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 July 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 40,331,321 shares of Class A Common Stock, par value $.01 per share, and 99,281,252 shares of Class B Common Stock, par value $.01 per share, outstanding at July 4, 1998.

INGRAM MICRO INC.

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PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INGRAM MICRO INC.

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

	JULY 4, 1998 (UNAUDITED)	JANUARY 3, 1998
ASSETS		
Current assets:		
Cash	$ 113,401	$ 92,212
Trade accounts receivable (less allowances of $54,643 and $48,541 at July 4, 1998 and January 3, 1998, respectively)	1,842,512	1,635,728
Inventories	1,965,551	2,492,646
Other current assets	215,173	225,408
Total current assets	4,136,637	4,445,994
Property and equipment, net	256,617	215,148
Goodwill, net	139,610	142,478
Other	139,586	128,531
Total assets	$4,672,450	$4,932,151
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$2,141,369	$2,415,001
Accrued expenses	257,138	292,515
Current maturities of long-term debt	14,825	21,869
Total current liabilities	2,413,332	2,729,385
Long-term debt	1,018,498	1,119,262
Other	29,082	23,843
Total liabilities	3,460,912	3,9872,490
Minority interest	5,234	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; 40,331,321 and 37,366,389 shares issued and outstanding at July 4, 1998 and January 3, 1998, respectively	403	374
Class B Common Stock, $0.01 par value, 135,000,000 shares authorized; 99,281,252 and 99,714,672 shares issued and outstanding (including 1,161,250 and 2,370,400 redeemable shares) at July 4, 1998 and January 3, 1998, respectively)	981	973
Additional paid in capital	534,884	484,912
Retained earnings	678,602	566,441
Cumulative translation adjustment	(16,522)	(14,236)
Unearned compensation	(173)	(258)
Total stockholder's equity	1,198,175	1,038,206
Total liabilities and stockholders' equity	$4,672,450	$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		TWENTY-SIX WEEKS ENDED	
	JULY 4, 1998	JUNE 28, 1997	JULY 4, 1998	JUNE 28, 1997
Net sales	$4,956,121	$3,716,827	$10,106,209	$7,366,805
Cost of sales	4,640,639	3,474,702	9,460,817	6,889,972
Gross profit	315,482	242,125	645,392	476,833
Expenses:				
Selling, general and administrative	203,533	161,221	416,144	315,366
Noncash compensation charge	1,146	1,734	2,294	3,547
	204,679	162,955	418,438	318,913
Income from operations	110,803	79,170	226,954	157,920
Other (income) expense:				
Interest income	(1,393)	(1,238)	(2,806)	(2,052)
Interest expense	15,896	9,096	35,136	16,404
Net foreign currency exchange loss	1,219	91	2,794	154
Other	2,259	3,266	4,971	6,414
	17,981	11,215	40,095	20,920
Income before income taxes and minority interest	92,822	67,955	186,859	137,000
Provision for income taxes	36,992	27,575	74,466	56,028
Income before minority interest	55,830	40,380	112,393	80,972
Minority interest	205	412	232	627
Net income	$ 55,625	$ 39,968	$ 112,161	$ 80,345
Basic earnings per share	$ 0.40	$ 0.30	$ 0.81	$ 0.60
Diluted earnings per share	$ 0.37	$ 0.27	$ 0.75	$ 0.55

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

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

	TWENTY-SIX WEEKS ENDED	
	JULY 4, 1998	JUNE 28, 1997
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income	$ 112,161	$ 80,345
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	30,283	21,207
Deferred income taxes	89	(1,329)
Minority interest	232	627
Noncash compensation charge	2,294	3,547
Changes in operating assets and liabilities:		
Trade accounts receivable	(216,068)	(83,506)
Inventories	519,422	(35,060)
Other current assets	18,252	1,674
Accounts payable	(266,536)	(214,959)
Accrued expenses	(45,989)	40,316
Cash provided by (used in) operating activities	154,140	(187,138)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchase of property and equipment	(59,967)	(40,061)
Proceeds from sale of property and equipment	--	10,249
Acquisitions, net of cash acquired	(8,085)	--
Other	(4,403)	(1,565)
Cash used by investing activities	(72,455)	(31,377)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Redemption of Redeemable Class B Stock	(335)	(350)
Exercise of stock options including tax benefits	39,673	8,830
Proceeds from issuance of convertible debenture	449,604	0
Proceeds of debt	10,816	44,259
Net borrowings under revolving credit facility	(559,976)	190,639
Cash provided (used) by financing activities	(60,218)	243,378
Effect of exchange rate changes on cash	(278)	(1,826)
Increase in cash	21,189	23,037
Cash, beginning of period	92,212	48,279
Cash, end of period	$ 113,401	$ 71,316
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments during the period:		
Interest	$ 35,489	$ 15,702
Income taxes	69,539	67,533

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 July 4, 1998, their results of operations for the thirteen and twenty-six weeks ended July 4, 1998 and June 28, 1997 and their cash flows for the twenty-six weeks ended July 4, 1998 and June 28, 1997. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the twenty-six week period 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		TWENTY-SIX WEEKS ENDED	
	JULY 4, 1998	JUNE 28, 1997	JULY 4, 1998	JUNE 28, 1997
Net income	$ 55,625	$ 39,968	$ 112,161	$ 80,345
Weighted average shares	138,898,854	134,999,003	138,154,012	134,886,284
Basic earnings per share	$ 0.40	$ 0.30	$ 0.81	$ 0.60
Weighted average shares including the dilutive effect of stock options (11,021,954 and 10,714,550 for the 13 weeks ended July 4, 1998 and June 28, 1997, respectively, and 10,902,854 and 10,620,417 for the 26 weeks ended July 4, 1998 and June 28, 1997, respectively)	149,920,808	145,713,553	149,056,866	145,506,701
Diluted earnings per share	$ 0.37	$ 0.27	$ 0.75	$ 0.55

INGRAM MICRO INC.

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

NOTE 3 - 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 (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 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 $55,698 and $38,539 for the thirteen weeks ended July 4, 1998 and June 28, 1997, respectively, and $110,785 and $73,910 for the twenty-six weeks ended July 4, 1998 and June 28, 1997, respectively. The primary difference from net income as reported is the tax effected change in cumulative translation adjustment.

NOTE 5 - LONG-TERM DEBT

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. Gross proceeds from the 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. The debentures are currently convertible into approximately 7.3 million shares of the Company's Class A Common Stock. The debentures are redeemable at the option 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 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 redemption. In the event of a repurchase at the option of a holder (other than upon a Fundamental Change) the Company may, at its option, pay 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 payment of cash or Class A Common Stock, to satisfy the redemption in new Zero Coupon Convertible Senior Debentures due 2018.

NOTE 6 - 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 for the Company's full year fiscal 1998 reporting. 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				TWENTY-SIX WEEKS ENDED			
	JULY 4, 1998		JUNE 28, 1997		JULY 4, 1998		JUNE 28, 1997	
NET SALES BY GEOGRAPHIC REGION:								
United States	$3,479	70.2%	$2,629	70.7%	$6,935	68.6%	$5,107	69.3%
Europe	1,011	20.4%	711	19.1%	2,186	21.6%	1,469	20.0%
Other international	466	9.4%	377	10.2%	985	9.8%	791	10.7%
Total	$4,956	100.0%	$3,717	100.0%	$10,106	100.0%	$7,367	100.0%

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.

	PERCENTAGE OF NET SALES			
	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 4, 1998	JUNE 28, 1997	JULY 4, 1998	JUNE 28, 1997
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	93.6%	93.5%	93.6%	93.5%
Gross profit	6.4%	6.5%	6.4%	6.5%
Expenses:				
SG&A expenses	4.1%	4.3%	4.1%	4.3%
Noncash compensation charge	0.0%	0.1%	0.0%	0.0%
Income from operations	2.3%	2.1%	2.3%	2.2%
Other expense, net	0.4%	0.3%	0.4%	0.3%
Income before income taxes and minority interest	1.9%	1.8%	1.9%	1.9%
Provision for income taxes	0.8%	0.7%	0.8%	0.8%
Minority interest	0.0%	0.0%	0.0%	0.0%
Net income	1.1%	1.1%	1.1%	1.1%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

THIRTEEN WEEKS ENDED JULY 4, 1998 COMPARED TO THIRTEEN WEEKS ENDED JUNE 28, 1997

Consolidated net sales increased 33.3% to $4.96 billion in the second quarter of 1998 from $3.72 billion in the second quarter of 1997. The increase in worldwide net sales was primarily 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 32.3% to $3.48 billion in the second quarter of 1998 from $2.63 billion in the second quarter of 1997. Net sales from European operations increased 42.2% to $1.01 billion in the second quarter of 1998 from $711.1 million in the second quarter of 1997. Other international net sales increased 23.7% to $466.0 million in the second quarter of 1998 from $376.6 million in the second 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 increased to 93.6% in the second quarter of 1998 compared to 93.5% in the second quarter of 1997. The increase was largely attributable to the reduced margins in the U.S. and Canada.

Total SG&A expenses increased 26.2% to $203.5 million in the second quarter of 1998 from $161.2 million in the second quarter of 1997, but decreased as a percentage of net sales to 4.1% in the second quarter of 1998 from 4.3% in the second 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 33.9% to $1.1 million in the second quarter of 1998 from $1.7 million in the second quarter of 1997. The amount of noncash compensation charges decreases 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 $1.1 million in each of the third and fourth quarters of 1998.

Income from operations increased 40.0% to $110.8 million in the second quarter of 1998 from $79.2 million in the second quarter of 1997, and, as a percentage of net sales, increased to 2.2% in the second quarter of 1998 from 2.1% in the second quarter of 1997. Income from operations in the United States remained constant as a percentage of net sales at 2.7% in the second quarter of 1998 and the second quarter of 1997. Income from operations in Europe increased as a percentage of European net sales to 1.1% in the second quarter of 1998 from 0.5% in the second 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 1.6% in the second quarter of 1998 from 2.1% in the second 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 60.3% to $18.0 million in the second quarter of 1998 from $11.2 million in the second quarter of 1997, and increased as a percentage of net sales to 0.4% in the second quarter of 1998 from 0.3% in the second quarter of 1997. The increase in other expense, net, is primarily attributable to increased interest expense in the second 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 34.2% to $37.0 million in the second quarter of 1998 from $27.6 million in the second quarter of 1997, reflecting the 36.6% increase in the Company's income before income taxes and minority interest. The Company's effective tax rate was 39.9% in the second quarter of 1998 compared to 40.6% in the second 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 of tax, net income increased 36.5% to $56.5 million in the second quarter of 1998 from $41.4 million in the second quarter of 1997 and, as a percentage of net sales, remained constant at 1.1% for the second quarter of 1998 and the second quarter of 1997. Pro forma diluted earnings per share, excluding noncash compensation charges, increased 35.7% to $0.38 in the second quarter of 1998 from $0.28 in the second quarter of 1997. Net income, including noncash compensation charges, increased 39.2% to $55.6 million in the second quarter of 1998 from $40.0 million in the second quarter of 1997. Diluted earnings per share, including the noncash compensation charge, increased 37.0% to $0.37 in the second quarter of 1998 from $0.27 in the second quarter of 1997.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

TWENTY-SIX WEEKS ENDED JULY 4, 1998 COMPARED TO TWENTY-SIX WEEKS ENDED JUNE 28, 1997

Consolidated net sales for the first half of 1998 increased 37.2% to $10.11 billion from $7.37 billion in the first half of 1997. The increase in worldwide net sales was attributable to the same factors summarized in the discussion of net sales for the thirteen weeks ended July 4, 1998 and June 28, 1997.

Net sales from U.S. operations increased 35.8% to $6.94 billion in the first half of 1998 from $5.11 billion in the first half of 1997. Net sales from European operations increased 48.9% to $2.19 billion in the first half of 1998 from $1.47 billion in the first half of 1997. Other international net sales increased 24.5% to $985.0 million in the first half of 1998 from $791.0 million in the first half 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 increased to 93.6% in the first half of 1998 from 93.5% in the first half of 1997. The increase was largely attributable to the same factors summarized in the discussion of cost of sales for the thirteen weeks ended July 4, 1998 and June 28, 1997.

Total SG&A expenses increased 32.0% to $416.1 million in the first half of 1998 from $315.4 million in the first half of 1997, but decreased as a percentage of net sales to 4.1% in the first half of 1998 from 4.3% in the first half of 1997. The increased level of spending was largely attributable to the same factors summarized in the discussion of SG&A expenses for the thirteen weeks ended July 4, 1998 and June 28, 1997.

Noncash compensation charges decreased 35.3% to $2.3 million in the first half of 1998 from $3.5 million in the first half of 1997. The amount of noncash compensation charges decreases from year to year due to the impact of vesting and forfeitures related to the underlying stock options.

Income from operations increased 43.7% to $227.0 million in the first half of 1998 from $157.9 million in the first half of 1997, and, as a percentage of net sales, increased to 2.3% in the first half of 1998 from 2.2% in the first half of 1997. Income from operations in the U.S. remained constant as a percentage of net sales at 2.7% in the first half of 1998 and the first half of 1997. Income from operations in Europe increased as a percentage of European net sales to 1.4% in the first half of 1998 from 0.7% in the first half 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 1.3% in the first half of 1998 from 1.9% in the first half 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 91.7% to $40.1 million in the first half of 1998 from $20.9 million in the first half of 1997, and increased as a percentage of net sales to 0.4% in the first half of 1998 from 0.3% in the first half of 1997. The increase in other expense, net, is primarily attributable to the same factors summarized in the discussion of other expense, net for the thirteen weeks ended July 4, 1998 and June 28, 1997.

The provision for income taxes increased 32.9% to $74.5 million in the first half of 1998 from $56.0 million in the first half of 1997, reflecting the 36.4% increase in the Company's income before income taxes and minority interest. The Company's effective tax rate was 39.9% in the first half of 1998 compared to 40.9% in the first half 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 37.0% to $114.0 million in the first half of 1998 from $83.2 million in the first half of 1997 and, as a percentage of net sales, remained constant at 1.1% for the first half of 1998 and the first half of 1997. Pro forma diluted earnings per share, excluding noncash compensation charges, increased 35.0% to $0.77 in the first half of 1998 from $0.57 in the first half of 1997. Net income, including noncash compensation charges, increased 39.6% to $112.2 million in the first half of 1998 from $80.3 million in the first half of 1997. Diluted earnings per share, including the noncash compensation charge, increased 36.4% to $0.75 in the first half of 1998 from $0.55 in the first half of 1997.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

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, 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, and the issuance of zero coupon convertible senior debentures in June 1998 which yielded $449.6 million in net proceeds.

Cash provided by operating activities was $154.1 million in the first half of 1998 as compared to cash used by operating activities of $187.1 million in the first half of 1997. The significant increase in cash provided by operating activities in the first half of 1998 compared to the first half of 1997 was largely attributable to a greater decrease in inventories during the first half of 1998 than in the first half 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 half of 1998 than in the first half of 1997.

Net cash used by investing activities was $72.5 million in the first half of 1998 compared to $31.4 million in the first half of 1997. The increase was due to the Company's expansion of warehouse and other facilities as well as the acquisition of an assembly facility in The Netherlands.

Net cash used by financing activities was $60.2 million in the first half of 1998 compared to net cash provided of $243.4 million in the first half of 1997. The change was primarily a result of net repayments on the Company's long-term indebtedness in the first half of 1998. In each of the first half of 1998 and the first half of 1997, the Company borrowed to finance the expansion of its business, but in the first half of 1998, the cash provided by operating activities (as discussed above) allowed the Company to repay borrowings under the Company's revolving credit facilities. The issuance of the debentures in June 1998 did not have a material impact on cash provided (used) by financing activities, as the proceeds from the sale of the debentures were used to repay outstanding indebtedness under the Company's revolving credit facilities.

The Company has three syndicated bank credit facilities with an aggregate availability of $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 July 4, 1998, the Company had $380.0 million in outstanding borrowings under the credit facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The Company has an arrangement with a trust pursuant to which certain U.S. trade accounts receivable of the Company are transferred to the trust, which in turn has sold certificates representing undivided interests in the total pool of trade receivables without recourse. The trust has issued $160 million of fixed-rate medium-term certificates and a variable rate certificate, which supports a commercial paper program. The Company believes that there are sufficient trade accounts receivables to support the outstanding medium-term certificates as well as the commercial paper program. At July 4, 1998, the amount of medium-term certificates outstanding totaled $100 million and the amount of commercial paper outstanding totaled $150 million.

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. Gross proceeds from the 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. The debentures are currently convertible into approximately 7.3 million shares of the Company's Class A Common Stock. The debentures are redeemable at the option 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 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 redemption. In the event of a repurchase at the option of a holder (other than upon a Fundamental Change) the Company may, at its option, pay 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 payment of cash or Class A Common Stock, to satisfy the redemption in new Zero Coupon Convertible Senior Debentures due 2018.

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 for the Company's full year fiscal 1998 reporting. 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.

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"), which will become effective in fiscal 1999. 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. However, 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.

CAUTIONARY STATEMENTS FOR THE PURPOSE 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

On June 9, 1998, the Company sold $1.33 billion aggregate principal amount at maturity of its Zero Coupon Convertible Senior Debentures due 2018 to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A under the Securities Act of 1933. Morgan Stanley & Co. Incorporated ("Morgan Stanley") acted as initial purchaser in connection with the offering. Gross proceeds from the offering were $460.4 million. The Company paid Morgan Stanley a fee of approximately 2.5% of the gross proceeds. The issue price of $346.18 per $1,000 principal represented a yield to maturity of 5.375% per annum. The debentures 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. The debentures are subject to redemption or repurchase at the option of the holders or the Company under certain circumstances.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

(a) The Annual Meeting of Shareowners was held on May 6, 1998.

(b) One matter submitted for a vote at the Annual Meeting was the election of eight directors (constituting the entire Board of Directors). The following table lists the individuals and the number of votes cast for, against or withheld for each such individual elected to the Board of Directors for a term to expire at the 1999 Annual Meeting of Shareowners.

Nominee		No. of Votes
Don H. Davis Jr.	For	977,922,304
	Against	0
	Abstentions	6,292,617
David B. Ingram	For	984,078,545
	Against	0
	Abstentions	136,376
John R. Ingram	For	948,076,846
	Against	0
	Abstentions	138,075
Martha R. Ingram	For	948,072,266
	Against	0
	Abstentions	142,655
Philip M. Pfeiffer	For	984,077,212
	Against	0
	Abstentions	137,709
J. Phillip Samper	For	984,083,433
	Against	0
	Abstentions	134,488
Jerre L. Stead	For	984,079,169
	Against	0
	Abstentions	135,752
Joe B. Wyatt	For	984,082,428
	Against	0
	Abstentions	132,493

Also, at the 1998 Annual Meeting of Shareowners, shareowners approved the adoption of (i) the Ingram Micro Inc. 1998 Equity Incentive Plan and (ii) the Ingram Micro Inc. 1998 Employee Stock Purchase Plan.

ITEM 5. OTHER INFORMATION

The Company announced on July 28, 1998 that it had completed the acquisition of Tech Data Corporation's majority interest in Munich, Germany-based Macrotron AG for approximately $100 million in cash. The Company believes that the acquisition will increase Ingram Micro's market position within Europe. However, as discussed in Exhibit 99.01 to the Company's 1997 Annual Report on Form 10-K, acquisitions involve a number of risks and difficulties for the Company. The inability to successfully integrate Macrotrons operations into the Company's existing operations could have a material adverse effect on the Company's financial condition and results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit No.	Description
10.39	Retirement Agreement between the Company and David P. Dukes
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 July 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)

August 18, 1998

EXHIBIT 10.39

RETIREMENT AGREEMENT

THIS RETIREMENT AGREEMENT is entered into between David R. Dukes ("Associate") and Ingram Micro Inc., a Delaware corporation ("Ingram"), in recognition of Associate's service to Ingram and in order to establish the basis for certain payments and benefits to be provided to Associate in connection with his planned retirement as an officer of Ingram. In consideration of the mutual promises and agreements contained in this document, intending to be legally bound, Associate and Ingram contract and agree as follows:

1. Retirement. Associate will serve in the position of Vice Chairman, Ingram Micro Inc. and Chief Executive Officer, Ingram Alliance, through the date of Ingram's 1998 annual meeting of shareowners, which is expected to be held on May 6, 1998 (the "Retirement Date"), at which time he will retire as an executive officer of Ingram, but will continue as an employee of Ingram seconded to the Global Technology Distribution Council (including any successor or replacement organization). Associate will continue in such role through December 31, 1999, at which time he will retire as an employee of Ingram. Upon his retirement as an officer of Ingram, Associate understands and agrees that he will no longer be an agent of Ingram or any of its Affiliates, and he will have no authority to bind Ingram or any such Affiliate or act on behalf of Ingram or any such Affiliate. Subject to Paragraph 7 hereof, the parties will seek to agree on the form of a public announcement to be made at the time of Associate's retirement.

2. Salary Continuation. Subject to Paragraph 15 hereof, as compensation for all sums and benefits owed to and/or earned by Associate based on his employment with Ingram and any and all of its Affiliates, and in consideration of the continuing obligations of Associate under this Agreement, Ingram will continue to pay Associate his current base salary from the Retirement Date through December 31, 1999; provided, however, that beginning January 1, 1999, such salary shall be reduced by any cash compensation received by Associate in 1999 with respect to his services on behalf of the Global Technology Distribution Council or any successor or replacement organization. Such amount shall be payable from the Retirement Date until December 31, 1999 through Ingram's normal payroll procedures and will be subject to applicable withholding requirements. Associate will continue to be provided the tax consulting services which Ingram provides to its executive officers from the Retirement Date through December 31, 1999. Associate will cease contributing, to the Ingram Micro Profit Plan beginning on the Retirement Date.

3. Medical and Dental Insurance. Subject to Paragraph 15 hereof, from the Retirement Date through December 31, 1999, Associate will decline participation in Ingram's medical and dental insurance plans and, instead, Ingram will pay

directly or reimburse Associate for the amount by which the monthly premium attributable to (a) family medical insurance coverage through a PPO plan provided by Cal Farm Insurance Company and (b) family dental insurance coverage through a Delta Dental policy exceeds, in each case, the monthly cost for family coverage which Ingram charges its employees for medical and dental insurance, respectively.

4. 1998 Incentive Bonus. Subject to Paragraph 15 hereof in March 1999, Associate will receive an incentive payment per the 1998 Executive Incentive Plan calculated on the terms of Associate's award letter dated March 31, 1998 and the assumption of 100% achievement of the individual goals and objectives portion of the award. Associate will not participate in the 1999 Executive Incentive Plan.

5. Stock Options. Subject to Paragraph 15 hereof, Associate's currently existing stock options and grants will continue to vest as scheduled through December 31, 1999. Associate shall have the right to exercise all such vested stock options and grants through February 28, 2001, unless such options or grants expire at an earlier date per the terms of the underlying agreements for such options and grants. In addition, in the event that the remainder of Associate's November 1, 1996 Non-qualified Performance Option grant has not vested by December 31, 1999, it shall continue in effect after such date and may be exercised for a period of three months after such grant vests in accordance with its terms. A list of all of Associate's current stock options is attached as Exhibit A hereto.

6. Key Employee Stock Purchase Plan. Subject to Paragraph 15 hereof and notwithstanding the provisions of Section 6(b)(i) of the Acquisition Agreement dated June 24, 1996 between Ingram and Associate relating to Associate's purchase of 65,000 shares of Ingram Class B Common Stock under the Ingram Key Employee Stock Purchase Plan (the "Acquisition Agreement"), Ingram shall not exercise its right to repurchase any of the Shares (as such term is defined in the Acquisition Agreement) for so long as Ingram is obligated to make payments to Associate pursuant to Paragraph 2 of this Agreement and will be permitted to exercise its repurchase rights only with respect to the Restricted Shares (as such term is defined in the Acquisition Agreement), owned by Associate, if any, as of the date Ingram's obligations under Paragraph 2 shall terminate; provided, however, that if Ingram's obligations pursuant to Paragraph 2 of this Agreement continue through December 31, 1999, Ingram may not repurchase any of the Shares (including the Shares scheduled to become Unrestricted Shares (as such term is defined in the Acquisition Agreement) on April 1, 2000). Except as modified hereby, the Acquisition Agreement shall continue in full force and effect in accordance with its terms.

7. Non-disclosure. Associate acknowledges his obligation not to disclose, during or after employment, any trade secrets or proprietary and/or confidential data or records of Ingram or its Affiliates or to utilize any such information for private profit. Each of the parties hereto agrees that such party will not release, publish, announce or otherwise make available to the public in any manner whatsoever any information or announcement regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other party hereto, except as required by law or legal process, including, in the case of Ingram, filings with the Securities and Exchange Commission. Associate agrees not to communicate with, including responding to questions or inquiries presented by, the media, employees or investors of Ingram, its Affiliates or any third party relating to the terms of this Agreement, without first obtaining the prior written consent of Ingram. Notwithstanding the foregoing, Associate may make disclosure to his spouse, attorneys and financial advisors of the existence and terms of this Agreement provided that they agree to be bound by the provisions of this Paragraph 7. Each party agrees not to make statements or take any action to disparage, dissipate or negatively affect the reputation of the other with employees, customers, suppliers, competitors, vendors, shareowners or lenders of Ingram, its Affiliates or any third party.

8. Return of Property. Associate acknowledges his obligation to promptly return to Ingram all property of Ingram and its Affiliates in his possession, including without limitation all keys, credit cards, computers, office equipment, documents, files and instruction manuals on or before the Retirement Date, or earlier if Ingram so requests it; provided, however, Associate will be permitted to retain the Ingram supplied personal computer in his possession on the Retirement Date. Associate will delete from the memory of such computer all files containing information described in Paragraph 7 hereof.

9. Associate's Obligations. In consideration of the payments to be made to, and the benefits, stock option continuation rights and stock ownership rights to be received by, Associate hereunder, Associate and Ingram have further agreed as follows:

a. Associate will not directly or indirectly make known to any person, firm, corporation, partnership or other entity any list, listing or other compilation, whether prepared or maintained by Associate, Ingram or any of Ingram's Affiliates, which contains information that is confidential to Ingram or any of its Affiliates about their customers ("Ingram Customers"), including but not limited to names and addresses, or, at any time prior to December 31, 1999, call on or solicit, or attempt to call on or solicit, in either case with the intent to divert business or potential business from Ingram or any of its Affiliates, any of the Ingram Customers with whom he has become acquainted during his employment with Ingram or any of its Affiliates, either for his own benefit or for the benefit of any other person, firm, corporation, partnership or other entity.

b. Through December 31, 1999, Associate will not (i) knowingly solicit, entice, or persuade any associates of Ingram or any of its Affiliates ("Ingram Associates") to leave the services of Ingram or any of its Associates for any reason, or (ii) solicit for employment, hire, or engage any Ingram Associate as an employee, independent contractor or consultant; provided, however, that Associate shall not be prohibited hereby from hiring, either himself or on behalf of his employer, an Ingram Associate who independently initiates contact with Associate for the purpose of seeking new employment.

c. Associate acknowledges that he has unique knowledge of Ingram and its Affiliates and unique knowledge of the computer and software sales and distribution industry. Based on his unique status, he agrees that through December 31, 1999, he will not be employed or hired as an employee or consultant by, or otherwise provide services for, any of Tech Data, Merisel, Inacom, Computer 2000, MicroAge, Ameriquest, Globelle, Gates Arrow, CHS Electronics, Trilogy, PC Order, Marshall, Hallmark, Hamilton Avnet, Daisytek, Azerti, Azlan, Northamber, Tech Pacific, Synnex, GE Capital Information Technology Solutions and/or Softbank, and any subsidiary or affiliate of these entities; provided, however, that nothing herein shall prevent Associate from serving in a position with the Global Technology Distribution Council or any successor or replacement organization. Notwithstanding the foregoing, should Associate be employed by an entity that is not a subsidiary or affiliate of one of these entities at the time he commences such employment but subsequently becomes a subsidiary or affiliate of, or becomes merged into, one of these entities prior to December 31, 1999, he shall not be deemed to be in breach of the provisions of this Paragraph 9.c due to such employment provided that at the time, he commenced his employment there had been no public announcement of an agreement pursuant to which his employer would become a subsidiary or affiliate of, or merged into, one of these entities or discussions that could lead to such an agreement and Associate had no knowledge of the existence of any such agreement or discussions. Associate further agrees that he will not own any interest in, provide financing to, be connected with, or be a principal, partner or agent of such competitive distributor or aggregator; provided, he may own less than 1% of the outstanding shares of any such entity whose shares are traded in the public market.

d. Subject to Associate's other commitments, upon request of Ingram or any of its Affiliates through December 31, 1999, Associate will make himself available to provide reasonable assistance to Ingram or any such Affiliate up to a maximum of 15 hours per month and will use reasonable efforts to arrange his commitments so as to make himself available for such assistance on a basis which is consistent with the requests of Ingram or any of its Affiliates. Such assistance may include telephone conversations, correspondence, attendance and participation in meetings, transfer of knowledge or information regarding operational or other issues, litigation preparation and trials. During such period, such assistance shall be provided at no cost to Ingram; provided, however, Ingram shall reimburse Associate for any out-of-pocket expenses he may incur in connection with such assistance in accordance with Ingram's reimbursement policies. After December 31, 1999, Associate shall continue to provide such assistance as requested by Ingram and, in such event, shall be compensated at a rate per day (minimum charge, one half day) commensurate with the daily rate he was earning based on his current monthly base salary.

The running of the periods prescribed in this Paragraph shall be tolled and suspended by the length of time Associate works in circumstances that a court of competent jurisdiction subsequently finds to violate the terms of this partial restraint.

10. Waiver. Each of Ingram and Associate hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code which provides;

"Section 1542. General Release--Claim extinguished. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Each of Ingram and Associate understands and acknowledges that the significance and consequence of this waiver of Section 1542 of the Civil Code is that even if Ingram or Associate, as the case may be, should eventually suffer damages arising out of Associate's employment relationship with Ingram and its Affiliates, or termination of such employment, such party will not be permitted to make any claim for those damages except as expressly permitted by this Agreement. Furthermore, each of Ingram and Associate acknowledges that such party intends these consequences even as to claims for injuries and/or damages that may exist as of the date of this Agreement but which Associate or Ingram, as the case may be, does not know exist, and which, if known, would materially affect such party's decision to execute this Agreement.

11. Rights in Event of Breach. In the event of Associate's breach of this Agreement, excluding breach of this Agreement due to death or total disability and provided that in the event of a breach of Paragraph 9.c or 9.d such breach shall have continued for 15 days after the sooner of Associate's discovery thereof or receipt of notice from Ingram thereof, Ingram shall have no obligation to make

any further payments hereunder or permit any stock options to continue to vest or any vested stock options to be exercised, and may purchase any remaining Restricted Shares under the Acquisition Agreement.

12. Confidential Information. This Agreement will in no way void or diminish Associate's obligation to protect and keep confidential any and all proprietary and/or confidential information of Ingram and its Affiliates which Associate may have or acquire in the future.

13. Injunctive Relief. Irreparable harm will be presumed if Associate breaches any covenant in this Agreement and damages may be very difficult to ascertain. In light of these facts, Associate agrees that any court of competent jurisdiction should immediately enjoin any breach of this Agreement upon the request of Ingram, and Associate specifically releases Ingram from the requirement of posting any bond in connection with temporary or interlocutory injunctive relief to the extent permitted by law. The granting of injunctive relief by any court shall not limit Ingram's right to recover any amounts previously paid to Associate under this Agreement or any damages incurred by it due to a breach of this Agreement by Associate.

14. Release by Associate. Effective immediately, Associate hereby fully, finally and irrevocably discharges Ingram and each of its Affiliates, and each present, former and future director, officer and employee of Ingram and its Affiliates and any parent, subsidiary, affiliate or shareholder thereof (the "Ingram Released Parties") from all manner of claims, actions, causes of action or suits, in law or in equity, which Associate has or may have, known or unknown, against the Ingram Released Parties, or any of them, by reason of any matter, cause or thing whatsoever, including any action arising from or during his employment with Ingram and any of its Affiliates, resulting from or relating to his employment or the termination thereof or relating to his status as an officer, director, employee or participant in any employee benefit plan of Ingram or any of its Affiliates; provided, however, that the foregoing (a) is not intended to be, and shall not constitute, a release of any right of Associate to obtain indemnification and reimbursement of expenses from Ingram or any of its Affiliates with respect to claims based upon or arising from alleged or actual acts or omissions of Associate as an officer, director or employee of Ingram or any of its Affiliates to the fullest extent provided by law or in any applicable certificate of incorporation, bylaw or contract, and (b) shall not release Ingram from liability for violations of this Agreement after the date hereof. From and after the date hereof, Associate agrees and covenants not to sue, or threaten suit against, or make any claim against, any Ingram Released Party for or alleging any of the claims, actions, causes of action or suits as discussed above. Associate acknowledges that this release includes, but is not limited to, all claims arising under federal, state, local or foreign laws

prohibiting employer discrimination and all claims growing out of any legal restrictions on the right of Ingram or any of its Affiliates to terminate its employees. Associate also specifically waives and releases all claims of employment discrimination and all rights available to him under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act (ADEA), as well as all claims or rights under the California Fair Employment and Housing Act, or any similar law of any jurisdiction. Associate specifically agrees that he will not institute litigation in any forum, including any filing with any regulatory commission or agency against any Ingram Released Party based on any allegations or circumstances that are in any way connected with his employment with or retirement from Ingram and its Affiliates.

15. Reaffirmation as of Retirement Date. As a condition to Ingram's obligations pursuant to Paragraphs 2, 3, 4, 5 and 6, Associate shall deliver an executed release and waiver as of the Retirement Date in the form of Exhibit B hereto.

16. Release by Ingram. Effective immediately, Ingram, on behalf of itself and its Affiliates, releases and discharges Associate, his heirs, personal representatives, successors and assigns from all manner of claims, actions, causes of action or suit, in law or in equity, which any of them has or hereafter can, shall or may have against Associate by reason of any matter, cause or thing whatsoever, including any action arising from or during his employment with Ingram or any of its Affiliates, resulting from the retirement from such employment, or related to his status as an optionholder, officer, director, employee or participant in any employee benefit plan of Ingram or any of its Affiliates; provided, however, that the foregoing shall not include a release of Associate for his violations of law, for violations of this Agreement or violations of his duty of loyalty to Ingram and its Associates. From and after the date hereof, Ingram agrees and covenants not to sue, or threaten suit against, or make any claim against Associate for or alleging any of the claims, actions, causes of action or suits as discussed above. From and after the date hereof, Ingram shall not take any action to limit the coverage to which Associate would otherwise be entitled under any directors and officers liability insurance policy which Ingram shall elect to maintain; provided, however, that nothing herein shall require Ingram to maintain any such policy.

17. Right to Revoke. Associate acknowledges that he has the right to seek legal counsel, and was advised to seek such counsel, before entering into this Agreement. Associate shall have 21 days from the date on which this Agreement was delivered to him in which to execute and return this Agreement to Ingram. In the event that Associate does not execute and return this Agreement within such 21 day period, the offer contained in this Agreement shall be revoked and Ingram shall not be bound by any terms or conditions contained herein. Associate further understands he has the right to revoke this Agreement at any time within seven

days of execution of this Agreement by written notice sent by certified mail and received by Ingram prior to expiration of the seventh day, whereupon this Agreement shall be null and void as of its inception.

18. Sole Remedy. Associate agrees that, in the event Ingram breaches any provision of this Agreement, his sole remedy for such breach shall be enforcement of the terms of this Agreement or, in the case of a breach of Paragraph 5 or 6 hereof, at Associate's election, recovery of any provable damages as a result of such breach.

19. Attorney Fees. In the event that either party hereto files suit to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs incurred therewith.

20. Definition of Affiliate. An "Affiliate" of Ingram for purposes of this Agreement shall include any corporation or business entity in which Ingram owns, directly or indirectly, at least 15% of the outstanding equity interest.

21. Enforceability. If any provision of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to a particular circumstance, it shall nevertheless remain in full force and effect in all other circumstances.

22. Entire Agreement. This instrument contains and accurately recites the complete and entire agreement among the parties, and it expressly terminates, cancels, and supersedes any and all prior agreements or understandings, if any, among the parties. This Agreement may not be modified except in writing signed by the parties.

23. Governing Law. This Agreement shall be governed by California law, without regard to the choice or conflict of law provisions thereof.

24. Paragraph Titles. The paragraph titles used in this Agreement are for convenience only and do not define or Emit the contents of any paragraph.

25. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the heirs of Associate and the successors and assigns of Ingram. In the event of Associate's death or disability, Ingram thereafter shall pay all amounts due under this Agreement to Associate's estate or legal guardian unless otherwise directed by Associate prior to his death or disability.

Executed and delivered to Associate by Ingram on May 6, 1998 and executed by Associate on the date set out below.

"Ingram"

INGRAM MICRO INC.

By: /s/ Jerre L. Stead

Jerre L. Stead
Chairman and Chief
Executive Officer

"Associate"

May 6, 1998	/s/ David R. Dukes
Date	David R. Dukes

EXHIBIT B

RELEASE AND WAIVER

The undersigned, David R. Dukes, in consideration of the payments and benefits to be received from Ingram Micro Inc., a Delaware corporation ("Ingram") pursuant to the terms of that certain Retirement Agreement dated as of May _, 1998, by and between the undersigned and Ingram (the "Retirement Agreement") after the Retirement Date, as such term is defined in the Retirement Agreement, does hereby covenant and agree with Ingram as follows:

1 . Release. The undersigned hereby fully, finally and irrevocably discharges Ingram and each of its Affiliates, and each present, former and future director, officer and employee of Ingram and its Affiliates and any parent, subsidiary, affiliate or shareholder thereof (the "Ingram Released Parties") from all manner of claims, actions, causes of action or suits, in law or in equity, which the undersigned has or may have, known or unknown, against the Ingram Released Parties, or any of them, by reason of any matter, cause or thing whatsoever, including any action arising from or during his employment with Ingram and any of its Affiliates, resulting from or relating to his employment or the termination thereof, or relating to his status as an officer, director, employee or participant in any employee benefit plan of Ingram or any of its Affiliates; provided, however, that the foregoing (a) is not intended to be, and shall not constitute, a release of any right of the undersigned to obtain indemnification and reimbursement of expenses from Ingram or any of its Affiliates with respect to claims based upon or arising from alleged or actual acts or omissions of the undersigned as an officer, director or employee of Ingram or any of its Affiliates to the fullest extent provided by law or in any applicable certificate of incorporation, bylaw or contract, and (b) shall not release Ingram from liability for violations of the Retirement Agreement after the date hereof. From and after the date hereof, the undersigned agrees and covenants not to sue, or threaten suit against, or make any claim against, any Ingram Released Party for or alleging any of the claims, actions, causes of action or suits as discussed above. The undersigned acknowledges that this release includes, but is not limited to, all claims arising under federal, state, local or foreign laws prohibiting employer discrimination and all claims growing out of any legal restrictions on the right of Ingram or any of its Affiliates to terminate its employees. The undersigned also specifically waives and releases all claims of employment discrimination and all rights available to him under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act (ADEA), as well as all claims or rights under the California Fair Employment and Housing Act, or any similar law of any jurisdiction. The undersigned specifically agrees that he will not institute litigation in any forum, including any filing with any regulatory commission or agency,

against any Ingram Released Party based on any allegations or circumstances that are in any way connected with his employment with or retirement from Ingram and its Affiliates.

2. Waiver. The undersigned hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code which provides:

"Section 1542. General Release--Claim extinguished. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The undersigned understands and acknowledges that the significance and consequence of this waiver of Section 1542 of the Civil Code is that even if the undersigned should eventually suffer damages arising out of his employment relationship with Ingram and its Affiliates, or termination of such employment, the undersigned will not be permitted to make any claim for those damages except as expressly permitted by this Release and Waiver. Furthermore, the undersigned acknowledges that he intends these consequences even as to claims for injuries and/or damages that may exist as of the date of this Release and Waiver but which the undersigned does not know exist, and which, if known, would materially affect his decision to execute this Release and Waiver.

3. An "Affiliate" of Ingram for purposes of this Release and Waiver shall include any corporation or business entity in which Ingram owns, directly or indirectly, at least 15% of the outstanding equity interest.

IN WITNESS WHEREOF, the undersigned has signed and delivered to Ingram this Release and Waiver this 6th day of May, 1998.

/s/ David R. Dukes

David R. Dukes

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6-MOS
JAN-02-1999
JAN-04-1998
JUL-04-1998
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