.

NOTE 2 - EARNINGS PER SHARE

Effective in the fourth quarter of fiscal year 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("FAS 128") and related interpretations. FAS 128 requires 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. Earnings per share for all prior periods have been restated to reflect the adoption of FAS 128.

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

	THIRTEEN WEEKS ENDED	
	APRIL 4, 1998	MARCH 29, 1997
Net income	$ 56,536	$ 40,377
Weighted average shares	137,409,171	134,773,566
Basic earnings per share	$ 0.41	$ 0.30
Weighted average shares including the dilutive effect of stock options (11,652,658 and 10,595,755 for the thirteen weeks ended April 4, 1998 and March 29, 1997, respectively)	149,061,829	145,369,321
Diluted earnings per share	$ 0.38	$ 0.28

NOTE 3 - COMMON STOCK

The Company has two classes of Common Stock, consisting of 265,000,000 authorized shares of $0.01 par value

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(DOLLARS IN 000S, EXCEPT PER SHARE DATA)

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 (i) November 6, 2001; (ii) 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 (iii) 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.

NOTE 4 - COMPREHENSIVE INCOME

Effective in the first quarter of fiscal 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("FAS 130"). FAS 130 establishes standards for reporting and displaying of 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. Total comprehensive income was $55,088 and $35,391 for the thirteen weeks ended April 4, 1998 and March 29, 1997, respectively. The primary difference from net income as reported is the tax affected change in cumulative translation adjustment.

NOTE 5 - NEW ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("FAS 131"), which will become effective in fiscal 1998. FAS 131 establishes standards for the way publicly-held companies report information about operating segments as well as disclosures about products and services, geographic areas and major customers. However, the Company does not expect the adoption of FAS 131 to have a material impact on its reported consolidated financial condition or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

	THIRTEEN WEEKS ENDED			
	APRIL 4, 1998		MARCH 29, 1997	
NET SALES BY GEOGRAPHIC REGION:	(dollars in millions)			
United States	$3,456	67.1%	$2,478	67.9%
Europe	1,175	22.8%	758	20.8%
Other international	519	10.1%	414	11.3%
Total	$5,150	100.0%	$3,650	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	
	THIRTEEN WEEKS ENDED	
	APRIL 4, 1998	MARCH 29, 1997
Net sales	100.0%	100.0%
Cost of sales	93.6%	93.6%
Gross profit	6.4%	6.4%
Expenses:		
SG&A expenses	4.2%	4.2%
Noncash compensation charge	0.0%	0.0%
Income from operations	2.2%	2.2%
Other expense, net	0.4%	0.3%
Income before income taxes and minority interest	1.8%	1.9%
Provision for income taxes	0.7%	0.8%
Minority interest	0.0%	0.0%
Net income	1.1%	1.1%

THIRTEEN WEEKS ENDED APRIL 4, 1998 COMPARED TO THIRTEEN WEEKS ENDED MARCH 29, 1997

Consolidated net sales increased 41.1% to $5.15 billion in the first quarter of 1998 from $3.65 billion in the first quarter of 1997. The increase in worldwide net sales was attributable to growth in the microcomputer products industry in general, the addition of new customers, increased sales to the existing customer base, improved product availability, and expansion of the Company's product offerings.

Net sales from U.S. operations increased 39.5% to $3.46 billion in the first quarter of 1998 from $2.48 billion in the first quarter of 1997. In addition to the factors above that impacted net sales worldwide, U.S. net sales were positively impacted by the acquisition of Intelligent Electronics Inc.'s Reseller Network Division ("RND"), which was completed on July 18, 1997. Concurrent with the RND acquisition, the Company more fully integrated its master reseller business into its wholesale distribution business. Net sales from European operations increased 55.1% to $1.17 billion in the first quarter of 1998 from $757.6 million in the first quarter of 1997. Other international net sales increased 25.3% to $519.0 million in the first quarter of 1998 from $414.4 million in the first quarter of 1997, due to growth in net sales of the Company's Latin American, Canadian and Export Division operations.

Cost of sales as a percentage of net sales remained constant at 93.6% in the first quarter of 1998 compared to the first quarter of 1997.

Total SG&A expenses increased 37.9% to $212.6 million in the first quarter of 1998 from $154.1 million in the first quarter of 1997, but remained constant as a percentage of net sales at 4.2% in the first quarter of 1998 and the first quarter of 1997. The increased level of spending was attributable to expenses required to support expansion of the Company's business, consisting primarily of incremental personnel and support costs, lease payments relating to new operating facilities, and expenses associated with the development and maintenance of information systems.

Noncash compensation charges decreased 36.7% to $1.1 million in the first quarter of 1998 from $1.8 million in the first quarter of 1997. The amount of noncash compensation charges varies from year to year due to the impact of vesting and forfeitures related to the underlying stock options. The Company expects to record additional noncash compensation charges of $1.2 million in each of the second, third and fourth quarters of 1998.

Income from operations increased 47.5% to $116.2 million in the first quarter of 1998 from $78.8 million in the first quarter of 1997, and, as a percentage of net sales, remained constant at 2.2% in the first quarter of 1998 and the first quarter of 1997. Income from operations in the United States remained constant as a percentage of net sales at 2.7% in the first quarter of 1998 and the first quarter of 1997. Income from operations in Europe increased as a percentage of European net sales to 1.7% in the first quarter of 1998 from 1.0% in the first quarter of 1997 due to sales increasing at a faster rate than operating expenses. Income from operations for other international regions decreased as a percentage of net sales to 1.0% in the first quarter of 1998 from 1.8% in the first quarter of 1997 due to the impact of higher cost of sales as a percentage of other international net sales.

Other expense, net, which consists primarily of interest expense, foreign currency exchange losses, and miscellaneous non-operating expenses, increased 127.9% to $22.1 million in the first quarter of 1998 from $9.7 million in the first quarter of 1997, and increased as a percentage of net sales to 0.4% in the first quarter of 1998 from 0.3% in the first quarter of 1997. The increase in other expense, net, is primarily attributable to increased interest expense in the first quarter of 1998 as a result of increased borrowings to finance acquisitions and the expansion of the Company's business.

The provision for income taxes increased 31.7% to $37.5 million in the first quarter of 1998 from $28.5 million in the first quarter of 1997, reflecting the 36.2% increase in the Company's income before income taxes and minority interest. The Company's effective tax rate was 39.9% in the first quarter of 1998 compared to 41.2% in the first quarter of 1997. The decrease in the effective tax rate was primarily due to the reduction in the noncash compensation charge, much of which is not deductible for tax purposes, as well as certain international taxes in 1998.

Excluding noncash compensation charges, net income increased 37.4% to $57.5 million in the first quarter of 1998 from $41.8 million in the first quarter of 1997 and, as a percentage of net sales, decreased to 1.1% in the first quarter of 1998 from 1.2% in the first quarter of 1997. Pro forma diluted earnings per share, excluding noncash compensation charges, increased 34.5% to $0.39 in the first quarter of 1998 from $0.29 in the first quarter of 1997. Net income, including noncash compensation charges, increased 40.0% to $56.5 million in the first quarter of 1998 from $40.4 million in the first quarter of 1997. Diluted earnings per share, including the noncash compensation charge, increased 35.7% to $0.38 in the first quarter of 1998 from $0.28 in the first quarter of 1997.

QUARTERLY DATA; SEASONALITY

The Company's quarterly sales and operating results have varied 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, the introduction of new hardware and software technologies and products offering improved features and functionality, the introduction of new products and services by the Company and its competitors, the loss or consolidation of a significant supplier or customer, changes in the level of operating expenses, inventory adjustments, product supply constraints, competitive conditions including pricing, interest rate fluctuations, the impact of acquisitions, currency fluctuations, and general economic conditions. The Company's narrow operating margins may magnify such fluctuations, particularly on a quarterly basis.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its growth and cash needs largely through income from operations, borrowings, trade and supplier credit, and the public sale of 23,200,000 shares of its Class A Common Stock at $18.00 per share in the IPO completed in November 1996.

Cash provided by operating activities was $10.2 million in the first quarter of 1998 as compared to cash used by operating activities of $191.4 million in the first quarter of 1997. The significant increase in cash provided by operating activities in the first quarter of 1998 compared to the first quarter of 1997 was largely attributable to a greater decrease in inventories during the first quarter of 1998 than in the first quarter of 1997, as well as the increase in net income, partially offset by a greater decrease in accounts payable and a greater increase in accounts receivable in the first quarter of 1998 than in the first quarter of 1997.

Net cash used by investing activities was $31.7 million in the first quarter of 1998 compared to $21.3 million in the first quarter of 1997. The increase was due to the Company's expansion of warehouse and other facilities.

Net cash provided by financing activities was $33.4 million in the first quarter of 1998 compared to $228.2 million in the first quarter of 1997. The decrease in net cash provided by financing activities was caused primarily by the reduction in proceeds drawn under the revolving credit facility and new long-term debt in the first quarter of 1998 as compared to the first quarter of 1997.

Concurrently with the completion of the IPO, the Company entered into a $1 billion credit facility with a syndicate of banks for which NationsBank of Texas N.A. and The Bank of Nova Scotia acted as agents. In 1997, the Company entered into two additional credit facilities which together provide an additional $650 million, bringing the total amount available to the Company under these facilities to $1.65 billion. Under the credit facilities, the Company is required to comply with certain financial covenants, including minimum tangible net worth, restrictions on funded debt, current ratio and interest coverage. The credit facilities also restrict the Company's ability to pay dividends. 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. At April 4, 1998, the Company had $948.3 million in outstanding borrowings under the credit facilities.

From February 1993 through the Split-Off, the Company had an agreement with Ingram Industries whereby the Company sold all of its domestic trade accounts receivable to Ingram Industries on an ongoing basis. Ingram Industries transferred certain trade accounts receivable from the Company and other Ingram Industries affiliates to a trust which sold certificates representing undivided interests in the total pool of trade receivables without recourse. As of November 1, 1996, Ingram Industries had sold $160 million of medium-term certificates with various commencement dates between June 1, 1998 and February 1, 2004. In addition, approximately $13 million of trust certificate-backed commercial paper was outstanding on the Split-Off date. In connection with the Split-Off, in partial satisfaction of amounts due to Ingram Industries, the Ingram Industries accounts receivable securitization program was assumed by the Company, which is now the sole seller of receivables. Assumption of the securitization program resulted in a $160 million reduction of trade accounts receivable and long-term debt on the Company's subsequent consolidated balance sheets. Under the amended program, certain of the Company's domestic receivables are transferred to the trust. The Company believes the amended program contains sufficient trade accounts receivable to support the outstanding fixed-rate medium term certificates as well as an unspecified amount under a variable rate certificate which supports the commercial paper program. At April 4, 1998 and January 3, 1998, the amount of commercial paper outstanding totaled $150 million. The commercial paper program arrangement with the trust extends to December 31, 1999, renews biannually, subject to certain conditions, and has a final termination date of February 10, 2013.

NEW ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("FAS 131"), which will become effective in fiscal 1998. FAS 131 establishes standards for the way publicly-held companies report information about operating segments as well as disclosures about products and services, geographic areas and major customers. However, the Company does not expect the adoption of FAS 131 to have a material impact on its reported consolidated financial condition or results of operations.

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

In connection with the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company, in its Annual Report on Form 10-K for the year ended January 3, 1998, outlined cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements made by, or on behalf of, the Company. Such forward-looking statements, as made within this Form 10-Q, should be considered in conjunction with the information included in the Company's Annual Report on Form 10-K for the year ended January 3, 1998, including Exhibit 99.01 attached thereto; other risks or uncertainties may be detailed from time to time in the Company's future Securities and Exchange Commission filings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

No.	Description
27	Financial Data Schedule

b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the thirteen weeks ended April 4, 1998.

SIGNATURES

Pursuant to the requirements 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/ Michael J. Grainger

Name: Michael J. Grainger
Title: Executive Vice President and Worldwide Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

May 19, 1998

EXHIBIT INDEX

Exhibit No.	Description
27	Financial Data Schedule

5
1,000

3-MOS
JAN-02-1999
JAN-04-1998
APR-04-1998
103,694
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