

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 3, 2004

OR

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

For the transition period from _____ to _____

Commission file number: 1-12203

Ingram Micro Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

62-1644402
(I.R.S. Employer
Identification No.)

1600 E. St. Andrew Place, Santa Ana, California 92705-4931
(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 []

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No []

The Registrant had 155,395,391 shares of Class A Common Stock, par value \$.01 per share, outstanding at April 3, 2004.

INGRAM MICRO INC.

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Part I. Financial Information

Item 1. Financial Statements

INGRAM MICRO INC.

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

	April 3, 2004	January 3, 2004
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 656,896	\$ 279,587
Accounts receivable:		
Trade receivables	1,702,415	1,955,979
Retained interest in securitized receivables	506,717	499,923
Total accounts receivable (less allowances of \$86,880 and \$91,613)	2,209,132	2,455,902
Inventories	1,611,734	1,915,403
Other current assets	340,105	317,201
Total current assets	4,817,867	4,968,093
Property and equipment, net	198,980	210,722
Goodwill	245,007	244,174
Other	50,380	51,173
Total assets	<u>\$5,312,234</u>	<u>\$5,474,162</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$2,523,322	\$2,821,518
Accrued expenses	396,912	390,244
Current maturities of long-term debt	198,588	128,346
Total current liabilities	3,118,822	3,340,108
Long-term debt, less current maturities	216,536	239,909
Deferred income taxes and other liabilities	31,009	21,196
Total liabilities	<u>3,366,367</u>	<u>3,601,213</u>
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred Stock, \$0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding	—	—
Class A Common Stock, \$0.01 par value, 500,000,000 shares authorized; 155,395,391 and 151,963,667 shares issued and outstanding	1,554	1,520
Class B Common Stock, \$0.01 par value, 135,000,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	767,998	720,810
Retained earnings	1,139,509	1,101,954
Accumulated other comprehensive income	37,251	48,812
Unearned compensation	(445)	(147)
Total stockholders' equity	1,945,867	1,872,949
Total liabilities and stockholders' equity	<u>\$5,312,234</u>	<u>\$5,474,162</u>

See accompanying notes to these consolidated financial statements.

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

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Net sales	\$6,275,640	\$5,474,214
Cost of sales	5,934,186	5,177,982
Gross profit	<u>341,454</u>	<u>296,232</u>
Operating expenses:		
Selling, general and administrative	274,759	257,202
Reorganization costs	125	11,939
	<u>274,884</u>	<u>269,141</u>
Income from operations	<u>66,570</u>	<u>27,091</u>
Other expense (income):		
Interest income	(1,752)	(2,937)
Interest expense	9,901	6,919
Losses on sales of receivables	1,859	4,317
Net foreign exchange loss	860	1,863
Other	<u>474</u>	<u>1,440</u>
	<u>11,342</u>	<u>11,602</u>
Income before income taxes	55,228	15,489
Provision for income taxes	17,673	5,421
Net income	<u>\$ 37,555</u>	<u>\$ 10,068</u>
Basic earnings per share	<u>\$ 0.24</u>	<u>\$ 0.07</u>
Diluted earnings per share	<u>\$ 0.24</u>	<u>\$ 0.07</u>

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in 000's)
(Unaudited)

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Cash flows from operating activities:		
Net income	\$ 37,555	\$ 10,068
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation	14,767	22,996
Noncash charges for losses on disposals of property and equipment	—	1,911
Noncash charges for interest and compensation	1,524	1,279
Deferred income taxes	5,743	20,272
Changes in operating assets and liabilities, net of effects of acquisitions:		
Changes in amounts sold under accounts receivable programs	5,000	(3,000)
Accounts receivable	198,239	286,338
Inventories	281,532	94,822
Other current assets	(31,958)	14,861
Accounts payable	(231,842)	(401,131)
Accrued expenses	23,991	(198,080)
Cash provided (used) by operating activities	304,551	(149,664)
Cash flows from investing activities:		
Purchases of property and equipment	(5,275)	(11,453)
Acquisitions, net of cash acquired	(1,078)	(6,271)
Other	(4)	530
Cash used by investing activities	(6,357)	(17,194)
Cash flows from financing activities:		
Proceeds from exercise of stock options	40,603	1,107
Change in book overdrafts	(38,315)	(9,734)
Net proceeds from debt	79,596	66,246
Cash provided by financing activities	81,884	57,619
Effect of exchange rate changes on cash and cash equivalents	(2,769)	16,751
Increase (decrease) in cash and cash equivalents	377,309	(92,488)
Cash and cash equivalents, beginning of period	279,587	387,513
Cash and cash equivalents, end of period	\$ 656,896	\$ 295,025

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in 000's, except per share data)
(Unaudited)**Note 1 – Organization and Basis of Presentation**

Ingram Micro Inc. (“Ingram Micro”) and its subsidiaries are primarily engaged in the distribution of information technology (“IT”) products and supply chain solutions worldwide. Ingram Micro operates in North America, Europe, Asia-Pacific and Latin America.

The consolidated financial statements include the accounts of Ingram Micro and its subsidiaries (collectively referred to herein as the “Company”). These financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of management, the accompanying unaudited consolidated financial statements contain all material adjustments (consisting of only normal, recurring adjustments) necessary to fairly state the financial position of the Company as of April 3, 2004, and its results of operations and cash flows for the thirteen weeks ended April 3, 2004 and March 29, 2003. All significant intercompany accounts and transactions have been eliminated in consolidation. As permitted under the applicable rules and regulations of the SEC, these financial statements do not include all disclosures and footnotes normally included with annual consolidated financial statements and, accordingly, should be read in conjunction with the consolidated financial statements, and the notes thereto, included in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended January 3, 2004. The results of operations for the thirteen weeks ended April 3, 2004 may not be indicative of the results of operations that can be expected for the full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

Due to the significance of the Company’s Asia-Pacific region’s net sales in 2003, the Company reported its Asia-Pacific and Latin America operations as separate segments. Previously, the Asia-Pacific and Latin America regions were combined and reported as its “Other International” segment. Prior year amounts have been disclosed to conform to the current segment reporting structure.

Note 2 – Earnings Per Share

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

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

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Net income	\$ 37,555	\$ 10,068
Weighted average shares	153,406,490	150,905,166
Basic earnings per share	\$ 0.24	\$ 0.07
Weighted average shares including the dilutive effect of stock options and warrants (5,555,802 and 312,045 for the thirteen weeks ended April 3, 2004 and March 29, 2003, respectively)	158,962,292	151,217,211
Diluted earnings per share	\$ 0.24	\$ 0.07

There were approximately 7,363,000 and 33,631,000 options for the thirteen weeks ended April 3, 2004 and March 29, 2003, respectively, that were not included in the computation of Diluted EPS because the exercise price was greater than the average market price of the Class A Common Stock, thereby resulting in an antidilutive effect.

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Accounting for Stock-Based Compensation

The Company has adopted the provisions of Statement of Financial Accounting Standards No. 148, "Accounting for Stock Based Compensation – Transition and Disclosure" ("FAS 148"), which amends FASB Statement No. 123, "Accounting for Stock-Based Compensation." As permitted by FAS 148, the Company continues to measure compensation cost in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations, but provides pro forma disclosures of net income and earnings per share as if the fair-value method had been applied. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions to stock-based employee compensation.

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Net income, as reported	\$37,555	\$10,068
Compensation expense as determined under FAS 123, net of related tax effects	6,242	7,213
Pro forma net income	<u>\$31,313</u>	<u>\$ 2,855</u>
Earnings per share:		
Basic – as reported	<u>\$ 0.24</u>	<u>\$ 0.07</u>
Basic – pro forma	<u>\$ 0.20</u>	<u>\$ 0.02</u>
Diluted – as reported	<u>\$ 0.24</u>	<u>\$ 0.07</u>
Diluted – pro forma	<u>\$ 0.20</u>	<u>\$ 0.02</u>

The weighted average fair value per option granted during the thirteen weeks ended April 3, 2004 and March 29, 2003 were \$4.94 and \$4.24, respectively. The fair value of options was estimated using the Black-Scholes option-pricing model assuming no dividends and using the following weighted average assumptions:

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Risk-free interest rate	2.36%	2.16%
Expected years until exercise	3.0 years	3.0 years
Expected stock volatility	39.9%	52.7%

Note 3 – Comprehensive Income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("FAS 130") establishes standards for reporting and displaying comprehensive income and its components in the Company's consolidated financial statements. Comprehensive income is defined in FAS 130 as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources and was comprised of net income and other comprehensive income, which consists of change in foreign currency translation adjustments, for the thirteen weeks ended April 3, 2004 and March 29, 2003 as summarized below:

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Net income	\$37,555	\$10,068
Change in foreign currency translation adjustments	11,561	9,614
Comprehensive income	<u>\$49,116</u>	<u>\$19,682</u>

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Accumulated other comprehensive income included in stockholders' equity totaled \$37,251 and \$48,812 at April 3, 2004 and January 3, 2004, respectively, and consisted solely of foreign currency translation adjustments.

Note 4 – Goodwill

The changes in the carrying amount of goodwill for the thirteen weeks ended April 3, 2004 and March 29, 2003 are as follows:

	North America	Europe	Asia- Pacific	Latin America	Total
Balance at January 3, 2004	\$78,444	\$ 9,308	\$156,422	\$—	\$244,174
Acquisitions	—	1,078	—	—	1,078
Foreign currency translation	(15)	(230)	—	—	(245)
Balance at April 3, 2004	<u>\$78,429</u>	<u>\$10,156</u>	<u>\$156,422</u>	<u>\$—</u>	<u>\$245,007</u>
Balance at December 28, 2002	\$78,310	\$ 2,111	\$153,501	\$—	\$233,922
Acquisitions	—	4,552	—	—	4,552
Foreign currency translation	43	206	180	—	429
Balance at March 29, 2003	<u>\$78,353</u>	<u>\$ 6,869</u>	<u>\$153,681</u>	<u>\$—</u>	<u>\$238,903</u>

In October 2002, the Company acquired an IT distributor in Belgium. In addition to the initial cash payment, the purchase agreement requires the Company to pay the seller up to Euro 1.13 million for each of the next three years based on an earn-out formula. The addition to goodwill of \$1,078 for the thirteen weeks ended April 3, 2004 represents the amount paid to the seller for the first year's achievement of the earn-out.

In February 2003, the Company increased ownership in Ingram Macrotron AG, a German-based distribution company, by acquiring the remaining interest of approximately 3% held by minority shareholders. The purchase price of this acquisition consisted of a cash payment of \$6,271, resulting in the recording of \$4,552 of goodwill. Court actions have been filed by several minority shareholders contesting the adequacy of the purchase price paid for the shares and various other actions, which could affect the purchase price. Depending upon the outcome of these actions, additional payments for such shares may be required.

Note 5 – Reorganization and Profit Enhancement Program Costs

In September 2002, the Company announced a comprehensive profit enhancement program, which was designed to improve operating income through enhancements in gross margins and reduction of selling, general, and administrative expenses. Key components of these initiatives included enhancement and/or rationalization of vendor and customer programs, optimization of facilities and systems, outsourcing of certain IT infrastructure functions, geographic consolidations and administrative restructuring. In addition, the Company has implemented other actions outside the scope of the comprehensive profit enhancement program, which are designed to further improve operating results. The implementation of the actions associated with the comprehensive profit enhancement program and other actions taken resulted in restructuring costs and other major-program costs, which are more fully described below.

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Reorganization Costs

The Company has developed and implemented detailed plans for restructuring actions in connection with the comprehensive profit enhancement program and other actions it has taken. The following table summarizes the components of the Company's reorganization costs by region for the thirteen weeks ended April 3, 2004, and for each of the quarters in the year ended January 3, 2004 resulting from the detailed actions initiated:

Quarter ended	Headcount Reduction	Employee Termination Benefits	Facility Costs	Other Costs	Total Cost
April 3, 2004					
North America	—	\$ (94)	\$ (97)	\$ —	\$ (191)
Europe	—	—	—	—	—
Asia-Pacific	30	316	—	—	316
Latin America	—	—	—	—	—
Thirteen Weeks ended April 3, 2004	<u>30</u>	<u>\$ 222</u>	<u>\$ (97)</u>	<u>\$ —</u>	<u>\$ 125</u>
January 3, 2004					
North America	135	\$ 773	\$ 3,287	\$ —	\$ 4,060
Europe	60	1,285	694	—	1,979
Asia-Pacific	10	41	—	—	41
Latin America	90	631	125	13	769
Subtotal	<u>295</u>	<u>2,730</u>	<u>4,106</u>	<u>13</u>	<u>6,849</u>
September 27, 2003					
North America	20	422	253	—	675
Europe	45	591	158	(24)	725
Asia-Pacific	5	20	—	—	20
Latin America	45	70	—	—	70
Subtotal	<u>115</u>	<u>1,103</u>	<u>411</u>	<u>(24)</u>	<u>1,490</u>
June 28, 2003					
North America	245	1,658	(242)	48	1,464
Europe	—	(82)	141	(293)	(234)
Asia-Pacific	—	1	—	—	1
Latin America	20	61	—	—	61
Subtotal	<u>265</u>	<u>1,638</u>	<u>(101)</u>	<u>(245)</u>	<u>1,292</u>
March 29, 2003					
North America	280	3,564	—	1,471	5,035
Europe	60	864	5,787	81	6,732
Asia-Pacific	10	12	—	—	12
Latin America	15	160	—	—	160
Subtotal	<u>365</u>	<u>4,600</u>	<u>5,787</u>	<u>1,552</u>	<u>11,939</u>
Full year 2003	<u>1,040</u>	<u>\$10,071</u>	<u>\$10,203</u>	<u>\$1,296</u>	<u>\$21,570</u>

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

The reorganization charge of \$125 for the first quarter of 2004 included \$316 related to detailed actions taken during the quarter, partially offset by credits of \$8 and \$86 related to detailed actions taken in the second and fourth quarters of 2003 for lower than anticipated costs associated with employee termination benefits in North America and a credit of \$97 related to actions taken in third quarter of 2002 for lower than expected costs associated with facility consolidations in North America.

Quarter ended April 3, 2004

Reorganization costs for the first quarter 2004 were primarily comprised of employee termination benefits for workforce reductions in Asia-Pacific.

The reorganization charges, related payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	<u>Costs</u>	<u>Amounts Paid and Charged Against the Liability</u>	<u>Adjustments</u>	<u>Remaining Liability at April 3, 2004</u>
Employee termination benefits	\$316	\$192	\$—	\$124

Quarter ended January 3, 2004

Reorganization costs for the fourth quarter 2003 were primarily comprised of employee termination benefits for workforce reductions worldwide and, to a lesser extent, lease exit costs for facility consolidations in North America, Europe and Latin America.

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	<u>Outstanding Liability at January 3, 2004</u>	<u>Amounts Paid and Charged Against the Liability</u>	<u>Adjustments</u>	<u>Remaining Liability at April 3, 2004</u>
Employee termination benefits	\$ 889	\$421	\$(86)	\$ 382
Facility costs	1,816	103	—	1,713
Total	\$2,705	\$524	\$(86)	\$2,095

The adjustment reflects lower costs of employee termination benefits in North America totaling \$86 recorded in the first quarter of 2004.

Quarter ended September 27, 2003

Reorganization costs for the third quarter of 2003 were primarily comprised of employee termination benefits for workforce reductions worldwide and, to a lesser extent, lease exit costs for facility consolidations in Europe.

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	<u>Outstanding Liability at January 3, 2004</u>	<u>Amounts Paid and Charged Against the Liability</u>	<u>Adjustments</u>	<u>Remaining Liability at April 3, 2004</u>
Employee termination benefits	\$41	\$ 1	\$—	\$40

Quarter ended June 28, 2003

Reorganization costs for the second quarter of 2003 were primarily comprised of employee termination benefits for workforce reductions in North America and lease exit costs for facility consolidations in the Company's North American headquarters in Santa Ana, California.

INGRAM MICRO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	Outstanding Liability at January 3, 2004	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at April 3, 2004
Employee termination benefits	\$ 20	\$ 12	\$ (8)	\$ —
Facility costs	880	142	—	738
Other costs	48	48	—	—
Total	<u>\$948</u>	<u>\$202</u>	<u>\$ (8)</u>	<u>\$738</u>

The adjustment reflects lower costs of employee termination benefits in North America totaling \$8 recorded in the first quarter of 2004.

Quarter ended March 29, 2003

Reorganization costs for the first quarter of 2003 were primarily comprised of employee termination benefits for workforce reductions worldwide; facility exit costs, principally comprised of lease exit costs associated with the downsizing of an office facility and exit of a warehouse in Europe; and other costs, primarily comprised of contract termination expenses associated with outsourcing certain IT infrastructure functions. These restructuring actions are complete; however, future cash outlays will be required primarily due to severance payment terms and future lease payments related to exited facilities.

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	Outstanding Liability at January 3, 2004	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at April 3, 2004
Employee termination benefits	\$ 630	\$ 473	\$ —	\$ 157
Facility costs	2,102	365	—	1,737
Other costs	529	529	—	—
Total	<u>\$3,261</u>	<u>\$1,367</u>	<u>\$ —</u>	<u>\$1,894</u>

Quarter ended December 28, 2002

Reorganization costs for the fourth quarter 2002 were primarily comprised of employee termination benefits for workforce reductions primarily in North America and Europe; facility exit costs were primarily comprised of lease exit costs for the downsizing of the Williamsville, New York office facility, and consolidating the Mississauga, Canada office facility; and other costs primarily comprised of contract termination expenses associated with outsourcing certain IT infrastructure functions as well as other costs associated with the reorganization activities. These restructuring actions are complete; however, future cash outlays will be required due to severance payment terms and future lease payments related to exited facilities.

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	Outstanding Liability at January 3, 2004	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at April 3, 2004
Employee termination benefits	\$ 265	\$ 164	\$ —	\$ 101
Facility costs	10,300	999	—	9,301
Total	<u>\$10,565</u>	<u>\$1,163</u>	<u>\$ —</u>	<u>\$9,402</u>

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Quarter ended September 28, 2002

Reorganization costs for the third quarter 2002 were primarily comprised of employee termination benefits for workforce reductions worldwide; facility exit costs primarily comprised of lease exit costs for the closure of the Memphis, Tennessee configuration center and Harrisburg, Pennsylvania returns center, downsizing the Carol Stream, Illinois and Jonestown, Pennsylvania distribution centers, closing the European assembly facility and the consolidation of operations in Australia; and other costs associated with the reorganization activities. These restructuring actions are substantially complete; however, future cash outlays will be required due to future lease payments related to exited facilities.

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	Outstanding Liability at January 3, 2004	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at April 3, 2004
Facility costs	\$6,386	\$1,259	\$ (97)	\$5,030

The adjustment reflects lower than expected lease obligations associated with the closure of the Harrisburg, Pennsylvania returns center totaling \$97 recorded in the first quarter of 2004.

Actions prior to June 30, 2002

Prior to June 30, 2002, detailed actions under the Company's reorganization plan included workforce reductions and facility consolidations worldwide. Facility consolidations primarily included consolidation of the Company's North American headquarters in Santa Ana, California, closing the Newark and Fullerton, California distribution centers, downsizing the Miami, Florida distribution center, closing the returns processing centers in Santa Ana and Rancho Cucamonga, California, centralizing returns in the Harrisburg, Pennsylvania returns center, and consolidation and/or exit of warehouse and office facilities in Europe, Latin America and Asia-Pacific. These restructuring actions are completed; however, future cash outlays will be required due to severance payment terms and future lease payments related to exited facilities.

The payment activities and adjustments for the thirteen weeks ended April 3, 2004 and the remaining liability at April 3, 2004 related to these detailed actions are summarized as follows:

	Outstanding Liability at January 3, 2004	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at April 3, 2004
Employee termination benefits	\$ 232	\$ 51	\$ —	\$ 181
Facility costs and other	1,443	419	—	1,024
Total	\$1,675	\$470	\$ —	\$1,205

Other Profit Enhancement Program Implementation Costs

For the thirteen weeks ended March 29, 2003, other costs related to the implementation of the comprehensive profit enhancement program totaled \$8,223. Of the total \$8,223 in other major-program costs, approximately \$7,780 was recorded as selling, general and administrative expenses and comprised of \$5,125 of incremental depreciation (\$4,218 in North America and \$907 in Europe) resulting from the acceleration of estimated useful lives of fixed assets to coincide with the planned exit of certain facilities and outsourcing of certain IT infrastructure functions, and \$2,655 primarily comprised of recruiting, retention, training and other transition costs associated with the relocation of major functions and outsourcing of certain IT infrastructure functions in North America. In addition, other major-program costs of \$443 were recorded in cost of sales and primarily comprised of incremental inventory losses caused by the decision to further consolidate Nordic areas in Europe.

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Note 6 – Accounts Receivable

The Company has a revolving accounts receivable securitization program in the U.S., which provides for the issuance of up to \$700,000 in commercial paper secured by undivided interests in a pool of transferred receivables. In connection with this program, which expires in March 2005, most of the Company's U.S. trade accounts receivable are transferred without recourse to a trust in exchange for a beneficial interest in the total pool of trade receivables. Sales of undivided interests to third parties under this program result in a reduction of total accounts receivable in the Company's consolidated balance sheet. The excess of the trade accounts receivable transferred over amounts sold to and held by third parties at any one point in time represents the Company's retained interest in the transferred accounts receivable and is shown in the Company's consolidated balance sheet as a separate caption under accounts receivable. Retained interests are carried at their fair value, estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At April 3, 2004 and January 3, 2004, the amount of undivided interests sold to and held by third parties totaled \$65,000, and \$60,000, respectively.

The Company also has certain other trade accounts receivable-based facilities in Canada and Europe, which provide up to approximately \$328,000 of additional financing capacity, depending upon the level of trade accounts receivable eligible to be transferred or sold. Approximately \$114,000 of this capacity expires in August 2004 with the balance expiring in 2007. At April 3, 2004 and January 3, 2004, there were no trade accounts receivable sold to and held by third parties under these programs.

The Company is required to comply with certain financial covenants under some of its financing facilities, including minimum tangible net worth, restrictions on funded debt, interest coverage and trade accounts receivable portfolio performance covenants. The Company is also restricted in the amount of dividends it can pay as well as the amount of common stock that it can repurchase annually. At April 3, 2004, the Company was in compliance with all covenants or other requirements set forth in its accounts receivable financing programs discussed above.

Losses in the amount of \$1,859 and \$4,317 for the thirteen weeks ended April 3, 2004 and March 29, 2003, respectively, related to the sale of trade accounts receivable under these facilities are included in other expenses in the Company's consolidated statement of income.

Note 7 – Long-Term Debt

The Company's debt consists of the following:

	April 3, 2004	January 3, 2004
Revolving unsecured credit facilities and other debt	\$ 135,764	\$ 128,346
European revolving trade accounts receivable backed financing facilities	62,824	20,207
Senior subordinated notes	216,536	219,702
	415,124	368,255
Current maturities of long-term debt	(198,588)	(128,346)
	<u>\$ 216,536</u>	<u>\$ 239,909</u>

In June 2002, the Company entered into a three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of one of our European subsidiaries for Euro 107 million, or approximately \$132,000, with a financial institution that has an arrangement with a related issuer of third-party commercial paper. In August 2003, the Company entered into another three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of two other European subsidiaries for Euro 230 million, or approximately \$283,000, with the same financial institution and related issuer of third-party commercial paper. In March 2004, the terms of these agreements were amended to eliminate the minimum borrowing requirements that existed under the original agreements and remove the smaller of the two European subsidiaries from the August 2003 facility. Both of these European facilities require certain commitment fees and borrowings under both facilities incur financing costs at rates indexed to EURIBOR.

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Note 8 – Segment Information

The Company operates predominantly in a single industry segment as a distributor of IT products and services. The Company's operating segments are based on geographic location, and the measure of segment profit is income from operations. Due to the significance of the Company's Asia-Pacific region's net sales, the Company is now reporting Asia-Pacific and Latin America as separate segments. Previously, the Asia-Pacific and Latin America regions were combined and reported as the Company's "Other International" segment. Prior year amounts have been disclosed to conform to the current segment reporting structure.

Geographic areas in which the Company operated during 2004 include North America (United States and Canada), Europe (Austria, Belgium, France, Germany, Hungary, Italy, The Netherlands, Spain, Sweden, Switzerland, and the United Kingdom), Asia-Pacific (Australia, The People's Republic of China [including Hong Kong], India, Malaysia, New Zealand, Singapore, and Thailand), and Latin America (Brazil, Chile, Mexico, and the Company's Latin American export operations in Miami). Intergeographic sales primarily represent intercompany sales that are accounted for based on established sales prices between the related companies and are eliminated in consolidation.

Financial information by geographic segment is as follows:

	As of and for the Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Net sales:		
North America		
Sales to unaffiliated customers	\$2,781,188	\$2,755,012
Intergeographic sales	35,898	30,757
Europe	2,612,746	1,928,828
Asia-Pacific	627,112	548,304
Latin America	254,594	242,070
Eliminations of intergeographic areas	(35,898)	(30,757)
Total	<u>\$6,275,640</u>	<u>\$5,474,214</u>
Income from operations:		
North America	\$ 25,280	\$ 14,851
Europe	39,030	11,435
Asia-Pacific	28	139
Latin America	2,232	666
Total	<u>\$ 66,570</u>	<u>\$ 27,091</u>
Identifiable assets:		
North America	\$3,299,492	\$3,189,306
Europe	1,617,237	1,118,610
Asia-Pacific	195,117	184,446
Latin America	200,388	196,552
Total	<u>\$5,312,234</u>	<u>\$4,688,914</u>

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

	As of and for the Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Capital expenditures:		
North America	\$ 3,584	\$ 7,562
Europe	1,114	3,085
Asia-Pacific	412	414
Latin America	165	392
Total	<u>\$ 5,275</u>	<u>\$11,453</u>
Depreciation:		
North America	\$ 9,217	\$16,520
Europe	4,221	5,049
Asia-Pacific	786	804
Latin America	543	623
Total	<u>\$14,767</u>	<u>\$22,996</u>

Supplemental information relating to reorganization costs and other profit enhancement program costs by geographic segment included in income from operations is as follows:

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Reorganization costs (Note 5):		
North America	\$(191)	\$ 5,035
Europe	—	6,732
Asia-Pacific	316	12
Latin America	—	160
Total	<u>\$ 125</u>	<u>\$11,939</u>
Other profit enhancement program costs (Note 5):		
Charged to cost of sales:		
Europe	<u>\$ —</u>	<u>\$ 443</u>
Charged to operating expenses:		
North America	\$ —	\$ 6,873
Europe	—	907
Total	<u>\$ —</u>	<u>\$ 7,780</u>

INGRAM MICRO INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in 000's, except per share data)
(Unaudited)

Note 9 – Commitments and Contingencies

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

As is customary in the IT distribution industry, the Company has arrangements with certain finance companies that provide inventory-financing facilities for its customers. In conjunction with certain of these arrangements, the Company has agreements with the finance companies that would require it to repurchase certain inventory, which might be repossessed from the customers by the finance companies. Due to various reasons, including among other items, the lack of information regarding the amount of saleable inventory purchased from the Company still on hand with the customer at any point in time, the Company's repurchase obligations relating to inventory cannot be reasonably estimated. Repurchases of inventory by the Company under these arrangements have been insignificant to date.

At April 3, 2004, the Company had deferred tax liabilities of \$2,418, \$42,131 and \$5,637 related to the gains realized on the sales of SOFTBANK Corp., or Softbank, common stock in 2002, 2000, and 1999, respectively. The Softbank common stock was sold in the public market by certain of Ingram Micro's foreign subsidiaries, which are located in a low-tax jurisdiction. At the time of sale, the Company concluded that U.S. taxes were not currently payable on the gains based on its internal assessment and opinions received from its outside advisors. However, in situations involving uncertainties in the interpretation of complex tax regulations by various taxing authorities, the Company provides for tax liabilities unless it considers it probable that taxes will not be due. The level of opinions received from its outside advisors and the Company's internal assessment did not allow the Company to reach that conclusion on this matter. Although the Company reviews its assessments in these matters on a regular basis, it cannot currently determine when these deferred tax liabilities will be finally resolved with the taxing authorities, or if the deferred taxes will ultimately be paid. Accordingly, the Company continues to provide for these tax liabilities. If the Company is successful in obtaining a favorable resolution of this matter, the Company's tax provision would be reduced to reflect the elimination of some or all of these deferred tax liabilities. However, in the event of an unfavorable resolution, the Company believes that it will be able to fund any such taxes that may be assessed on this matter with available sources of liquidity.

During 2002 and 2003, one of the Company's Latin American subsidiaries was audited by the Brazilian taxing authorities in relation to certain commercial taxes. As a result of this audit, the subsidiary received an assessment for approximately \$9,300, including interest and penalties, alleging these commercial taxes were not properly remitted for the period January through September 2002. The Brazilian taxing authorities may make similar claims for periods subsequent to September 2002. It is management's opinion, based upon the opinions of outside legal advisors, that the Company has valid defenses related to this matter. Although the Company is vigorously pursuing administrative and judicial action to challenge the assessment, no assurance can be given as to the ultimate outcome. An unfavorable resolution of this matter is not expected to have a material impact on the Company's financial condition, but depending upon the time period and amounts involved it may have a material negative effect on the Company's results of operations.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion includes forward-looking statements, including but not limited to, management’s expectations of competition; revenues, margin; expenses and other operating results or ratios; operating efficiencies; economic conditions; cost savings; capital expenditures; liquidity; capital requirements and exchange rate fluctuations. In evaluating our business, readers should carefully consider the important factors discussed in “Cautionary Statements for the Purpose of the ‘Safe Harbor’ Provisions of the Private Securities Litigation Reform Act of 1995” below. In addition, this Management’s Discussion and Analysis, or MD&A, should be read in conjunction with the MD&A and related information included in our Annual Report on Form 10-K and in Exhibit 99.01 to our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, for the fiscal year ended January 3, 2004. We disclaim any duty to update any forward-looking statements.

Overview of Our Business

We are the largest distributor of information technology, or IT, products and supply chain solutions worldwide based on revenues. We offer a broad range of IT products and services and help generate demand and create efficiencies for our customers and suppliers around the world. The IT distribution industry in which we operate is characterized by narrow gross profit as a percentage of net sales (“gross margin”) and narrow income from operations as a percentage of net sales (“operating margin”). Historically, our margins have been impacted by intense price competition, as well as changes in vendor terms and conditions, including, but not limited to, significant reductions in vendor rebates and incentives, tighter restrictions on our ability to return inventory to vendors, and reduced time periods qualifying for price protection. We expect these competitive pricing pressures and restrictive vendor terms and conditions to continue in the foreseeable future. To mitigate these factors, we have implemented and continue to refine changes to our pricing strategies, inventory management processes, and vendor program processes. In addition, we continuously monitor and change, as appropriate, certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors. Our business also requires significant levels of working capital primarily to finance accounts receivable. We have historically relied, and continue to rely heavily on debt, trade credit from vendors and accounts receivable financing programs for our working capital needs.

We have made substantial operating improvements through a variety of strategic actions we have taken since June 2001 when we initiated a broad-based reorganization plan to streamline operations and reorganize resources to increase flexibility, improve service and generate cost savings and operational efficiencies. Also, in September 2002, we announced a comprehensive profit enhancement program, which was designed to improve operating income through enhancements in gross margin and reduction of selling, general and administrative expenses, or SG&A expenses. Key components of this initiative included enhancement and/or rationalization of vendor and customer programs, optimization of facilities and systems, outsourcing of certain IT infrastructure functions, geographic consolidations and administrative restructuring. In addition, we have implemented other initiatives on a periodic basis to improve business processes, reduce costs, and improve operations. These actions have resulted in reorganization costs for severance expenses, lease termination costs and other costs associated with the exit of facilities or other contracts. These actions have also resulted in other program implementation costs charged to cost of sales and SG&A expenses for program management and consulting expenses, accelerated depreciation, losses on disposals of certain assets, costs related to outsourcing of certain IT infrastructure functions, costs associated with geographic relocation, and inventory and vendor-program losses primarily associated with the exit of certain businesses.

Results of Operations

The following tables set forth our net sales by geographic region (excluding intercompany sales) and the percentage of total net sales represented thereby, as well as operating income and operating margin by geographic region for each of the thirteen weeks indicated (in millions). Due to the significance of our Asia-Pacific region’s net sales, we are now reporting Asia-Pacific and Latin America as separate segments. Previously, the Asia-Pacific and Latin America regions were combined and reported as our “Other International” segment.

Management's Discussion and Analysis Continued

	Thirteen Weeks Ended			
	April 3, 2004		March 29, 2003	
Net sales by geographic region:				
North America	\$2,781	44.3%	\$2,755	50.4%
Europe	2,613	41.6	1,929	35.2
Asia-Pacific	627	10.0	548	10.0
Latin America	255	4.1	242	4.4
Total	\$6,276	100.0%	\$5,474	100.0%

	Thirteen Weeks Ended			
	April 3, 2004		March 29, 2003	
Operating income and operating margin by geographic region:				
North America	\$ 25.3	0.9%	\$ 14.9	0.5%
Europe	39.1	1.5	11.4	0.6
Asia-Pacific	0.0	0.0	0.1	0.0
Latin America	2.2	0.9	0.7	0.3
Total	\$ 66.6	1.1%	\$ 27.1	0.5%

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

	Thirteen Weeks Ended	
	April 3, 2004	March 29, 2003
Net sales	100.0%	100.0%
Cost of sales	94.6	94.6
Gross profit	5.4	5.4
Operating expenses:		
Selling, general and administrative	4.3	4.7
Reorganization costs	0.0	0.2
Income from operations	1.1	0.5
Other expense (income), net	0.2	0.2
Income before income taxes	0.9	0.3
Provision for income taxes	0.3	0.1
Net income	<u>0.6%</u>	<u>0.2%</u>

Results of Operations for the Thirteen Weeks Ended April 3, 2004 Compared to Thirteen Weeks Ended March 29, 2003

Our consolidated net sales increased 14.6% to \$6.28 billion for the thirteen weeks ended April 3, 2004, or first quarter of 2004, from \$5.47 billion for the thirteen weeks ended March 29, 2003, or first quarter of 2003. The increase in net sales was primarily attributable to the stronger demand of IT products and services, particularly in Europe and Asia-Pacific and the strengthening European currencies compared to the U.S. dollar (which represented approximately six percentage points of the growth).

We generated approximately 40% of our net sales in fiscal 2003 from products purchased from our top three vendors. Hewlett-Packard Company, or HP, individually represented more than 10% of our net sales in fiscal year 2003. In late 2002, HP increased the level of business it transacts directly with end-users and/or resellers in certain product categories, customer segments and/or geographies (principally in the North American region, which may be expanded to the European region in the near term). As a result, our net sales have been and

Management's Discussion and Analysis Continued

could continue to be negatively affected. In addition, the expansion of a direct sales strategy by one or more of our other major vendors could adversely affect our future revenues and profitability.

Net sales from our North American operations remained relatively flat at \$2.78 billion in the first quarter of 2004 compared to \$2.75 billion in the first quarter of 2003, reflecting a more stable demand for IT products and services. Net sales from our European operations increased 35.5% to \$2.61 billion in the first quarter of 2004 from \$1.93 billion in the first quarter of 2003, primarily due to the appreciation of European currencies compared to the U.S. dollar, which contributed approximately 18 percentage points of this increase, stronger demand for IT products and services across the region and increases in our market share in certain operations within Europe. Net sales from our Asia-Pacific operations increased 14.4% to \$627 million in the first quarter of 2004 from \$548 million in the first quarter of 2003, primarily due to continued higher demand for IT products and services in this emerging market. As we continue to focus on profitable growth in our Asia-Pacific region and make changes to business processes, add or delete products or customers, and implement other changes in the region, revenue growth rates and profitability in this emerging region may fluctuate significantly from quarter to quarter. Net sales from our Latin America operations increased 5.2% to \$255 million in the first quarter of 2004 from \$242 million in the first quarter of 2003 primarily due to relatively stronger demand.

Gross margin remained flat at 5.4% in the first quarters of 2004 and 2003. This reflects strong inventory management and benefits from our comprehensive profit enhancement program, offset by an intense competitive environment primarily in North America. We continuously evaluate and modify our pricing policies and certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors and general market conditions. As we continue to evaluate our existing pricing policies and make future changes, if any, we may experience moderated or negative sales growth in the near term. In addition, increased competition and any retractions or softness in economies throughout the world may hinder our ability to maintain and/or improve gross margins from the levels realized in recent quarters.

Total SG&A expenses increased 6.8% to \$274.8 million in the first quarter of 2004 from \$257.2 million in the first quarter of 2003. The increase in SG&A expenses was primarily attributable to the translation impact of the strengthening European currencies of approximately \$14 million and increased expenses required to support the growth of our business, partially offset by the reduction of implementation costs of \$7.8 million associated with our comprehensive profit enhancement program in the prior year (see Note 5 to our consolidated financial statements). As a percentage of net sales, total SG&A expenses decreased to 4.3% in the first quarter of 2004 compared to 4.7% in the first quarter of 2003 primarily due to the economies of scale from the higher level of revenue and savings from our comprehensive profit enhancement program and other actions we have taken as well as the reduction of the related implementation costs, and continued cost control measures. We continue to pursue and implement business process improvements and organizational changes to create sustained cost reductions without sacrificing customer service over the long-term. For example, we plan to combine certain activities and take other actions as necessary in the German region, which may result in increased expenses of up to \$5 million per quarter over the balance of the year, primarily to drive operating improvements over the long term in our German-based networking business.

In the first quarter of 2004, we incurred reorganization costs of \$0.1 million, consisting of a charge of \$0.3 million relating to employee termination benefits for 30 employees in Asia-Pacific during the quarter, partially offset by \$0.2 million of credits related to detailed actions taken in previous quarters for lower than anticipated costs associated with employee termination benefits and lower than expected costs associated with facility consolidations. For the first quarter of 2003, reorganization costs were \$11.9 million (\$5.0 million in North America, \$6.7 million in Europe and \$0.2 million in Latin America). Reorganization costs included \$4.6 million in employee termination benefits for approximately 365 employees (\$3.5 million for approximately 280 employees in North America, \$0.9 million for approximately 60 employees in Europe, \$0.2 million for approximately 15 employees in Latin America); \$5.8 million, primarily consisting of estimated lease exit costs in connection with closing, downsizing and consolidating facilities in Europe; and \$1.5 million of other costs primarily due to contract terminations (\$1.4 million in North America and \$0.1 million in Europe).

Management's Discussion and Analysis Continued

Income from operations as a percentage of net sales increased to 1.1% in the first quarter of 2004 from 0.5% in the first quarter of 2003. Our North American income from operations as a percentage of net sales increased to 0.9% in the first quarter of 2004 from 0.5% in the first quarter of 2003, reflecting the improvements realized from our comprehensive profit enhancement program and other actions we have taken as well as the reduction of related implementation costs. Our European income from operations as a percentage of net sales increased to 1.5% in the first quarter of 2004 from 0.6% in the first quarter of 2003. Income from operations for Europe was positively impacted by improvements from our comprehensive profit enhancement program and other actions we have taken, a reduction in related implementation costs, and economies of scale from the higher volume of business. Our Asia-Pacific income from operations as a percentage of net sales remained flat at less than 0.1% in the first quarters of 2004 and 2003. We continue to implement process improvements in this region to drive improved operating margins in this developing market in the future. Our Latin American income from operations as a percentage of net sales increased to 0.9% in the first quarter of 2004 from 0.3% in the first quarter of 2003 reflecting improvements in processes in the region.

Other expense (income) consisted primarily of interest, losses on sales of receivables under our ongoing accounts receivable-based financing facilities, foreign currency exchange losses and other non-operating gains and losses. We recorded net other expense of \$11.3 million in the first quarter of 2004 compared to \$11.6 million in the first quarter of 2003. The slight reduction in net other expense in the first quarter of 2004 compared to the first quarter of 2003 primarily resulted from reductions in our aggregate borrowings and sales of receivables, reflecting our continued strong working capital management, as well as lower foreign currency exchange losses.

Our effective tax rate was 32% in first quarter of 2004 compared to 35% in the first quarter of 2003. The decrease in the 2004 effective tax rate was primarily attributable to the change in the proportion of income earned within the various taxing jurisdictions and/or tax rates applicable to such taxing jurisdictions as well as the benefits of our ongoing tax strategies.

Quarterly Data; Seasonality

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

- seasonal variations in the demand for our products and services such as lower demand in Europe during the summer months and worldwide pre-holiday stocking in the retail channel during the September-to-December period;
- competitive conditions in our industry, which may impact the prices charged and terms and conditions imposed by our suppliers and/or competitors and the prices we charge our customers, which in turn may negatively impact our revenues and/or gross margins;
- currency fluctuations in the countries where we operate;
- variations in our levels of excess inventory and doubtful accounts, and changes in the terms of vendor-sponsored programs such as price protection and return rights;
- changes in the level of our operating expenses;
- the impact of acquisitions we may make;
- the impact of and possible disruptions caused by reorganization efforts, as well as the related expenses and/or charges;
- the loss or consolidation of one or more of our significant suppliers or customers;
- product supply constraints;
- interest rate fluctuations, which may increase our borrowing costs and may influence the willingness of customers and end-users to purchase products and services; and
- general economic or geopolitical conditions.

Management's Discussion and Analysis Continued

These historical variations may not be indicative of future trends in the near term. Our narrow operating margins may magnify the impact of the foregoing factors on our operating results.

Liquidity and Capital Resources

Cash Flows

We have financed working capital needs largely through income from operations, borrowings under revolving credit and other facilities, sales of accounts receivable through established accounts receivable facilities, trade and supplier credit, and proceeds from senior subordinated notes issued in August 2001. The following is a detailed discussion of our cash flows for the first quarters of 2004 and 2003.

Our cash and cash equivalents totaled \$656.9 million and \$279.6 million at April 3, 2004 and January 3, 2004, respectively.

Net cash provided by operating activities was \$304.6 million in the first quarter of 2004 compared to net cash used by operating activities of \$149.7 million in the first quarter of 2003. The net cash provided by operating activities in the first quarter of 2004 was primarily due to decreases in accounts receivable and inventory, partially offset by a decrease in accounts payable. These reductions reflect the seasonally lower volume of business in the first quarter as well as our strong working capital management. The net cash used by operating activities in the first quarter of 2003 principally reflects decreases in our accrued expenses and accounts payable, partially offset by reductions of accounts receivable and inventory. The reduction of accrued expenses primarily relates to the settlement of a currency interest rate swap and payments of variable compensation and profit enhancement program costs. The reductions of accounts payable, accounts receivable and inventory largely reflect the seasonal decline in sales during the quarter. The accounts payable reduction in the first quarters of 2004 and 2003 also reflects a reduction in days payable outstanding to levels more in line with historical trends.

Net cash used by investing activities was \$6.4 million in the first quarter of 2004 compared to \$17.2 million in the first quarter of 2003. The net cash used by investing activities in the first quarters of 2004 and 2003 was primarily due to capital expenditures.

Net cash provided by financing activities was \$81.9 million in the first quarter of 2004 compared to \$57.6 million in the first quarter of 2003. The net cash provided by financing activities in the first quarter of 2004 primarily reflects proceeds received from the exercise of stock options of \$40.6 million and net proceeds of \$79.6 from our debt facilities, partially offset by a decrease in our book overdrafts. The net cash provided by financing activities in the first quarter of 2003 was principally due to net proceeds from our debt facilities of \$66.2 million.

Capital Resources

In spite of the tightening of terms and availability of credit to businesses in general, we believe that our existing sources of liquidity, including cash resources and cash provided by operating activities, supplemented as necessary with funds available under our credit arrangements, will provide sufficient resources to meet our present and future working capital and cash requirements for at least the next twelve months.

On-Balance Sheet Capital Resources

In June 2002, we entered into a three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of one of our European subsidiaries for Euro 107 million, or approximately \$132 million, with a financial institution that has an arrangement with a related issuer of third-party commercial paper. In August 2003, we entered into another three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of two other European subsidiaries for Euro 230 million, or approximately \$283 million, with the same financial institution and related issuer of third-party commercial paper. In March 2004, the terms of these agreements were amended to eliminate the minimum borrowing requirements that existed under the original agreements and remove the smaller of the two European subsidiaries from the August 2003 facility. Both of these European facilities require certain commitment fees and borrowings under both facilities incur financing costs at rates indexed to EURIBOR.

Management's Discussion and Analysis Continued

Our ability to access financing under both European facilities is dependent upon the level of eligible trade accounts receivable of two of our European subsidiaries, and the level of market demand for commercial paper. As of April 3, 2004, our actual aggregate capacity under the European programs, based on eligible accounts receivable outstanding was approximately \$259 million.

We could, however, lose access to all or part of our financing under these European facilities under certain circumstances, including: (a) a reduction in credit ratings of the third-party issuer of commercial paper or the back-up liquidity providers, if not replaced or (b) failure to meet certain defined eligibility criteria for the trade accounts receivable, such as receivables must be assignable and free of liens and dispute or set-off rights. In addition, in certain situations, we could lose access to all or part of our financing with respect to the August 2003 European facility as a result of the rescission of our authorization to collect the receivables by the relevant supplier under applicable local law. Based on our assessment of the duration of both programs, the history and strength of the financial partners involved, other historical data, various remedies available to us under both programs, and the remoteness of such contingencies, we believe that it is unlikely that any of these risks will materialize in the near term. At April 3, 2004 and January 3, 2004, we had borrowings of \$19.7 million and \$20.2 million, respectively, under the June 2002 European facility and at April 3, 2004, we had borrowings of \$43.1 million under the August 2003 European facility.

We have a \$150 million revolving senior unsecured credit facility with a bank syndicate that expires in December 2005. At April 3, 2004 and January 3, 2004, we had no borrowings outstanding under this credit facility. This facility can also be used to support letters of credit. At April 3, 2004 and January 3, 2004, letters of credit totaling approximately \$27.3 million and \$63.7 million, respectively, were issued principally to certain vendors to support purchases by our subsidiaries. The issuance of these letters of credit reduces our available capacity under the agreement by the same amounts.

On August 16, 2001, we sold \$200 million of 9.875% senior subordinated notes due 2008 at an issue price of 99.382%, resulting in net cash proceeds of approximately \$195.1 million, net of issuance costs of approximately \$3.7 million.

Interest on the notes is payable semi-annually in arrears on each February 15 and August 15. We may redeem any of the notes beginning on August 15, 2005 with an initial redemption price of 104.938% of their principal amount plus accrued interest. The redemption price of the notes will be 102.469% plus accrued interest beginning on August 15, 2006 and will be 100% of their principal amount plus accrued interest beginning on August 15, 2007. In addition, on or before August 15, 2004, we may redeem an aggregate of 35% of the notes at a redemption price of 109.875% of their principal amount plus accrued interest using the proceeds from sales of certain kinds of common stock.

On August 16, 2001, we also entered into interest rate swap agreements with two financial institutions, the effect of which was to swap our fixed-rate obligation on our senior subordinated notes for a floating rate obligation equal to 90-day LIBOR plus 4.260%. All other financial terms of the interest rate swap agreements are identical to those of the senior subordinated notes, except for the quarterly payments of interest, which will be on each February 15, May 15, August 15 and November 15 and ending on the termination date of the swap agreements. These interest rate swap arrangements contain ratings conditions requiring posting of collateral by either party and at minimum increments based on the market value of the instrument and credit ratings of either party. The marked-to-market value of the interest rate swap amounted to \$17.3 million and \$20.5 million at April 3, 2004 and January 3, 2004, respectively, which is recorded in other assets with an offsetting adjustment to the hedged debt, bringing the total carrying value of the senior subordinated notes to \$216.5 million and \$219.7 million, respectively.

We also have additional lines of credit, commercial paper, short-term overdraft facilities and other credit facilities with various financial institutions worldwide, which provide for borrowing capacity aggregating approximately \$388 million at April 3, 2004. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At April 3, 2004 and January 3, 2004, we had approximately \$135.8 million and \$128.3 million, respectively, outstanding under these facilities. At April 3, 2004 and January 3, 2004, letters of credit totaling approximately \$28.8 million and \$29.3 million, respectively, were also issued principally to certain vendors to support purchases by our subsidiaries. The issuance of these letters of credit reduces our available capacity under these agreements by the same amounts. The weighted average interest rate on the outstanding borrowings under these credit facilities was 5.2% per annum at April 3, 2004 and January 3, 2004.

Management's Discussion and Analysis Continued

Off-Balance Sheet Capital Resources

We have a revolving accounts receivable securitization program in the U.S., which provides for the issuance of up to \$700 million in commercial paper secured by undivided interests in a pool of transferred receivables. In connection with this program, which expires in March 2005, most of our U.S. trade accounts receivable are transferred without recourse to a trust in exchange for a beneficial interest in the total pool of trade receivables. Sales of undivided interests to third parties under this program result in a reduction of total accounts receivable on our consolidated balance sheet. The excess of the trade accounts receivable transferred over amounts sold to and held by third parties at any one point in time represents our retained interest in the transferred accounts receivable and is shown on our consolidated balance sheet as a separate caption under accounts receivable. Retained interests are carried at their fair value, estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At April 3, 2004 and January 3, 2004, the amount of undivided interests sold to and held by third parties under this U.S. program totaled \$65.0 million and \$60.0 million, respectively.

We also have certain other revolving trade accounts receivable-based facilities in Canada and Europe, which provide up to approximately \$328 million of additional financing capacity. Approximately \$114 million of this capacity expires in August 2004 with the balance expiring in 2007. At April 3, 2004 and January 3, 2004, there were no trade accounts receivable sold to and held by third parties under these programs.

The aggregate amount of trade accounts receivable sold to and held by third parties under the U.S., Canadian, and European programs, or off-balance sheet debt, as of April 3, 2004 and January 3, 2004 totaled \$65.0 million and \$60.0 million, respectively. The decrease in amounts sold to and held by third parties resulted in an increase in our retained interests in securitized receivables, which was more than offset by an overall decrease in receivables resulting from the lower volume of business compared to the fourth quarter of 2003 and reduction of our days sales outstanding. We believe that available funding under our accounts receivable financing programs provides us increased flexibility to make incremental investments in strategic growth initiatives and to manage working capital requirements.

Our financing capacity under these programs is dependent upon the level of our trade accounts receivable eligible to be transferred or sold into the accounts receivable financing programs. As of April 3, 2004, our actual aggregate capacity under these programs based on eligible accounts receivable outstanding was approximately \$615 million. We believe that there are sufficient eligible trade accounts receivable to support our anticipated financing needs under the U.S., Canadian, and European accounts receivable financing programs.

As is customary in trade accounts receivable securitization arrangements, a reduction in credit ratings of the third-party issuer of commercial paper or a back-up liquidity provider (which provides a source of funding if the commercial paper market cannot be accessed) could result in an adverse change in, or loss of, our financing capacity under these programs if the commercial paper issuer and/or liquidity back-up provider is not replaced. Loss of such financing capacity could have a material adverse effect on our financial condition, results of operations and liquidity. However, based on our assessment of the duration of these programs, the history and strength of the financial partners involved, other historical data, and the remoteness of such contingencies, we believe it is unlikely that any of these risks will materialize in the near term.

Covenant Compliance

We are required to comply with certain financial covenants under some of our on-balance sheet financing facilities, as well as our off-balance sheet accounts receivable-based facilities, including minimum tangible net worth, restrictions on funded debt and interest coverage and trade accounts receivable portfolio performance covenants, including metrics related to receivables and payables. We are also restricted in the amount of additional indebtedness we can incur, dividends we can pay, as well as the amount of common stock that we can repurchase annually. At April 3, 2004, we were in compliance with all covenants or other requirements set forth in our accounts receivable financing programs and credit agreements or other agreements with our financial partners discussed above.

Management's Discussion and Analysis Continued

Other Matters

In December 1998, we purchased 2,972,400 shares of common stock of SOFTBANK Corp., or Softbank, for approximately \$50.3 million. During December 1999, we sold approximately 35% of our original investment in Softbank common stock for approximately \$230.1 million, resulting in a pre-tax gain of approximately \$201.3 million, net of expenses. In January 2000, we sold an additional approximately 15% of our original holdings in Softbank common stock for approximately \$119.2 million resulting in a pre-tax gain of approximately \$111.5 million, net of expenses. In March 2002, we sold our remaining shares of Softbank common stock for approximately \$31.8 million resulting in a pre-tax gain of \$6.5 million, net of expenses. We generally used the proceeds from these sales to reduce existing indebtedness. The realized gains, net of expenses, associated with the sales of Softbank common stock in March 2002, January 2000 and December 1999 totaled \$4.1 million, \$69.3 million and \$125.2 million, respectively, net of deferred taxes of \$2.4 million, \$42.1 million and \$76.1 million, respectively (see Note 9 to our consolidated financial statements).

The Softbank common stock was sold in the public market by certain of our foreign subsidiaries, which are located in a low-tax jurisdiction. At the time of each sale, we concluded that U.S. taxes were not currently payable on the gains based on our internal assessment and opinions received from our outside advisors. However, in situations involving uncertainties in the interpretation of complex tax regulations by various taxing authorities, we provide for tax liabilities unless we consider it probable that these taxes will not be due. The level of opinions received from our outside advisors and our internal assessment did not allow us to reach that conclusion on this matter and the deferred taxes were provided accordingly. In September 2003, our U.S. Federal tax returns for 1999 were closed, which resolved the matter for U.S. Federal income tax purposes for that year. Accordingly, during the third quarter of 2003, we reversed the related Federal deferred tax liability of \$70.5 million associated with the gain on the 1999 sale, thereby reducing our income tax provision in the consolidated statement of income. Although we review our assessments in these matters on a regular basis, we cannot currently determine when the remaining deferred tax liabilities of \$2.4 million, \$42.1 million and \$5.6 million related to the 2002, 2000 and 1999 sales, respectively, will be finally resolved with the taxing authorities, or if the deferred taxes will ultimately be paid. As a result, we continue to provide for these tax liabilities. If we are successful in obtaining a favorable resolution of this matter, our tax provision would be reduced to reflect the elimination of some or all of these deferred tax liabilities. However, in the event of an unfavorable resolution, we believe that we will be able to fund any such taxes that may be assessed on this matter with our available sources of liquidity.

During 2002 and 2003, one of the Company's Latin American subsidiaries was audited by the Brazilian taxing authorities in relation to certain commercial taxes. As a result of this audit, the subsidiary received an assessment for approximately \$9.3 million, including interest and penalties, alleging these commercial taxes were not properly remitted for the period January through September 2002. The Brazilian taxing authorities may make similar claims for periods subsequent to September 2002. It is management's opinion, based upon the opinions of outside legal advisors, that the Company has valid defenses related to this matter. Although the Company is vigorously pursuing administrative and judicial action to challenge the assessment, no assurance can be given as to the ultimate outcome. An unfavorable resolution of this matter is not expected to have a material impact on the Company's financial condition, but depending upon the time period and amounts involved it may have a material negative effect on the Company's results of operations.

Capital Expenditures

We presently expect our capital expenditures not to exceed \$60 million in 2004.

Management's Discussion and Analysis Continued

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

The matters in this Form 10-Q that are forward-looking statements, including, but not limited to, statements about competition, revenues, margins, expenses and other operating results or ratios, operating efficiencies, economic conditions, costs savings, capital expenditures, liquidity, and exchange rate fluctuations, are based on our current expectations that involve certain risks which if realized, in whole or in part, could have a material adverse effect on our business, financial condition and results of operations, including without limitation:

- intense competition, regionally and internationally, including competition from alternative business models, such as manufacturer-to-end-user selling, which may lead to reduced prices, lower sales or reduced sales growth, lower gross margins, extended payment terms with customers, increased capital investment and interest costs, bad debt risks and product supply shortages;
- termination of a supply or services agreement with a major supplier or customer or a significant change in supplier terms or conditions of sale;
- failure of information processing or data security systems could result in significant disruption of business and/or additional costs to us;
- worsening economic conditions (particularly in purchases of technology products) and failure to adjust costs in a timely fashion in response to a sudden decrease in demand;
- losses resulting from significant credit exposure to reseller customers and negative trends in their businesses;
- delays or failure to achieve the benefits of process or organizational changes we may implement in the business;
- disruptions in business operations due to reorganization activities;
- rapid product improvement and technological change and resulting obsolescence risks;
- possible disruption in commercial activities caused by terrorist activity or armed conflict, including changes in logistics and security arrangements as a result thereof, and reduced customer demand;
- dependence on key individuals and inability to retain personnel;
- reductions in credit ratings and/or unavailability of adequate capital;
- interest rate and foreign currency fluctuations;
- adverse impact of governmental controls and actions or political or economic instability which could adversely affect foreign operations;
- failure to attract new sources of business from expansion of products or services or entry into new markets;
- inability to manage future adverse industry trends;
- difficulties and risks associated with integrating operations and personnel in acquisitions;
- future periodic assessments required by current or new accounting standards which may result in additional charges; and
- dependence on independent shipping companies.

We have instituted in the past and continue to institute changes to our strategies, operations and processes to address these risk factors and to mitigate their impact on our results of operations and financial condition. However, no assurances can be given that we will be successful in these efforts. For a further discussion of significant factors to consider in connection with forward-looking statements concerning us, reference is made to Exhibit 99.01 of our Annual Report on Form 10-K for the year ended January 3, 2004; other risks or uncertainties may be detailed from time to time in our future SEC filings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our quantitative and qualitative disclosures about market risk for the three-month period ended April 3, 2004 from those disclosed in our Annual report on Form 10-K for the year ended January 3, 2004. For further discussion of quantitative and qualitative disclosures about market risk, reference is made to our Annual Report on Form 10-K for the year ended January 3, 2004.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of April 3, 2004 pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC filings.

Part II. Other Information

Item 1. Legal Proceedings

During 2002 and 2003, one of our Latin American subsidiaries was audited by the Brazilian taxing authorities in relation to certain commercial taxes. As a result of this audit, the subsidiary received an assessment for approximately \$9.3 million, including interest and penalties, alleging these commercial taxes were not properly remitted for the period January 2002 through September 2002. The Brazilian taxing authorities may make similar claims for periods subsequent to September 2002. It is management's opinion, based upon the opinions of outside legal counsel, that we have valid defenses related to this matter. Although we are vigorously pursuing administrative and judicial action to challenge the assessment, no assurance can be given as to the ultimate outcome. An unfavorable resolution of this matter is not expected to have a material impact on our financial condition, but depending upon the time period and amounts involved it may have a material negative effect on our results of operations.

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
4.1	Amended and Restated Bylaws as of March 23, 2004
10.1	First Amendment to 2003 Executive Retention Agreement with Michael J. Grainger, dated as of April 5, 2004
10.2	Amended and Restated German Master Receivables Transfer and Servicing Agreement between BNP Paribas Bank N.V. as Transferee and Ingram Micro Distribution GMBH as Originator and Ingram Micro Holdings GMBH as Depositor, dated August 14, 2003, amended and restated as of March 31, 2004
31.1	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("SOX")
31.2	Certification by Principal Financial Officer pursuant to Section 302 of SOX
32.1	Certification by Principal Executive Officer pursuant to Section 906 of SOX
32.2	Certification by Principal Financial Officer pursuant to Section 906 of SOX

b) Reports on Form 8-K

The Company filed a Current Reports on Form 8-K during the fiscal period ended April 3, 2004 as follows:

- on February 24, 2004 the Company furnished information under Items 7 and 12 in connection with the issuance of its press release announcing financial results for the year ended January 3, 2004.

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/ Thomas A. Madden

Name: Thomas A. Madden

Title: Executive Vice President and
Chief Financial Officer
*(Principal Financial Officer and
Principal Accounting Officer)*

May 12, 2004

EXHIBIT INDEX

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AMENDED AND RESTATED
BYLAWS OF
INGRAM MICRO INC.
(AS OF MARCH 23, 2004)
* * * * *

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

SECTION 3. BOOKS. The books of the Corporation may be kept within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. TIME AND PLACE OF MEETINGS. All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors (or the chief executive officer in the absence of a designation by the Board of Directors).

SECTION 2. ANNUAL MEETINGS. Annual meetings of stockholders shall be held to elect the Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 3. SPECIAL MEETINGS. Special meetings of stockholders may be called by the Board of Directors or the chairman of the Board of Directors and shall be called by the secretary at the request in writing of stockholders having at least ten percent of the outstanding voting power of the Corporation. Such request shall state the purpose or purposes of the proposed meeting.

SECTION 4. NOTICE OF MEETINGS AND ADJOURNED MEETINGS; WAIVERS OF NOTICE. (a) Whenever stockholders are required or permitted to take any action at a meeting, a written notice

of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("DELAWARE LAW"), such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Unless these Bylaws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken; provided that if the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

(b) A written waiver of any such notice signed by the person entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 5. QUORUM. Unless otherwise provided under the certificate of incorporation or these Bylaws and subject to Delaware Law, the presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote generally, shall constitute a quorum for the transaction of business at any meeting of the stockholders; provided that in the case of any vote to be taken by classes, the holders of a majority of the votes entitled to be cast by the stockholders of a particular class shall constitute a quorum for the transaction of business by such class.

SECTION 6. VOTING. (a) Unless otherwise provided by Delaware Law or by the certificate of incorporation, each stockholder of record of any class or series of capital stock of the Corporation shall be entitled to such number of votes for each share of such stock as may be fixed in the certificate of incorporation or in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such stock.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

(c) Unless otherwise provided by Delaware Law, the certificate of incorporation or these Bylaws, the affirmative vote of shares of capital stock of the Corporation representing a majority of the outstanding voting power of the Corporation present, in person or by proxy, at a meeting of stockholders and entitled to vote on the subject matter shall be the act of the stockholders.

SECTION 7. ACTION BY CONSENT. (a) Unless otherwise provided in the certificate of incorporation, any action required to be taken at any special meeting of stockholders, or any action which may be taken at any special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered to the Corporation in the manner required by this Section 7 of Article II and Delaware Law, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

SECTION 8. ORGANIZATION. At each meeting of stockholders, the chairman of the Board of Directors, if one shall have been elected (or in his absence or if one shall not have been elected, the chief executive officer), shall act as chairman of the meeting. The secretary (or in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

SECTION 9. ORDER OF BUSINESS. The order of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. Except as otherwise provided in Delaware Law or the certificate of incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Each member of the Board of Directors, and all committees of the Board of Directors, shall have at all times full access to the books and records of the Corporation and all minutes of stockholder, Board of Directors and committee meetings, proceedings and actions. Each member of the Board of Directors shall have the right to add items to any agenda for a meeting of the Board of Directors.

SECTION 2. NUMBER, ELECTION AND TERM OF OFFICE. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors but shall in no event be less than eight nor more than ten. At a time when eight directors comprise the Board of Directors, the Board of Directors may be expanded up to ten members, in accordance with Delaware Law and the certificate of incorporation, by the affirmative vote of a majority of the eight or nine directors, as the case may be. Such ninth and tenth directors shall be Independent, as provided in Section 3(a)(iii) of this Article III and shall be nominated by a majority of the Nominating Committee. After the initial qualification and election of such ninth and tenth directors as set forth in this Section 2 of Article III, any vacancy created by the death, disability, resignation or removal of such director shall be filled pursuant to Section 13 of this Article III. Except as provided in this Section 2 or Section 13 of this Article III, directors shall be elected at annual meetings of the stockholders in accordance with the schedule set forth in Article Eighth(c) of the Corporation's certificate of incorporation and in accordance with Delaware Law, and each director so elected shall hold office for a term as set forth in Article Eighth(c) of the Corporation's certificate of incorporate.

SECTION 3. QUALIFICATIONS. (a) Directors shall possess the following qualifications: (i) three individuals who are designated by the Family Stockholders, as hereinafter defined, and who need not be Independent, as hereinafter defined, and may be Family Stockholders (the "FAMILY DIRECTORS"); (ii) one individual who is designated by the chief executive officer of the Corporation, who need not be Independent and who may be the chief executive officer of the Corporation (the "MANAGEMENT DIRECTOR"); and (iii) four (in the case of a Board of Directors consisting of eight directors), five (in the case of a Board of Directors consisting of nine directors) or six (in the case of a Board of Directors consisting of ten directors) individuals, as the case may be from time to time, who shall be Independent (the "INDEPENDENT DIRECTORS"). Directors need not be stockholders.

(b)(i) As used in these Bylaws, "INDEPENDENT" means an individual other than an executive officer or other employee of the Corporation or Martha R. Ingram, her descendants (including adopted persons and their descendants) and their respective spouses.

(ii) As used in these Bylaws, FROM AND AFTER THE DATE OF THESE BYLAWS, "FAMILY STOCKHOLDERS" means the following and all of their Permitted Transferees (as hereinafter defined):

- QTIP Marital Trust created under the E. Bronson Ingram Revocable Trust Agreement dated January 4, 1995
- Martha R. Ingram
- Orrin H. Ingram, II
- John R. Ingram
- E. Bronson Ingram 1995 Charitable Remainder 5% Unitrust
- E. Bronson Ingram 1994 Charitable Lead Annuity Trust
- Martha and Bronson Ingram Foundation

- Trust for Orrin Henry Ingram, II, under Agreement with Hortense B. Ingram dated December 22, 1975
- The Orrin H. Ingram Irrevocable Trust dated July 9, 1992
- Trust for the Benefit of Orrin H. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982, as amended
- Orrin and Sara Ingram Family 1997 Generation Skipping Trust
- Trust for John Rivers Ingram, under Agreement with Hortense B. Ingram dated December 22, 1975
- The John R. Ingram Irrevocable Trust dated July 9, 1992
- Trust for the Benefit of John R. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982, as amended
- The John and Stephanie Ingram Family 1996 Generation Skipping Trust
- The John Rivers Ingram Annuity Trust 2000
- The John Rivers Ingram Annuity Trust 2001

(iii) As used in these Bylaws, from and after the date of these Bylaws, "PERMITTED TRANSFEREE" means, with respect to any Family Stockholder, including any Approving Family Stockholder, as hereinafter defined, any of the other Family Stockholders or any of their respective spouses, descendants (including adopted persons and their descendants), estates, affiliates or any trust or other entities for the benefit of any of the foregoing persons, and beneficiaries of the QTIP Marital Trust created under the E. Bronson Ingram Revocable Trust Agreement dated January 4, 1995 upon the death of Martha R. Ingram, whether the transfer occurs voluntarily during life or at death, whether by appointment, will or intestate descent or distribution; provided that any individual or entity that has been removed as a Family Stockholder pursuant to any amendment to that certain Board Representation Agreement between the Corporation and certain other persons signatory thereto dated November 6, 1996, as amended from time to time (the "Board Representation Agreement"), shall not be deemed a Permitted Transferee. Without limiting the generality of the foregoing, transfers from the QTIP Marital Trust created under the E. Bronson Ingram Revocable Trust Agreement dated January 4, 1995 to the Martha and Bronson Ingram Foundation shall be deemed to be transfers to a Permitted Transferee.

SECTION 4. QUORUM AND MANNER OF ACTING. (a) Unless the certificate of incorporation or these Bylaws require a greater number, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the entire Board of Directors shall be the act of the Board of Directors.

(b) When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original

meeting. If a quorum shall not be present at any meeting of the Board of Directors the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 5. TIME AND PLACE OF MEETINGS. The Board of Directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the Board of Directors (or the chief executive officer in the absence of a determination by the Board of Directors).

SECTION 6. ANNUAL MEETING. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders and, if practicable, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. In the event such annual meeting is not so held, the annual meeting of the Board of Directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 8 of this Article III or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

SECTION 7. REGULAR MEETINGS. After the place and time of regular meetings of the Board of Directors shall have been determined and notice thereof shall have been once given to each member of the Board of Directors, regular meetings may be held without further notice being given.

SECTION 8. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the chief executive officer and shall be called by the secretary on the written request of three directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting in such manner as is determined by the Board of Directors.

SECTION 9. COMMITTEES. (a) The Board of Directors shall have at least four committees with the designations, qualifications, powers and composition set forth in this Section 9 of Article III, which four committees shall be: (i) an Executive and Finance Committee, (ii) a Governance Committee, (iii) a Human Resources Committee, and (iv) an Audit Committee. All committees of the Board of Directors shall act by a majority vote of the entire number of directors which constitute any such committee.

(b) The Executive and Finance Committee shall consist of three directors, one of whom shall be a Family Director, one of whom shall be the Management Director and one of whom shall be an Independent Director. During the period of time between each regularly scheduled meeting of the Board of Directors, management decisions requiring the immediate attention of the Board of Directors may be made by the Executive and Finance Committee; provided, however, that the Executive and Finance Committee shall not have the authority to approve any of the following items, all of which require the approval of the Board of Directors: (i) any action that would require approval pursuant to Article V of these Bylaws or that would require approval of a majority of the outstanding voting power held by the stockholders entitled

to vote thereon at any annual or special meeting under applicable law or under the certificate of incorporation or Bylaws of the Corporation (provided, however, that subject to applicable law, the Board of Directors shall be entitled to delegate to the Executive Committee the authority to negotiate and finalize actions, the general terms of which have been approved by the Board of Directors); (ii) any acquisition with a total aggregate consideration in excess of 2% of the Corporation's stockholders' equity calculated in accordance with generally accepted accounting principles for the most recent fiscal quarter for which financial information is available (after taking into account the amount of any indebtedness to be assumed or discharged by the Corporation or any of its subsidiaries and any amounts required to be contributed, invested or borrowed by the Corporation or any of its subsidiaries); (iii) any action outside of the ordinary course of business of the Corporation; or (iv) any other action involving a material shift in policy or business strategy for the Corporation. Subject to the foregoing, the Executive and Finance Committee shall be governed by the provisions of the Corporation's Executive and Finance Committee Charter, as approved by the Board of Directors from time to time.

(c) The Governance Committee shall consist of three directors, one of whom shall be a Family Director and one of whom shall be an Independent Director. The third Committee member shall be a Family Director if requested by a majority of the Family Directors and otherwise shall be an Independent Director. All nominations of persons for election to the Board of Directors shall be made by the Governance Committee, and the Governance Committee shall recommend for the approval of the Board of Directors the directors to serve on the Board committees, in each case pursuant to the qualification requirements set forth in Section 3 of this Article III. The Governance Committee shall fulfill such other roles, with respect to the filling of vacancies and otherwise, as are set forth in these Bylaws and shall be governed by the provisions of the Corporation's Governance Committee Charter, as approved by the Board of Directors from time to time.

(d) The Human Resources Committee shall consist of three directors, one of whom shall be a Family Director, and two of whom shall be Independent Directors. The Human Resources Committee shall establish the compensation of all executive officers of the Corporation and shall administer all stock option, purchase and equity incentive plans. In addition, it shall annually prepare a report to stockholders for inclusion in the Corporation's proxy statement for its annual meeting of stockholders covering the matters required by the Securities and Exchange Commission. The Human Resources Committee shall be governed by the provisions of the Corporation's Human Resources Committee Charter, as approved by the Board of Directors from time to time.

(e) The Audit Committee shall consist of at least three directors, all of whom shall be Independent Directors. The Audit Committee shall have the primary responsibility to: (i) recommend to the Board of Directors the firm to be employed by the Corporation as its independent auditor, (ii) consult with the independent auditors with regard to the plan of audit, (iii) review (in consultation with the independent auditors) the report of audit or proposed report and the accompanying management letter of the independent auditors, (iv) consult with the independent auditors periodically, as appropriate, out of the presence of management, with regard to the adequacy of the internal controls and, if need be, to consult also with the internal auditors, and (v) annually prepare a report to stockholders for inclusion in the Corporation's

proxy statement for its annual meeting of stockholders covering the matters required by the Securities and Exchange Commission. The Audit Committee shall be governed by the provisions of the Corporation's Audit Committee Charter, as approved by the Board of Directors from time to time.

(f) No committee of the Board of Directors shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, amending the Bylaws of the Corporation, or authorizing any action required pursuant to these Bylaws to be authorized or approved by a majority of the entire Board of Directors; and unless the resolution of the Board of Directors, the certificate of incorporation or these Bylaws expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of capital stock by the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

(g) The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more additional committees, each such committee to consist of one or more directors of the Corporation. Any such additional committee, to the extent provided in the resolution of the Board of Directors and subject to Section 9(f) of this Article III, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Notwithstanding the foregoing, no committee designated by the Board of Directors pursuant to this Section 9(g) shall have powers or authority which conflict with or impinge or encroach upon the powers and authority granted to the committees designated in Sections 9(b), 9(c), 9(d) or 9(e) of this Article III.

SECTION 10. ACTION BY CONSENT. Unless otherwise restricted by the certificate of incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 11. TELEPHONIC MEETINGS. Unless otherwise restricted by the certificate of incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

SECTION 12. RESIGNATION. Any director may resign at any time by giving written notice to the Board of Directors or to the secretary of the Corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 13. VACANCIES. Unless otherwise provided in the certificate of incorporation, if, as a result of the death, disability, resignation or removal of a director, a vacancy is created on the Board of Directors, the vacancy shall be filled in the following manner with individuals with the following qualifications: (a) if the vacancy resulted from the death, disability, resignation or removal of a Family Director, the vacancy shall be filled by a person qualifying to be a Family Director as designated by a majority of the remaining Family Directors; (b) if the vacancy resulted from the death, disability, resignation or removal of the Management Director, the vacancy shall be filled by a person qualifying to be a Management Director as designated by the chief executive officer of the Corporation; and (c) if the vacancy resulted from the death, disability, resignation or removal of an Independent Director, the vacancy shall be filled by a person qualifying to be an Independent Director nominated by the Governance Committee and approved by a majority of the entire Board of Directors then in office. If there are no Family Directors in office (in the case of filling a vacancy previously held by a Family Director), then an election of directors may be held in accordance with these Bylaws and Delaware Law.

Unless otherwise provided in the certificate of incorporation, a vacancy created on the Board of Directors as a result of the increase in the number of directors to seven, eight or nine as provided in Section 2 of this Article III may be filled in each case in a manner consistent with the provisions of Sections 2, 3 and 13 of this Article III.

SECTION 14. REMOVAL. Any director or the entire Board of Directors may be removed, with or without cause, at any time by the affirmative vote of the holders of a majority of the outstanding voting power of all of the shares of capital stock of the Corporation then entitled to vote generally for the election of directors, voting together as a single class, and the vacancies thus created shall be filled in accordance with Section 13 of this Article III. A Committee member shall be subject to removal from his or her position as a Committee member by the affirmative vote of a majority of the entire Board of Directors, and the vacancy thus created shall be filled in accordance with Sections 9 and 13 of this Article III.

SECTION 15. COMPENSATION. Unless otherwise restricted by the certificate of incorporation or these Bylaws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

ARTICLE IV

OFFICERS

SECTION 1. PRINCIPAL OFFICERS. The principal officers of the Corporation shall be a chief executive officer who shall have the power, among other things, to appoint regional officers of the Corporation, one or more presidents, one or more vice presidents, a treasurer and a secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. The Corporation may also have such other principal officers, including a chairman, a vice chairman or one or more controllers, as the Board of Directors may in its discretion appoint. One person may hold the offices and

perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of president and secretary.

SECTION 2. ELECTION AND TERM OF OFFICE. The principal officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting thereof. Each such officer shall hold office until his successor is elected and qualified, or until his earlier death, disability, resignation or removal. Any vacancy in any office shall be filled in such manner as the Board of Directors shall determine.

SECTION 3. SUBORDINATE OFFICERS. In addition to the principal officers enumerated in Section 1 of this Article IV, the Corporation may have one or more assistant treasurers, assistant secretaries and assistant controllers and such other subordinate officers, agents and employees as the Board of Directors may deem necessary, each of whom shall hold office for such period as the Board of Directors may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

SECTION 4. REMOVAL. Except as otherwise permitted with respect to subordinate officers, any officer may be removed, with or without cause, at any time, by the Board of Directors.

SECTION 5. RESIGNATIONS. Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. POWERS AND DUTIES. The officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them by the Board of Directors.

ARTICLE V

ACTIONS REQUIRING CONSENT OF APPROVING FAMILY STOCKHOLDERS

SECTION 1. DEFINITIONS. As used in these Bylaws, the following terms shall have the meanings specified below:

(a) "APPROVING FAMILY STOCKHOLDERS" means the following and all of their Permitted Transferees:

- QTIP Marital Trust created under the E. Bronson Ingram Revocable Trust Agreement dated January 4, 1995

- Martha R. Ingram
- Orrin H. Ingram, II
- John R. Ingram
- E. Bronson Ingram 1995 Charitable Remainder 5% Unitrust
- Martha and Bronson Ingram Foundation
- Trust for Orrin Henry Ingram, II, under Agreement with Hortense B. Ingram dated December 22, 1975
- The Orrin H. Ingram Irrevocable Trust dated July 9, 1992
- Trust for the Benefit of Orrin H. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982, as amended
- Orrin and Sara Ingram Family 1997 Generation Skipping Trust
- Trust for John Rivers Ingram, under Agreement with Hortense B. Ingram dated December 22, 1975
- The John R. Ingram Irrevocable Trust dated July 9, 1992
- Trust for the Benefit of John R. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982, as amended
- The John and Stephanie Ingram Family 1996 Generation Skipping Trust
- The John Rivers Ingram Annuity Trust 2000
- The John Rivers Ingram Annuity Trust 2001

(b) "APPROVING VOTING POWER" means, as of any date, the number of votes able to be cast pursuant to this Article V by the Approving Family Stockholders. With respect to any vote pursuant to this Article V, and as of any given date, each Approving Family Stockholder shall be entitled to cast a number of votes equal to (i) the Outstanding Voting Power, as hereinafter defined, of all capital stock of the Corporation owned of record by such Approving Family Stockholder, plus (ii) the attributed voting power set forth in Section 1(c) of this Article V.

(c) (i) Orrin H. Ingram, II shall be attributed and entitled to cast a number of votes equal to fifty percent (50%) of the Outstanding Voting Power of all capital stock of the Corporation owned by the E. Bronson Ingram 1994 Charitable Lead Annuity Trust; and

(ii) John R. Ingram shall be attributed and entitled to cast a number of votes equal to fifty percent (50%) of the Outstanding Voting Power of all capital stock of the Corporation owned by the E. Bronson Ingram 1994 Charitable Lead Annuity Trust.

(d) "OUTSTANDING VOTING POWER" means, as of any date, the number of votes able to be cast for the election of directors represented by all the shares of common stock of the Corporation.

SECTION 2. SIGNIFICANT ACTIONS. (a) In addition to any vote required by applicable law or the certificate of incorporation, the following actions ("SIGNIFICANT ACTIONS") will not be taken by or on behalf of the Corporation without the written approval of Approving Family Stockholders, acting in their sole discretion, holding at least a majority of the Approving Voting Power held by all of the Approving Family Stockholders:

(i) any sale or other disposition or transfer of all or substantially all of the assets of the Corporation (considered together with its subsidiaries);

(ii) any merger, consolidation or share exchange involving the Corporation, other than mergers effected for administrative reasons of subsidiaries owned at least 90% by the Corporation which under applicable law can be effected without stockholder approval;

(iii) any issuance (or transfer from treasury) of additional equity, convertible securities, warrants or options with respect to the capital stock of the Corporation, or any of its subsidiaries, or the adoption of any additional equity plans by or on behalf of the Corporation or any of its subsidiaries except for (A) options granted or stock sold in the ordinary course of business pursuant to plans approved by the Approving Family Stockholders or adopted prior to the initial public offering of the Corporation's capital stock, and (B) the issuance of capital stock of the Corporation valued at Fair Market Value, as hereinafter defined, in acquisitions as to which no approval is required under subsection (iv) of this Section 2 of Article V or as to which approval has been obtained under subsection (iv) of this Section 2 of Article V;

(iv) any acquisition by or on behalf of the Corporation or one of its subsidiaries involving a total aggregate consideration in excess of 10% of the Corporation's stockholders' equity calculated in accordance with generally accepted accounting principles for the most recent fiscal quarter for which financial information is available (after taking into account the amount of any indebtedness for borrowed money to be assumed or discharged by the Corporation or any of its subsidiaries and any amounts required to be contributed, invested or borrowed by the Corporation or any of its subsidiaries if such contribution, investment or borrowing is reasonably contemplated by the Corporation to be necessary within 12 months after the date of the acquisition);

(v) any guarantee of indebtedness of an entity other than a subsidiary of the Corporation exceeding 5% of the Corporation's stockholders' equity calculated in accordance with generally accepted accounting principles for the most recent fiscal quarter for which financial information is available;

(vi) incurrence of indebtedness by the Corporation after the consummation of the initial public offering of the Corporation's capital stock (other than indebtedness incurred after the initial public offering of the Corporation which renews or replaces a previously existing facility so long as the aggregate amount of indebtedness is not increased) in a transaction which could be reasonably expected to reduce the Corporation's investment rating lower than one grade below the ratings of the Corporation by Moody's Investors Service ("Moody's"), Fitch Investors Service, L.P. ("Fitch") or Standard & Poor's Rating Group ("Standard & Poor's") immediately

following the initial public offering, but in any event incurrence of indebtedness by the Corporation after the consummation of the initial public offering which could be reasonably expected to reduce such investment rating lower than Baa by Moody's; BBB- by Fitch; or BBB- by Standard & Poor's; and

(vii) any other transaction having substantially the same effect as a transaction described in clauses (i) through (vi) of this Section 2(a) of Article V.

(b) As used in Section 2(a)(iii) of this Article V, "FAIR MARKET VALUE" means with respect to the capital stock of the Corporation, as of any given date or dates, the reported closing price of a share of such class of capital stock on such exchange or market as is the principal trading market for such class of capital stock. If such class of capital stock is not traded on an exchange or principal trading market on such date, the Fair Market Value of a share of the capital stock of the Corporation shall be determined by the Board of Directors in good faith taking into account as appropriate the recent sales of the capital stock of the Corporation, recent valuations of the capital stock of the Corporation, the lack of liquidity of the capital stock of the Corporation, the fact that certain shares of the capital stock of the Corporation may represent a minority interest and such other factors as the Board of Directors shall in its discretion deem relevant or appropriate.

ARTICLE VI

GENERAL PROVISIONS

SECTION 1. FIXING THE RECORD DATE. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by Delaware Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the

Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by Delaware Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 2. DIVIDENDS. Subject to limitations contained in Delaware Law and the certificate of incorporation, the Board of Directors may declare and pay dividends upon the shares of capital stock of the Corporation, which dividends may be paid either in cash, in property or in shares of the capital stock of the Corporation.

SECTION 3. FISCAL YEAR. The fiscal year of the Corporation shall commence on the day following the end of the preceding fiscal year of the Corporation and end on the Saturday nearest December 31 of each year.

SECTION 4. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

SECTION 5. VOTING OF STOCK OWNED BY THE CORPORATION. The Board of Directors may authorize any person, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

SECTION 6. AMENDMENTS. (a) So long as the Family Stockholders and their Permitted Transferees together hold beneficially at least 25,000,000 shares of the capital stock of the Corporation (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations or other transactions in the capital stock of the Corporation) (i) the stockholders may alter, amend, restate or repeal these Bylaws or any of them, or make new bylaws, only by the affirmative vote of 75% of the votes entitled to be cast thereon at any annual or special meeting and (ii) the Board of Directors may alter, amend, restate or repeal these Bylaws or any of them, or make new bylaws, only by the affirmative vote of three-quarters (3/4) of the members of the entire Board of Directors.

(b) Beginning on the first date on which the Family Stockholders and their Permitted Transferees together hold beneficially less than 25,000,000 shares of the capital stock of the Corporation (as such number is equitably adjusted to reflect stock splits, stock dividends, recapitalizations or other transactions in the capital stock of the Corporation) (i) the stockholders may alter, amend, restate or repeal these Bylaws or any of them, or make new bylaws, by the affirmative vote of a majority of the votes entitled to be cast thereon at any annual or special meeting and (ii) the Board of Directors may alter, amend, restate or repeal these Bylaws or any of them, or make new bylaws, by the affirmative vote of a majority of the members of the entire Board of Directors.

(c) Notwithstanding paragraphs (a) and (b) of this Section 6 of Article VI, if the Board Representation Agreement shall be adjudicated to be void or terminated and of no further force and effect by the final, non-appealable order of a court of competent jurisdiction or shall be terminated and made to be of no further force and effect by the unanimous, written consent of the Family Stockholders and their Permitted Transferees then holding stock of the Corporation, beginning on the date such final order becomes non-appealable or the date such unanimous, written consent is delivered to the Secretary of the Corporation, as the case may be, (i) the stockholders may alter, amend, restate or repeal these Bylaws or any of them, or make new bylaws, by the affirmative vote of a majority of the votes entitled to be cast thereon at any annual or special meeting and (ii) the Board of Directors may alter, amend, restate or repeal these Bylaws or any of them, or make new bylaws, by the affirmative vote of a majority of the members of the entire Board of Directors.

FIRST AMENDMENT TO
2003 EXECUTIVE RETENTION AGREEMENT

THIS FIRST AMENDMENT TO 2003 EXECUTIVE RETENTION AGREEMENT (this "First Amendment"), is made as of April 5, 2004, by and between Ingram Micro Inc., a Delaware corporation (the "Corporation"), and Michael J. Grainger ("Executive"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement (as defined below).

WHEREAS, on December 19, 2003, the Corporation entered into the 2003 Executive Retention Agreement with Michael J. Grainger (the "Agreement"); and

WHEREAS, pursuant to Section 3.04 of the Agreement Mr. Grainger's participation in the 2002 and 2003 Executive Long-Term Cash Incentive Award Programs (the "Programs") ceases effective as of the beginning of the Continuation Period; and

WHEREAS, the Corporation and Executive desire to amend the Agreement as set forth herein, so that Mr. Grainger shall continue to participate in the Programs for so long as his Continuation Period continues under the terms of the Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby amend the Agreement as follows:

1. Section 3.04 of the Agreement is hereby amended and restated in its entirety as follows:

Section 3.04. Long-Term Cash Incentive Award Program. With respect to the Company's 2002 and 2003 Long-Term Executive Cash Incentive Award Programs, as amended from time to time (together "Programs" or individually the "Program"), Executive shall be deemed to continue his participation in the Programs for so long as the Continuation Period under the Agreement lasts ("Continued Participation"). Award payments under such Programs, if any, shall be prorated, if applicable, based on the number of full months of Executive's active employment during the Measurement Period (as defined under the Programs) plus the full months of any Continued Participation during the Measurement Period (as defined under the Programs) of the Program in question and calculated based on the actual Company achievement versus the peer group at the end of each Program. Any such award payments shall be made following the close of each Program at the same time and in the same manner as such award payments are made to actively employed participants in such Program. Executive shall not be entitled to participate in the Company's 2004 Long-Term Executive Cash Incentive Award Program.

2. This First Amendment shall be and is hereby incorporated in and forms a part of the Agreement.

3. This First Amendment shall be effective as of the date first written above.

4. Except as set forth herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Company and Executive have executed this Amendment, to be effective as of the day and year first written above.

EXECUTIVE

Ingram Micro Inc.

/s/ Michael J. Grainger

By: /s/ Matthew A. Savar

Michael J. Grainger

Name: MATTHEW A. SAVAR

Title: S.V.P. HUMAN RESOURCES

Dated August 14, 2003
as last amended and restated on March 31, 2004

between

BNP PARIBAS BANK N.V.
as Transferee

and

INGRAM MICRO DISTRIBUTION GMBH
as Originator

and

INGRAM MICRO HOLDING GMBH
as Depositor

GERMAN MASTER RECEIVABLES TRANSFER AND SERVICING AGREEMENT

HENGELER MUELLER

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HENGELER MUELLER

BNP / Ingram
GMRTSA

THIS AGREEMENT has been originally made on August 14, 2003, as amended and restated on December 29, 2003 and is hereby amended and restated on March 31, 2004.

BETWEEN:

- (1) INGRAM MICRO DISTRIBUTION GMBH, a German limited liability company (Gesellschaft mit beschränkter Haftung), having its registered offices at Heisenbergbogen 3, 85609 Aschheim, Germany, registered in the commercial registry of the Lower Local Court (Amtsgericht) in Munchen under registration number HRB 76025 (the "ORIGINATOR");
- (2) BNP PARIBAS BANK N.V., a Dutch limited liability company (naamloze vennootschap), licensed as a credit institution, having its registered offices at Herengracht 477, Postbus 10042, NL - Amsterdam, 1101 EA, registered with the Chamber of Commerce in Amsterdam under the number 33 166 364 (hereinafter referred to as the "TRANSFEE"); and
- (3) INGRAM MICRO HOLDING GMBH, a German limited liability company (Gesellschaft mit beschränkter Haftung), having its registered offices at 85609 Aschheim, Heisenbergbogen 3, registered in the commercial registry of the Lower Local Court (Amtsgericht) in Munchen under registration number HRB 99636, whose representatives on the signature page are duly authorized for the purposes of this Agreement (hereinafter referred to as the "DEPOSITOR").

NOW, THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

WHEREAS:

- (A) The Originator's business consists of the distribution, sale and purchase of hardware and software products, the importation and exportation of such products and any other activity in connection with the distribution of such materials.
- (B) The Originator has agreed to a securitization program of five (5) years, commencing on the Initial Transfer Date, with respect to certain Receivables originated by it.
- (C) Due to the affiliation of the Originator to the Ingram Micro Group, the Transferee has accepted the offer made to it by the Originator to purchase, from time to time, Receivables under the terms and subject to the conditions set forth in this Agreement, provided in particular that:
 - the payment of such Receivables by the Debtors will be secured by means of a Subordinated Deposit made by the Depositor in favor of the Transferee;
 - the Debtor Payments will be paid to the Collection Accounts;
 - the wire transfer of Debtor Payments, the payment of Equivalent Payments and Retransfer Payments and the payment of the Total Fees and Expenses to the Transferee will be guaranteed by Ingram Micro Inc.; and
 - the various fees payable to the Transferee in connection with the financing granted by it to the Originator, will be based upon the refinancing costs of Eliopée Limited, named as Issuer of Reference in the area of the securitization of receivables and other financial assets.

- (D) Pursuant to a release letter (the "RELEASE LETTER") dated March 18, 2004, it has been agreed, inter alios, by the parties hereto and Compu-Shack Electronic GmbH to release Compu-Shack Electronic GmbH from its future obligations under this Agreement.

PART I. DEFINITIONS - INTERPRETATION

1. DEFINITIONS

Capitalized terms and expressions in this Agreement shall have the same meaning as ascribed to such terms and expressions in the glossary (the "GLOSSARY") attached hereto as Schedule 1. This Agreement, including the recitals, the Schedules and each instrument delivered by any Party pursuant to its terms shall form a single agreement.

2. INTERPRETATION

- A. Parts and Clauses headings (including paragraphs headings) and the table of contents have been inserted exclusively to facilitate referral and shall not be used to interpret this Agreement.

- B. In this Agreement, unless the context otherwise requires:

- (a) a "PART" or "CLAUSE" or "SCHEDULE" is a reference to a part, clause or schedule to this Agreement, and references to the Agreement include its whereas and Schedules; references to the "Parties" refer to the Originator, to the Depositor and to the Transferee.
- (b) words in the plural shall cover the singular and vice versa;
- (c) unless otherwise stipulated, reference to the time of the day refers to the time in Paris, France;
- (d) references to a month shall mean:
 - a period starting on a given day in a calendar month and ending on the numerically corresponding day in the next calendar month; or
 - if the corresponding day is not a Business Day, a period ending on the first Business Day following the corresponding day unless such following day falls in the next calendar month, in which case the period shall end on the Business Day immediately preceding the corresponding day; or
 - if the period starts on the last Business Day of a calendar month, or if there is no numerically corresponding day in the next calendar month, a period ending on the last Business Day of the next calendar month;
- (e) reference to a person includes its successors, transferees and assignees;
- (f) reference to a document means that document as novated, amended or supplemented.

PART II. PURPOSE - TERM - CONDITIONS PRECEDENT

3. PURPOSE

The purpose of this Agreement is to set forth the conditions under which:

- (a) the Originator may, from time to time during the Replenishment Period, transfer Transferable Receivables to the Transferee by way of sale (Verkauf) and assignment (Abtretung) and in accordance with the provisions of this Agreement;
- (b) the Transferee shall pay to the Originator the Purchase Price for any Transferred Receivables in accordance with the provisions of this Agreement;
- (c) upon each Transfer Date, but prior to each transfer of any Transferable Receivables, the Depositor shall make a Subordinated Deposit with the Transferee as provided for in Clause 32;
- (d) upon each Transfer Date, but prior to each transfer of Transferable Receivables, the Depositor shall make a Complementary Deposit with the Transferee as provided for in Clause 33.

4. EFFECTIVE DATE - TERMINATION

- A. This Agreement shall become effective on the date on which all the conditions precedent set forth in Clause 5 shall have been satisfied (the "EFFECTIVE DATE").
- B. This Agreement shall terminate on the earlier of (the "AGREEMENT TERMINATION DATE"):
 - (i) the Redemption Date; or
 - (ii) the sixth Transaction Date following the Final Transfer Date.
- C. The date upon which (i) no more transfer of receivables may be made under this Agreement and (ii) the Transferee's Commitment is terminated (the "FINAL TRANSFER DATE") shall be the first Transaction Date which shall occur during the 61st month following the Initial Transfer Date. The Final Transfer Date shall be advanced under the conditions set forth under Clauses 10.1 A (b), 41.1, 41.2, 41.3 (D), 45 (C) and 46 (C)(ii), or postponed by mutual consent of the Parties pursuant to the conditions set forth under Clause 4 (D).
- D. The Parties may agree to extend the Final Transfer Date (and, accordingly, the Agreement Termination Date) by entering, to that effect, into an amendment to this Agreement. In this case, the new Final Transfer Date and the new Agreement Termination Date shall be the dates as mutually agreed between the Parties.
- E. Notwithstanding the Agreement Termination Date, and for so long as there remains a Transferred Receivable which has not either been paid in full or become an Irrecoverable Receivable: (i) all of the representations, warranties, covenants and obligations of the

Originator to the Transferee; (ii) all of the obligations of the Transferee with respect to Release of the Deposits and (iii) the provisions of Clause 25.2, shall remain in full force and effect.

5. CONDITIONS PRECEDENT

This Agreement shall not be effective unless and until each and all of the following conditions precedent shall have been fulfilled to the satisfaction of the Transferee:

- (a) from each of the Originator and the Depositor, a copy of its Articles of Association (Satzung), certified as actual version thereof by its duly authorized representative;
- (b) from the Originator and the Depositor, an original copy of the excerpt of the commercial registry (Handelsregister) not older than 30 days prior to August 14, 2003;
- (c) from each Originator and the Depositor, a copy, certified to be true by its duly authorized representative, of its annual non-consolidated accounts for the fiscal year 2001 and the original annual non-consolidated accounts for the fiscal year 2002 as published and certified by its statutory auditors together with the respective unqualified auditor's opinion relating thereto, and the related corporate resolutions approving such accounts;
- (d) from the Originator and the Depositor, a certificate from one of its managing directors (Geschäftsführer) in the form of Schedule 12A, representing that:
 - between the closing date of its audited accounts for the fiscal year 2002 and August 14, 2003, no event has occurred which could constitute a Material Adverse Effect;
 - it is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments has occurred in relation to it;
 - there exists no provision currently in force and which has not been removed (with respect to any contract or agreement which is binding on it or to which it is a party) which could impede the execution of this Agreement or the performance of any of its obligations by it hereunder; in particular there exists no (i) provision limiting the transfer of its receivables or (ii) negative pledge clauses;
- (e) from the Originator, a certificate from its statutory auditors, issued in the form of Schedule 11A;
- (f) from the Originator and the Depositor, a list of the names of the individuals authorized to act on behalf of it under this Agreement and a specimen signature of each;
- (g) from the Originator and the Depositor the corporate resolutions authorizing it to enter into and execute this Agreement;
- (h) the Transferee or any of its agent shall have conducted a due diligence of the Originator, satisfactory in particular as regards origination, management and collections of the Receivables;
- (i) the Originator shall have demonstrated its ability to provide monthly historical data

regarding the Receivables;

- (j) the Transferee shall have received from the Originator a historical monthly analysis of the credit notes and other dilution (and any other relevant risk factors in relation to the Receivables);
- (k) the Originator shall have demonstrated its ability to provide a reporting Statement on the Receivables twice a month;
- (l) the Transferee shall have received a legal opinion from Hengeler Mueller as legal advisor to the Transferee in form and substance satisfactory to the Transferee regarding (i) that the transfer of the Receivables will constitute a legal true sale of such Receivables and (ii) the Originator's and the Depositor's capacity and authority to enter into this Agreement;
- (m) each of the US Guarantees shall have been issued in the form as set out in Schedule 16 by the Guarantor in favor of the Transferee, BNP Paribas acting as its agent, and the Transferee shall have received a certified copy of the last audited consolidated financial statements of the Guarantor for the fiscal year 2002 and a certificate signed by a duly authorized representative of the Guarantor representing that: (1) between the closing date of the above mentioned accounts for the fiscal year 2002 and August 14, 2003, no Material Adverse Effect has occurred; and (2) the Guarantor is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments has occurred in relation to it;
- (n) the Transferee shall have received from the Guarantor an in-house legal opinion in form and substance satisfactory to the Transferee regarding (i) the capacity and authority of the Guarantor to enter into each of the US Guarantees and (ii) the validity and legality of each of the US Guarantees; and
- (o) from the Originator, a certificate signed by one of its managing directors (Geschäftsführer) and its senior in-house lawyer in the form of Schedule 15 regarding its collection authority with respect to receivables which are subject to Extended Retention of Title Clauses (verlangerter Eigentumsvorbehalt).

PART III. TRANSFER OF RECEIVABLES

6. TRANSFERABLE RECEIVABLES

A. On a given Statement Date, a Transferable Receivable shall be any Receivable bearing the following characteristics on such date:

- (i) the Receivable exists, is not an Irrecoverable Receivable and has not been paid in full;
- (ii) the Receivable originates from a contract entered into between the Originator and an Eligible Debtor and constitutes for both parties a Commercial Contract;
- (iii) the underlying Commercial Contract is valid and enforceable against the relevant Debtor in accordance with its terms and fully performed by the Originator;

- (iv) the underlying Commercial Contract is governed by German Law;
- (v) the amount of the Receivable invoiced by the Originator to the respective Debtor is inclusive of value-added tax in compliance with applicable tax laws;
- (vi) the Receivable is evidenced by an Invoice, duly recorded in the relevant Statement or Portfolio File; and
- (vii) the Receivable is denominated in Euros, payable to the Originator by the relevant Debtor and such Debtor is requested to pay any amount due in relation to such Receivable into the relevant Collection Account.

7. ELIGIBLE RECEIVABLES

A. On a given Statement Date, an Eligible Receivable shall be any Transferred Receivable bearing the additional following characteristics on that date:

- (i) the Debtor of such Transferred Receivable is an Eligible Debtor;
- (ii) the Transferred Receivable is neither an Unpaid Receivable nor an Irrecoverable Receivable nor a Disputed Receivable;
- (iii) the date upon which the Transferred Receivable is due and payable, which is stated on the Invoice, is no later than thirty (30) calendar days following the Final Transfer Date;
- (iv) the date upon which the Transferred Receivable is due and payable, which is stated on the Invoice, is no later than sixty (60) calendar days following the related Transaction Date except for Proreserv in which case the Transferred Receivable is due and payable no later than one hundred forty (140) calendar days following the date of Invoice;
- (v) the Transferred Receivable has been managed since its creation and is managed at the given date by the Originator, in accordance with the Management Procedures and the applicable statutes and regulations in force at any relevant time;
- (vi) the Transferred Receivable is not subject to any defense, counterclaim or set-off right;
- (vii) the Transferred Receivable is identified in a Statement and Portfolio Files which strictly conform with the form of Statement and Portfolio Files attached as Schedule 3;
- (viii) the Transferred Receivable is legally and beneficially solely owned by the Originator free from any adverse claims in favor of any person (including, without limitation, has not been, in part or in whole, pledged, mortgaged, charged, assigned, discounted, subrogated or seized or attached or transferred in any way) and is otherwise free and clear of any Extended Retention of Title Clause (verlangerter Eigentumsvorbehalt), subject to Clause (B) below, and of any liens or other encumbrances exercisable against the Originator or the Transferee;
- (ix) the Transferred Receivable can be segregated and identified for ownership purposes on the Transfer Date thereof and on any day after such Transfer Date;

- (x) the Transferred Receivable constitutes an unconditional and irrevocable obligation of the relevant Eligible Debtor to pay the full sums of the amounts stated on the due date therefor; and
- (xi) the Transferred Receivable is enforceable (durchsetzbar), non-litigious (nicht einredebehaftet) and assignable (abtretbar).

B. Any Receivable being affected by an Extended Retention of Title Clause shall be an Eligible Receivable if it meets in addition to the requirements set forth under Clause 7 (A) the following conditions:

- (i) the sale of the relevant Receivable to the Transferee must be characterised as legal true sale for German civil and insolvency law purposes;
- (ii) the Originator has been granted the authorization to collect the Billing Amount of such Receivable by the relevant supplier, this authorization shall be express and the Originator shall not have been notified by such supplier of the withdrawal of such authorisation;
- (iii) the Purchase Price paid by the Transferee for the Receivable shall at least be equal to the purchase price due by the Originator to the relevant supplier for the items that are the subject of such Receivable;
- (iv) the assignment by the Originator of the Receivable to the Transferee is made at the same time as the payment of the Purchase Price of such Receivable;
- (v) the purchase and the acquisition of the relevant Receivable by the Transferee is not structured in a way that would prejudice the interests of the relevant supplier; and
- (vi) the Originator is not in a state of financial crisis as such term may be defined in the respective Extended Retention of Title Clause.

8. ELIGIBLE DEBTORS

On any Statement Date, an Eligible Debtor shall be a Debtor having the following characteristics:

- (i) the Debtor is either (i) a private company having its registered office in Germany (ii) a natural person having its domicile in Germany or (iii) a private company having its registered office in Germany and being held by a German public entity;
- (ii) the Debtor is neither the Originator nor a company of the Ingram Micro Group;
- (iii) the Debtor does not have any contractual relationship with the Originator providing for an automatic set-off of debts and credits or a current account relation (Kontokorrent) between such Debtor and the Originator;
- (iv) the Debtor has not become a Doubtful Debtor;
- (v) the Debtor is not under an Insolvency Proceeding; and
- (vi) the Debtor is not a supplier of the Originator, except as expressly agreed by the

Transferee.

9. CONDITIONS OF TRANSFER

On the Initial Transfer Date, and subsequently on each Transfer Date, the transfer of Transferable Receivables and the payment of the Purchase Price by the Transferee shall not occur unless each of the following conditions have been fulfilled to the satisfaction of the Transferee, on the dates agreed upon in the Agreement or, if such date has not been agreed upon, on each relevant Transfer Date at the latest:

- (i) the Representations and Warranties are accurate;
- (ii) a Statement and the related Portfolio Files have been notified to the Transferee on the Information Date related to the Initial Transfer Date or such Transfer Date, respectively and all data contained in such Statement and in such Portfolio Files are consistent with each other;
- (iii) (A) with respect to the Initial Transfer Date, the Deposits have been duly made as provided for in Clause 31, and (B) with respect to each Transfer Date, the Deposits have been adjusted according to the provisions of Clauses 32 and 33, respectively;
- (iv) the Originator has delivered, on an annual basis, a certificate from its statutory auditors, issued in the form of Schedule 11 together with the respective unqualified auditor's opinion relating thereto;
- (v) each of the Originator and the Depositor has delivered, on a monthly basis, a certificate from one of its managing directors (Geschäftsführer) in the form of Schedule 12B, representing that:
 - between the closing date of its non-audited accounts for the relevant fiscal year and the execution date of such certificate, no event has occurred which could constitute a Material Adverse Effect;
 - it is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments has occurred in relation to it;
 - there exists no provision currently in force and which has not been removed (with respect to any contract or agreement which is binding on it or to which it is a party) which could impede the execution of this Agreement or the performance of any of its obligations by it hereunder; in particular there exists no (i) provision limiting the transfer of its Receivables or (ii) negative pledge clauses;
- (vi) the Originator has delivered an Offer to the Transferee pursuant to Clause 10.1 and, as regards any Transfer Date other than the Initial Transfer Date, the relevant Debtor Payments, received during the last Collection Period preceding such Transfer Date, have been credited to the Transferee's Account and the relevant Retransfer Payments and the Equivalent Payments due in respect of such Collection Period have been paid to the Transferee's Account;

- (vii) the Transfer Date occurs within the Replenishment Period;
- (viii) the transfer of Transferable Receivables and the corresponding payment of the Purchase Price to be made on the relevant Transfer Date do not contravene any statute or regulation in force;
- (ix) no Event of Default or Potential Event of Default has occurred or is existing and continuing on the Transfer Date, and the transfer of the Transferable Receivables, as well as the corresponding payment of the Purchase Price to be made on the relevant Transfer Date, do not constitute a Potential Event of Default or an Event of Default;
- (x) the Collection Accounts Pledge Agreement has been entered into between the Originator as pledgor, and the Transferee as pledgee, and continues to exist and constitutes a valid and enforceable pledge in favor of the Transferee;
- (xi) the Data Protection Trust Agreement has been entered into between the Originator, the Transferee and the Data Protection Trustee and continues to exist and constitutes a valid and enforceable obligation of the Originator regarding the transmission of personal data with respect to the Debtors in favor of the Data Protection Trustee;
- (xii) on the Initial Transfer Date only, (A) the Transferee shall have received a confirmation by the Rating Agency of the current rating of the Issuer of Reference's programs in a form satisfactory to the Transferee, (B) the Originator has agreed with the Transferee which of the dates appearing in the timetable attached as Schedule 5 shall be deemed the first Transfer Date for the purposes of this Agreement;
- (xiii) on or before the Initial Transfer Date or each subsequent Transfer Date, the Transferee shall have been able to fund its Transferee's Commitment up to an amount at least equal to the amount of the Financing to be provided on the Initial Transfer Date or on each such subsequent Transfer Date; and
- (xiv) the Transferee shall have confirmed that the liquidity facility relating to a securitisation transaction arranged for one French company of the Ingram Micro Group has been syndicated or that the Transferee considers such syndication no longer desirable.

10. TRANSFER OF RECEIVABLES

10.1 Offer to Transfer

- A. On any Information Date during the Replenishment Period, the Originator may make an offer (each, an "OFFER") to sell and assign to the Transferee one or more Transferable Receivable(s), together with any ancillary rights of such Transferable Receivable(s) and any related security for the Purchase Price in accordance with this Agreement, subject to Clause 9, provided that:
 - (a) on or after the Final Transfer Date, the Transferee shall no longer be authorized to purchase any Transferable Receivable;
 - (b) in the event that the Originator does not make an Offer on two consecutive Information Dates, the Final Transfer Date shall be deemed to have occurred on the last of these two Information Dates; and

- (c) no Offer shall be deemed to be made by the Originator for the Transfer Date relating to such Information Date if no Transferable Receivable originated during the Collection Period immediately preceding such Information Date is reported in the relevant Statement and Portfolio Files notified to the Transferee on such Information Date.

B. Each Offer must be made substantially in the form set out in Schedule 2 hereto and shall contain the following information:

- (i) the number of Transferable Receivables to be assigned, the total aggregate outstanding amount of the Transferable Receivables to be assigned, the amount of Credit and Dilution in respect of Transferable Receivables to be assigned, and
- (ii) in respect of each offered Transferable Receivable, the invoice number and Debtor identification number, the amount due as of the relevant Information Date, the due date, a detailed description of any related security and the invoice date.

Additionally, with respect to any such Offer, a Debtors File and a Debtors Table are to be provided to the Data Protection Trustee in the form of Schedule 3.

10.2 Financing Conditions

Following the delivery of any Offer in accordance with Clause 10.1 and subject to Clause 9, the Transferee shall send a notification to the Originator with a copy to the Depositor and Ingram Micro Coordination Center BVBA/Sprl. in respect of all Transferable Receivables which are the subject of such Offer on the relevant Calculation Date in the form of Schedule 4 (the "FINANCING CONDITIONS").

10.3 Acceptance of Offer; Purchase Price

The Purchase Price for any offered Transferable Receivable shall be equal to the outstanding Billing Amount. The Transferee shall accept any Offer made in accordance with Clause 10.1 and subject to Clause 9 by payment of the aggregate Purchase Price for all Transferable Receivables (together with any related security) contained in such Offer on the next Transfer Date or to the order of the Transferee as such Transfer Date appears in the then applicable Schedule 5 attached to this Agreement.

10.4 Transfer of Title

Upon acceptance of the relevant Offer in accordance with Clause 10.3 of this Agreement the purchase and assignment of the offered Transferable Receivables and the related security (if any) shall become effective, and all rights thereto (including any ancillary rights thereto) shall pass to the Transferee; provided that in the event that the title to the related security is not transferable by means of a mere agreement between the Transferee and the Originator, the parties hereto agree that:

- (a) if the related security is governed by German law and the transfer of possession (Besitzübergabe) is necessary for the transfer of title, such transfer of possession shall be substituted as follows:
 - if the Originator holds direct possession (unmittelbarer Besitz) in respect of the

related security, the Originator shall hold such related security in custody for the Transferee free of charge;

- if the Originator holds indirect possession (mittelbarer Besitz) in respect of the related security or is entitled to claim surrender of the related security from a third party for any other reason, the Originator hereby assigns any claim to surrender (Herausgabeanspruch) the related security to the Transferee who hereby accepts such assignment;

- (b) if the related security is governed by the laws of any other jurisdiction, sub-clause (a) above shall apply mutatis mutandis.

10.5 Transfer Procedures

- A. On each Transfer Date before 1.00 p.m., the Originator shall, subject to Clause 9, transfer to the Transferee the Transferable Receivables the subject of the Offer made on the related Information Date pursuant to Clause 10.2.
- B. Furthermore, on such Transfer Date:
 - (i) the Originator shall deliver to the Transferee an Offer; and
 - (ii) at the same time as the Offer Form is delivered, the Transferee shall pay to the relevant Collection Account of the Originator an amount equal to the aggregate Billing Amount of the Group of Transferred Receivables, with good value on that date.

11. WARRANTIES OF COMPLIANCE

- A. On each Transfer Date, the Originator makes the following representations and warranties (the Warranties of Compliance) for the benefit of the Transferee in respect of each Transferred Receivable in the form of an independent guarantee (selbständige Garantie):
 - (i) such Transferred Receivable bears all of the characteristics of a Transferable Receivable;
 - (ii) such Transferred Receivable is identified in the Statement and in the Portfolio Files delivered on the Information Date relating to such Transfer Date and the relevant Statement and the Portfolio Files strictly conform with the forms attached as Schedule 3; and
 - (iii) if identified as an Eligible Receivable in the Statement or in the Portfolio Files delivered on the Information Date relating to such Transfer Date, such Transferred Receivables bears all the characteristics of an Eligible Receivable.
- B. The Warranties of Compliance shall be deemed reiterated by the Originator to the Transferee on each Transfer Date.

PART IV. INFORMATION - PROGRAM MANAGEMENT

12. INFORMATION OBLIGATIONS OF THE ORIGINATOR

- A. On each Statement Date, the Originator shall draw up a Statement and the related Portfolio Files in order to notify the Offer to the Transferee before 11.00 a.m. on the Information Date corresponding to that Statement Date.
- B. Any Statement and any of the Portfolio Files shall be notified in their respective form as set out in Schedule 3.

13. CALCULATION AND DETERMINATION OF THE FINANCING CONDITIONS BY THE TRANSFEREE

On each Calculation Date, before 04.00 p.m. and after the Transferee has received a Statement, the Transferee shall notify the Financing Conditions to the Originator in the form set out in Schedule 4.

14. TRANSACTIONS TO BE CARRIED OUT DURING THE REPLENISHMENT PERIOD

On each Transfer Date before 01.00 p.m., the following transactions shall be carried out (as far as they should be carried out on such date pursuant to this Agreement) in the following order of priority:

- (i) payment by the Originator to the Transferee of an amount equal to the difference between: (a) the amount of Collections relating to the immediately preceding Collection Period ending before such Transfer Date; and (b) the Retransfer Payments made in relation to the Retransfers occurring during such Collection Period (exclusive of its last day);
- (ii) Increase of the Deposits, if any;
- (iii) payment by the Originator to the Transferee of the Transfer Fee and the Management Fee;
- (iv) payment of the Purchase Price to the Originator by the Transferee of the Transferred Receivables listed in the Financing Conditions;
- (v) Release of the Deposits, if any;
- (vi) payment of the Immobilization Fee; and
- (vii) payment of the Collection Fee.

15. TRANSACTIONS TO BE CARRIED OUT DURING THE REDEMPTION PERIOD OR ANY TEMPORARY REDEMPTION PERIOD

On each Transaction Date which is not a Transfer Date before 12.00 a.m. (during the Redemption Period or any Temporary Redemption Period), the following transactions (as far as

they should be carried out on such date pursuant to this Agreement) shall be carried out in the following order of priority:

- (i) payment by the Originator to the Transferee of an amount equal to the difference between (a) the amount of Collections relating to the immediately preceding Collection Period ending before such Transaction Date, and (b) the Retransfer Payments made in relation to the Retransfers occurring during such Collection Period exclusive of its last day;
- (ii) payment by the Originator to the Transferee of the Transfer Fee and the Management Fee;
- (iii) Release of the Complementary Deposit, subject to the limits and conditions set forth in Part VII;
- (iv) after the redemption in full of the Financing and Complementary Deposit, Release of the Subordinated Deposit or part thereof, subject to the limits and conditions set forth in Part VII; and
- (v) payment of the Immobilization Fee; and
- (vi) payment of the Collection Fee.

PART V. SERVICING AND COLLECTION OF RECEIVABLES

16. SERVICING OBLIGATIONS OF THE ORIGINATOR

For so long as the Financing has not been fully reimbursed pursuant to the provisions of the Agreement, the Originator as servicer undertakes as follows:

- (i) not to make any change whatsoever in the contractual terms and conditions applicable to the Transferred Receivables and to such rights and security interests as may be attached to them, unless otherwise provided by this Agreement;
- (ii) at the Transferee's request in order to protect its interests, to inform the Transferee of any related security and other rights attached to the Transferred Receivables and to co-operate with the Transferee whenever said related security and rights are exercised or enforced;
- (iii) not to demand that the Transferee perform any act or carry out any formality not provided for in this Agreement;
- (iv) to fulfil its contractual obligations towards the Debtors;
- (v) to retain all contracts and documents concerning each Transferred Receivable until the relevant Transferred Receivable is paid in full or has become an Irrecoverable Receivable;
- (vi) to remit promptly to the Transferee all documents and contracts relating to a Transferred Receivable on first demand by the Transferee, in order to enable it to verify the accuracy of the Warranties of Compliance;

- (vii) to inform the Transferee promptly if any of the Warranties of Compliance made by the Originator is inaccurate as regards any Transferred Receivable;
- (viii) to inform the Transferee promptly of any change concerning its computer system in the event that such change may at any time prevent the Transferee's access to the data contained in any Statement or any Portfolio File, as well as any change concerning the working or running of any Statement or any Portfolio File;
- (ix) not to change the nature of its business if such change will or is likely to materially alter the Quality of the Transferred Receivables, or its ability to fulfil its management obligations under the Agreement; however, the Originator shall be authorized to modify its general terms and conditions used in connection with the Commercial Contracts; provided that it has previously given notice of its intention to the Transferee and that such modification has no Material Adverse Effect;
- (x) to carry on its business so that the Quality of the Transferred Receivables and the ability of the Originator to fulfil its servicing obligations under this Agreement are not materially altered thereby;
- (xi) not to change its Management Procedures in a manner likely to alter materially the Transferee's rights (in particular, a change causing a deterioration of the quality of information provided to the Transferee or of the performance of the Transferable Receivables), and to inform promptly the Transferee of any material change in those Management Procedures in any event;
- (xii) to inform the Transferee of any material breach of its obligations as regards the servicing of the Transferable Receivables;
- (xiii) not to use, for the servicing of the Transferable Receivables (namely, as regards the use of any Statement or any Portfolio File), software not belonging to it or which license prohibits the Originator's use for the purposes of this Agreement;
- (xiv) not to use any other bank account other than the Collection Accounts for the Debtor Payments,
- (xv) to set up with the Transferee and at least once a year after 2004 an updated indicative timetable intended to replace the timetable set up for the years 2003 and 2004 attached as Schedule 5 and, at the same time, to specify with the Transferee which of the dates appearing in the relevant new timetable shall be deemed the first Transfer Date for the relevant year; and
- (xvi) to inform the Transferee immediately if any supplier withdraws the authority to collect any Receivable which is subject to an Extended Retention of Title Clause.

17. EQUIVALENT PAYMENTS

17.1 Amount of an Equivalent Payment

If the Billing Amount of any Transferred Receivable is reduced or the cumulative Debtor Payments are less than the Billing Amount for any reason whatsoever other than an inability to

pay because Insolvency Proceedings with respect to the respective Debtor have been instituted (each such reduction, a "DILUTION") then the Originator shall be treated as having received the amount of such Dilution on the date of such Dilution in addition to any other amounts which may be received on such Transferred Receivable. Such Dilution shall be paid by the Originator on the date and in the manner set forth in Clauses 17.2 and 17.3 and such payment shall be treated for the purposes of this Agreement as an Equivalent Payment in an amount equivalent to the amount of such Dilution.

In particular but not limited to, a reduction of the Billing Amount due to any of the following events shall be deemed a Dilution for the purposes of this Agreement:

- (i) the Transferee no longer holds unrestricted title to such Transferred Receivable and any related security and other rights relating thereto; or
- (ii) the Originator is in breach of one or more Warranties of Compliance concerning such Transferred Receivable, the consequence of which is to reduce the amount of this Transferred Receivable or to cause the Debtor to contest it; or
- (iii) the Debtor Payments are reduced as a consequence of any supplier enforcing its rights under an Extended Retention of Title Clause.

17.2 Date of Equivalent Payments

For so long as the Servicing Mandate is not terminated, the Equivalent Payment shall be made on the Transaction Date immediately following the date of the occurrence of the aforementioned event. Upon termination of the Servicing Mandate, the Equivalent Payment referred to in Clause 17.1 shall be made on the date on which the respective Dilution occurs.

17.3 Remedies of the Transferee

In any event, in respect of any Equivalent Payment that is due and payable to the Transferee, the Originator hereby accepts that the Transferee may:

- (i) automatically set-off the amount owed to the Transferee in respect of said Equivalent Payment against the amount owed to the Depositor in respect of any Release of the Deposits; or
- (ii) in case no amounts can be set-off, and upon written notice setting out the reason to the Originator, exercise all rights and remedies against the Originator or the Guarantor including any of its rights under the US Guarantee, in order to obtain payment of the sums due and payable which remain outstanding, without prejudice to the Transferee's rights under Clause 40.

18. SERVICING MANDATE

18.1 Servicing Mandate

Subject to Clause 18.2, the Originator as servicer shall handle the collection of the Transferred Receivables on behalf of the Transferee. The Transferee hereby confers to the Originator the mandate to service the Receivables and the collection thereunder, which the Originator hereby

accepts. Until termination of the Servicing Mandate, the Transferee shall pay the Originator a Collection Fee for each Fee Computation Period equal to 0.50 % per annum of the amount of the Financing on the Transaction Date at the beginning of such Fee Computation Period. The Collection Fee shall be computed on the basis of the exact number of days in each Fee Computation Period, adjusted to a 360-day year, and shall be payable on the last Transaction Date of each Fee Computation Period.

18.2 Termination of Servicing Mandate

A. It is not initially provided that the Transferee informs the Debtors of the transfer of Transferred Receivables. However, in order to protect its interests and in particular if an Event of Default has occurred, the Transferee may (i) inform the Debtors of the transfer at any time in its discretion; (ii) terminate the Servicing Mandate as regards all or part of the Transferred Receivables, subject to having notified the Originator thereof in writing at least five (5) Business Days before the date of such termination; (iii) terminate the Collection Accounts Pledge Agreement accordingly, and (iv) transfer to a Back-up Servicer the management and recovery mandate for collections of the Transferred Receivables. Once appointed, the Back-up Servicer may directly notify the Debtors of the transfer and direct the payments of the Receivables to the Transferee's Account.

B. All costs incurred by the Transferee in connection with:

- (a) the termination of the Servicing Mandate and the enforcement of the Collection Accounts Pledge Agreement; and
- (b) the management of the collection of the Transferred Receivables and the Collections by the Back-up Servicer;

shall be borne exclusively by the Originator, up to an amount limited to EUR two (2) per Invoice (not including legal and court fees). The Originator shall reimburse all such costs (including legal and court fees) upon duly justified and documented demand.

C. The termination of the Servicing Mandate shall not give rise to any termination indemnity in favor of any Party.

19. OBLIGATIONS OF THE ORIGINATOR IN RESPECT OF COLLECTIONS

With respect to the collection of the Transferred Receivables, for so long as the Financing has not been repaid in full, the Originator undertakes:

- (i) (A) to refrain from materially modifying its Management Procedures in a manner that would likely cause prejudice to the Transferee's rights, namely by causing an increase of the average term of collection or a lower collection rate, and, in any event, (B) to inform promptly the Transferee of any material change in its Management Procedures concerning the collection procedures and (C) to provide the Transferee with an yearly update of its Management Procedures;
- (ii) not to change the nature of its business if such a change will or is likely to materially and adversely affect the collection of the Transferred Receivables or its ability to fulfil its obligations under this Agreement, namely as regards the collection of Transferred Receivables;

- (iii) to carry on its business so that the collection of the Transferred Receivables or its ability to fulfil its obligations under this Agreement, namely as regards the collection of Transferred Receivables, cannot be materially and adversely be affected thereby;
- (iv) to provide the Transferee, upon reception of fully-substantiated notification by the latter so requesting, Statements, Portfolio Files and all other documents allowing it to verify the performance of its obligations as regards the collection of the Transferred Receivables;
- (v) to inform the Transferee of any material breach of its obligations as regards the servicing of the Transferred Receivables;
- (vi) not to provide any documents containing, to the best of its knowledge, inaccurate or incomplete information;
- (vii) not to credit on the Collection Accounts any sums that are not Debtor Payments within the meaning of this Agreement and not to have Debtor Payments paid to accounts other than the Collection Accounts;
- (viii) not to use, for the collection of the Transferred Receivables (namely, as regards the use of any Statement or any Portfolio File), software not belonging to it or whose license prohibits its use for the purposes of this Agreement; and
- (ix) if any supplier of the Originator withdraws the Originator's authority to collect Receivables which are subject to an Extended Retention of Title Clause, the Originator shall notify the Transferee by telefax without any delay, but in any case no later than three (3) Business Day following the receipt of such withdrawal.

20. RENEGOTIATIONS

- A. In the event an Insolvency Proceeding is instituted against a Debtor or a Group of Debtors in relation to one or several Transferred Receivables, the Originator may, subject to the fulfillment of its diligence obligations under Clause 23, make or accept proposals with a view to extend the maturity of those Transferred Receivables. However, for any proposal of renegotiations not envisaged in the Management Procedures, or whose characteristics are not those provided for such type of proposal of renegotiations in the Management Procedures, the Originator must obtain the prior written consent of the Transferee, which shall not be unreasonably withheld, before declining or accepting such proposal.
- B. The Originator shall be entitled to grant Credits in accordance with its Management Procedures.
- C. Without prejudice to Clause 20. A above, the Originator may renegotiate the due date of a Transferred Receivable in accordance with its Management Procedures.
- D. Aside the instances described above, the Originator shall not under any circumstances modify the contractual terms and conditions of a Transferred Receivable without the prior written consent of the Transferee, which shall not be unreasonably withheld.

21. AUTHORITY TO SUE AND BE SUED

- A. The Originator as servicer shall hereby be authorised to sue Debtors owing Transferred Receivables in any court in Germany or in any other competent jurisdiction in the Originator's own name and for the benefit of the Transferee (gewillkurte Prozeßstandschaft), the Transferee being obliged where necessary to assist the Originator in exercising all rights and remedies under and in connection with the relevant Transferred Receivables.
- B. The costs, fees and taxes incurred in connection with the above proceedings shall be borne solely by the Originator. However, any damages paid and court fees reimbursed, in any recovery proceeding described above, beyond the Billing Amount of the relevant Transferred Receivables shall remain to the benefit of the Originator.

22. PAYMENTS OF COLLECTIONS

- A. For a given Collection Period, the Collections shall be the total sum of:
- (a) the Debtor Payments made during that Collection Period; plus
 - (b) the Equivalent Payments owed by the Originator to the Transferee with respect to Clause 17.2, as to events described in Clause 17.1 having occurred during that Collection Period; plus
 - (c) the Retransfer Payments owed by the Originator to the Transferee with respect to all Retransfers made during that Collection Period (subject to Clause 24.3).
- B. Until and unless an Early Termination Event has occurred during any given Collection Period:
- the Originator shall be free to use the Debtor Payments standing to the credit of its respective Collection Accounts at any time during such Collection Period, subject only to the relevant provisions of the Collection Accounts Pledge Agreement; and
 - the Originator shall, on the Transaction Date following such Collection Period before 01.00 p.m., debit from the Collections Accounts and credit to the Transferee's Account the full amount of the Debtor Payments having been made during such Collection Period.
- C. Upon the occurrence during any given Collection Period of an Early Termination Event which is continuing, the Transferee, in its capacity as beneficiary under the Collection Accounts Pledge Agreement, shall be entitled to send a Stop Drawing Notice (as defined in the Collection Accounts Pledge Agreement) to each bank with which any of the Collection Accounts are held and exercise all of the rights and privileges conferred to him in its capacity as beneficiary under the Collection Accounts Pledge Agreement in accordance with the respective terms thereof.
- D. In the event that, on a Transaction Date, the Originator is in default of its obligation to credit the full amount of the Collections for the immediately preceding Collection Period to the Transferee's Account (whether by debit from the Collections Account or otherwise), the Transferee may, without prejudice and in addition to any relevant provisions of the Collection Accounts Pledge Agreement, make a demand under the relevant US Guarantee in accordance with its terms. Such demand shall be made by the Transferee before close of business (Paris time) on a Business Day in the US for payment instructions to be granted by the Guarantor at the latest on 05.00 p.m.

(Los Angeles time) on the Business Day in the US of such demand and effective payment to be made before 05.00 p.m. (Los Angeles time) on the fourth Business Day in the US at the latest after such demand. A demand under the relevant US Guarantee may only be made on or after the day following each relevant Transaction Date in respect of the Collections for the immediately preceding Collection Period or, as the case may be, on or after any Final Transfer Date.

- E. In the event that a Debtor is both a debtor in respect of one or more Receivables not transferred to the Transferee by the Originator and a debtor in respect of one or more Transferred Receivables, any payment received from this Debtor shall first be applied to the Transferred Receivables each time that:
- (a) the Debtor expressly instructs to that effect, in accordance with Section 366(1) of the German Civil Code (Bürgerliches Gesetzbuch); or
 - (b) where the said Debtor Payment is obviously related to a Transferred Receivable.
- F. In an event other than those mentioned under paragraph (E) above, and unless the Debtor expressly indicates the contrary, the Debtor Payment shall, as between the Originator and the Transferee, be applied first to the Transferred Receivables relating to such Debtor, and in the order of priority corresponding to their respective due dates, beginning with the oldest among them.
23. DILIGENCE OBLIGATIONS OF THE ORIGINATOR
- Within the framework of the servicing and the collections of the Transferred Receivables, the Originator undertakes to act as a diligent, prudent and informed servicer. In particular, the Originator undertakes:
- (i) to comply with any applicable statutes and regulations in force;
 - (ii) to use a level of care and diligence at least equivalent to that used in connection with its own receivables (Sorgfalt in eigenen Angelegenheiten);
 - (iii) to ensure that any related security, rights, claims, privileges, encumbrances and other benefits attached to the Transferred Receivables are valid and remain in force and are exercised in due time;
 - (iv) to oppose any claim challenging the existence, validity, amount or maturity of the Transferred Receivables or any related security, rights, claims, privileges, and other benefits, if any, attached thereto;
 - (v) to take such steps as may be required or appropriate for the recovery of the sums of all kinds due under the Transferred Receivables; and
 - (vi) to take such steps as may be required to cause any attachment, seizure, or any civil enforcement measure levied or applied for by a third party against it and affecting a Transferred Receivable to be released or withdrawn and to do so within 30 calendar days or any longer timeframe upon which the Parties have agreed.

24. RETRANSFER TO THE ORIGINATOR

24.1 Conditions of Acceptance of Retransfer

- A. The Originator may offer to re-purchase and have re-assigned from the Transferee one or more Transferred Receivables previously sold and assigned to the Transferee by it. However, such request may only be accepted by the Transferee subject to the following conditions:
- (a) the Retransfer concerns all and not just part of the Billing Amount of the relevant Receivable, the Originator being in charge of identifying the amounts of the Debtor Payments or Equivalent Payments already received;
 - (b) the Retransfer occurs by means of sale (Verkauf) and assignment (Abtretung) on the basis of an offer (a "RETRANSFER OFFER") in the form of Schedule 6, its amount per receivable being equal to the Billing Amount of each Transferred Receivable;
 - (c) the Originator shall serve a Retransfer Offer which shall contain the following:
 - the intended Retransfer Date, which shall be a Transaction Date (except as provided for in Clause 24.3); and
 - the identification of each Transferred Receivable proposed for Retransfer, as such is specified in the form of Schedule 6, and
 - (d) the Transferee is the owner of the Receivables proposed for Retransfer on the intended Retransfer Date or, should the Transferee have exercised its rights to onward transfer such Receivables to any Permitted Onward Transferee pursuant to Clause 25.1, the Transferee has the right to obtain the retransfer of the same from such Permitted Onward Transferee on the intended Retransfer Date.
- B. The Retransfer shall be offered by the Originator to the Transferee on the Information Date corresponding to the Transaction Date which the Originator proposes for the Retransfer (except as provided for in Clause 24.3), or no later than three (3) Business Days before the intended Retransfer Date.

24.2 Means of Retransfer

- A. Upon satisfaction of the conditions set forth in Clause 24.1, the Transferee shall, at its discretion, accept any Retransfer Offer as notified by the Originator. The Retransfer shall take effect upon the payment of the Retransfer Payment on the Retransfer Date agreed upon by the parties hereto and before 11.00 a.m. on such date or, in the absence of such agreement, on the date set forth in the offer of Retransfer and before 11.00 a.m. on such date.
- B. The Retransfer Payment shall be made on the Retransfer Date against delivery by the Transferee of a Retransfer Offer.

24.3 Retransfer Date

Any Retransfer accepted by the Transferee shall occur on a Transaction Date. For good reason (aus wichtigem Grund) and upon delivery by the Originator of a duly substantiated offer, the Originator, may, with respect to one or more Transferred Receivables, ask the Transferee that the Transferred Receivables be retransferred on a date other than a Transaction Date, in which case

the Originator shall indemnify the Transferee for any additional costs incurred by a Retransfer made on a day other than a Transaction Date, pursuant to the conditions set forth under Clause 44.

25. ONWARD TRANSFER BY THE TRANSFEE

25.1 Onward Transfer during the Replenishment Period

- A. At any time prior to the Redemption Date, the Transferee may onward transfer to any Permitted Onward Transferee, by any means, all or part of the Transferred Receivables. The rights and obligations of the Originator and of the Transferee under this Agreement shall remain unchanged in any event, notwithstanding the onward transfer to any Permitted Onward Transferee of all or part of the Transferred Receivables. In particular, the procedures governing the creation, Increases and Releases of the Deposits shall remain unchanged.
- B. In the event of an onward transfer as described above in paragraph (A), the Transferee shall ensure that such transfer is not likely to cause a termination of the Servicing Mandate. In the event that the relevant Permitted Onward Transferee directly authorizes the Originator to collect the Transferred Receivables onward transferred to it on its behalf, the Originator shall have the same rights and obligations under such mandate as those granted to it under the Servicing Mandate and such mandate may be terminated under the same conditions.

25.2 Onward Transfer during the Redemption Period

- A. At any time after the Redemption Date, and in the event the Transferee intends to onward transfer all Transferred Receivables to any Permitted Onward Transferee, the Transferee shall notify the Originator thereof and set out the conditions of the transfer which have been accepted by such Permitted Onward Transferee, by facsimile, confirmed by registered letter with acknowledgement of receipt, in order to allow the Originator to demand a Retransfer of the relevant Transferred Receivables prior to such onward transfer being effected.
- B. If the Originator demands such Retransfer in writing before the fifth (5th) Business Day following receipt of the aforementioned letter by the Originator, the Retransfer shall be carried out by the Originator and the Transferee under conditions at least equally favorable to the Transferee as those governing the offer to the Permitted Onward Transferee mentioned above.
- C. In the event that the Originator refuses or does not reply before the fifth (5th) Business Day following receipt of the aforementioned letter by the Originator, the Transferee shall be free to transfer the Transferred Receivables to the aforementioned Permitted Onward Transferee under the conditions set forth in the said letter or under any other conditions more favorable to the Transferee.
- D. The payment of a purchase price by any Permitted Onward Transferee to the Transferee pursuant to this Clause 25 shall be construed as having the effect of a Retransfer Payment of same amount for the purpose of calculating the amount of the Deposits on each relevant date.

PART VI. FINANCING

26. CHARACTERISTICS OF THE FINANCING

26.1 Transferee's Commitment

On each Transaction Date, subject to compliance with all the conditions set forth in Clauses 5, 9 and 10.1 and without prejudice to the Transferee's rights under Clauses 41.1, 41.2, 41.3, 45 (C) or 46 (C), the Transferee hereby undertakes to provide the Financing to the Originator (the "TRANSFEREE'S COMMITMENT"). On each Calculation Date, the Financing shall be computed pursuant to the terms and conditions set forth in this Part VI.

26.2 Calculation of the Financing during the Replenishment Period

A. On each given Transfer Date during the Replenishment Period and provided that this Transfer Date is a Principal Transaction Date, the Financing shall be calculated by the Transferee according to the information, calculations and data set out in a consolidated statement calculated by the Transferee on the Statement Date related to this Transfer Date, on the basis of the Statement of the Originator, in the following manner (given that the Subordinated Deposit is calculated according to Part VII):

$$F = \min [F_{\text{Max}}; F_C; F_r]$$

where:

"F" means the amount of Financing

"F_{Max}" means the Maximum Financing Amount

"F_C" means the Computed Financing Amount

"F_r" means the Requested Financing Amount

where:

$$F_C = [NOR / (1 + SDR)]$$

where:

"NOR" means the Net Outstanding Receivables Amount

"SDR" means the Subordinated Deposit Rate as computed for each Principal Transaction Date pursuant to Schedule 10

B. On each given Transfer Date during the Replenishment Period and provided that this Transfer Date is an Intermediary Transaction Date, the Financing shall be calculated by the Transferee according to the information, calculations and data set out in a consolidated statement calculated by the Transferee on the Calculation Date related to this Transfer Date, on the basis of the Statement of the Originator, in the following manner (given that the Subordinated Deposit is calculated according to Part VII):

$$F = \min [FPTD; FMax; FC; Fr]$$

where:

"F" means the amount of Financing

"F(PTD)" means the Financing Amount as calculated on the Principal Transaction Date immediately preceding the relevant Intermediary Transaction Date

"FMax" means the Maximum Financing Amount

"FC" means the Computed Financing Amount

"Fr" means the Requested Financing Amount

where:

$$FC = [NOR / 1 + SDR(PTD)]$$

where:

"NOR" means the Net Outstanding Receivables Amount

"SDR(PTD)" means the Subordinated Deposit Rate on the Principal Transaction Date immediately preceding such Intermediary Transaction Date

C. On each Transaction Date which is not a Transfer Date during any Temporary Redemption Period, the Financing shall be calculated as set out in Clause 26.3.

26.3 Calculation of the Financing during the Redemption Period

On each Transaction Date during the Redemption Period, the Financing shall be calculated in the following manner (given that the Subordinated Deposit is calculated according to Part VII):

$$F(if) = \max [0; F(io) - PS(if)]$$

where:

"(io)" means the Transaction Date occurring at the beginning of the Fee Computation Period

"(if)" means the Transaction Date occurring at the end of the Fee Computation Period

"F" means the amount of Financing

"PS" means the Principal Share of the Collections

27. MAXIMUM FINANCING AMOUNT

27.1 Initial Maximum Financing Amount

The Maximum Financing Amount shall be EUR 230,000,000 (two hundred thirty million Euros) at the effective date of this Agreement. After that date, the Maximum Financing Amount may be reduced according to the conditions set out in Clause 27.2.

27.2 Reduction of the Maximum Financing Amount

- A. The Maximum Financing Amount may be reduced at any time upon request of the Originator. Such reduction shall become effective on the first Transaction Date agreed upon between the Originator and the Transferee, or failing that, on the first Transaction Date subsequent to the period often (10) Business Days following the receipt of such request by the Transferee.
- B. A reduction of the Maximum Financing Amount shall not be requested by the Originator if as a result of such reduction the Maximum Financing Amount is below EUR 100,000,000 (one hundred million Euros).

28. ISSUER OF REFERENCE

28.1 Choice of an Issuer of Reference

- A. The Parties expressly agree that the Transfer Fees shall be based on the refinancing costs of Eliopée Limited, which has been chosen by the Parties as Issuer of Reference in the area of securitization of receivables and other financial assets, and from which the Transferee undertakes to obtain all information needed to calculate said fees.
- B. The Issuer of Reference is solely in the business of issuing billets de trésorerie and any other short-term notes in order to finance the acquisition of receivables and other financial assets. The Issuer of Reference is a bankruptcy remote multi-seller vehicle created to refinance different types of assets, mainly trade receivables. The Transferee agrees to notify the Depositor about any material change with respect to the types of assets refinanced by the Issuer of Reference.

28.2 Financing costs of the Issuer of Reference

The Parties hereby agree that the following costs of the Issuer of Reference shall be taken into account in the calculation of the Transfer Fee:

- (i) the costs incurred in connection with the issuance of billets de trésorerie and any other short-term notes;
- (ii) the costs incurred both in connection with the implementation of and, as the case may be, the drawdown under the Liquidity Agreement.

The calculation of the above-mentioned costs is described under Clauses 29 and 37.

29. TRANSFER FEE

29.1 The Originator shall pay the Transferee a Transfer Fee on each Transaction Date until the Agreement Termination Date, calculated pursuant to the terms of Schedule 7.

29.2 The calculation of the Transfer Fee is based on the financing costs of the Issuer of Reference incurred for one (1) entire year, i.e. on financing costs which shall remain constant for each 360-calendar day period and shall be those effectively payable by the Issuer of Reference on the first day of each such 360-calendar day period.

29.3 For each 360-calendar day period as from the first applicable 360-calendar day period which shall commence on the first Transaction Date, the financing costs of the Issuer of Reference shall be as follows:

(i) issuance of billets de tresorerie or other short-term notes:

the amount of the daily weighted fee incurred by the Issuer of Reference shall be calculated pursuant to Schedule 7.

(ii) Liquidity Agreement:

- if no drawdown is made pursuant to the Liquidity Agreement, a commitment fee calculated in accordance with the Liquidity Agreement and as further described in Schedule 17;
- if a drawdown is made pursuant to the Liquidity Agreement, an drawdown interest rate calculated in accordance with the Liquidity Agreement and as further described in Schedule 17.

29.4 The Transfer Fee shall be computed on the basis of the exact number of days in each Fee Computation Period, adjusted to a 360-day year, and shall be payable on the Transaction Date relating to the end of such Calculation Period.

30. MANAGEMENT FEE

Until the Agreement Termination Date, notwithstanding the occurrence of any Event of Default, the Originator shall pay to the Transferee a Management Fee on the last Transaction Date of each Fee Computation Period equal to:

(i) 0.61 % of the amount of the Financing on the Transaction Date at the beginning of such Fee Computation Period terminated before the relevant Transaction Date subject to a monthly minimum of EUR 15,000 plus 0.50 % of the amount of the Financing on the Transaction Date at the beginning of such Fee Computation Period terminated before the relevant Transaction Date; and

(ii) where applicable, in case of termination of the Servicing Mandate given to the Originator pursuant to Clause 18.2, the amount effectively borne and justified by the Transferee pursuant to the Collection of the Transferred Receivables.

The Management Fee shall be computed on the basis of the exact number of days in each Fee Computation Period, adjusted to a 360-day year, and shall be payable on the last Transaction Date of each Fee Computation Period.

PART VII. DEPOSITS

31. CREATION OF DEPOSITS ON THE INITIAL TRANSFER DATE

- A. On the Initial Transfer Date before 01.00 p.m. the Depositor shall make with the Transferee a Subordinated Deposit calculated by the Transferee pursuant to Clause 32.1 and a Complementary Deposit calculated by the Transferee pursuant to Clause 33.1.
- B. The Parties agree that the Depositor shall make the Deposits on behalf of the Originator by crediting the Transferee's Account with the amount thereof.

32. CHANGE IN THE SUBORDINATED DEPOSIT

32.1 Amount of the Subordinated Deposit during the Replenishment Period

- A. On each Transfer Date during the Replenishment Period, and provided that this Transfer Date is a Principal Transaction Date, the amount of the Subordinated Deposit shall be calculated by the Transferee as follows:

$$SD = SDR \times \min [FMax; FC; Fr]$$

where:

- "SD" means the amount of the Subordinated Deposit on the relevant Transfer Date
- "FMax" means the Maximum Financing Amount on the relevant Transfer Date
- "Fr" means the Requested Financing Amount
- "FC" means the Computed Financing Amount
- "SDR" means the Subordinated Deposit Rate on the relevant Transfer Date computed for each Principal Transaction Date pursuant to Schedule 10.

- B. On each Transfer Date during the Replenishment Period and provided that this Transfer Date is an Intermediary Transaction Date, the amount of the Subordinated Deposit shall be calculated by the Transferee as follows:

$$SD = SDR(PTD) \times \min [FMax; FC; Fr]$$

where:

- "SD" means the amount of the Subordinated Deposit on the relevant Transfer Date
- "FMax" means the Maximum Financing Amount on the relevant Transfer Date
- "Fr" means the Requested Financing Amount by the Originator on the relevant Transfer

"FC" Date
 means the Computed Financing Amount

"SDR(PTD)" means the Subordinated Deposit Rate on the Principal
Transaction Date immediately preceding such Intermediary
Transaction Date

C. On each Transaction Date which is not a Transfer Date during any
Temporary Redemption Period, the amount of the Subordinated Deposit
shall be calculated by the Transferee as indicated under Clause
32.2(A).

32.2 Amount of the Subordinated Deposit during the Redemption Period

A. During any Temporary Redemption Period and during the Redemption
Period, on each Transaction Date which is not a Transfer Date and so
long as both of the Financing and the Complementary Deposit are not
repaid in full in accordance with this Agreement, the amount of the
Subordinated Deposit shall be equal to the amount of the Subordinated
Deposit on the preceding Transaction Date.

B. During the Redemption Period, on each Transaction Date which is not a
Transfer Date occurring after the repayment in full of both of the
Financing and the Complementary Deposit shall be calculated as follows:

$$SD(if) = SD(io) - \max [0; - (F(io) + CD(io) - CS(if) - PS(if))]$$

where:

"(io)" means the Transaction Date occurring at the beginning of the
Fee Computation Period

"(if)" means the Transaction Date occurring at the end of the Fee
Computation Period

"SD" means the amount of the Subordinated Deposit subject to the
Increase made in accordance with Clause 40.3.3

"F" means the amount of the Financing

"CD" means the amount of the Complementary Deposit

"CS" means the amount of the Complementary Share of the Collections

"PS" means the amount of the Principal Share of the Collections

32.3 Change in the Subordinated Deposit

A. On each Transfer Date during the Replenishment Period, the change in
the Subordinated Deposit shall be equal to the difference (positive,
negative or zero) between the amount of the Subordinated Deposit on
this date calculated pursuant to Clauses 32.1 and 32.2 and the amount
of the Subordinated Deposit on the previous Transfer Date.

B. On each Transaction Date which is not a Transfer Date during any
Temporary Redemption Period or during the Redemption Period, the
Subordinated Deposit shall not be reduced as long as the Financing and
the Complementary Deposit have not been repaid in full.

33. CHANGE IN THE COMPLEMENTARY DEPOSIT

33.1 Amount of the Complementary Deposit during the Replenishment Period

- A. On each Transfer Date during the Replenishment Period, the amount of the Complementary Deposit shall be calculated as follows:

$$CD(if) = OTR(if) - F(if) - SD(if)$$

where:

"CD" means the amount of the Complementary Deposit

"OTR" means the Outstanding Transferred Receivables Amount

"F" means the amount of the Financing

"SD" means the amount of the Subordinated Deposit

- B. On each Transaction Date which is not a Transfer Date, during any Temporary Redemption Period, the amount of the Complementary Deposit shall be calculated pursuant to Clause 33.2.

33.2 Amount of the Complementary Deposit during the Redemption Period

On each Transaction Date which is not a Transfer Date, during any Temporary Redemption Period and during the Redemption Period, the amount of the Complementary Deposit shall be calculated as follows:

$$CD(if) = \max [0 ; CD(io) - CS(if) - \max [0 ; - (F(io) - PS(if))]]$$

33.3 Change in the Complementary Deposit

- A. On each Transfer Date, during the Replenishment Period, the Complementary Deposit shall record a change, positive, negative or null, equal to:

$$CD(if) - CD(io)$$

- B. On each Transaction Date which is not a Transfer Date, during any Temporary Redemption Period and during the Redemption Period, the reduction, if any, of the Complementary Deposit shall be equal to the Complementary Share of the Collections effectively collected by the Transferee increased, as the case may be, by the residual amount of the Principal Share of the Collections after repayment in full of the Financing.

34. CASH COLLATERAL

The Originator and the Depositor irrevocably agree that the Deposits created pursuant to the provisions of this Agreement, the amount of which may vary in respect of any Increases and the Releases of the Deposits, shall be applied as cash collateral to the benefit of the Transferee, to secure timely and full payment of all sums that may be owed by the Originator to the Transferee

under this Agreement (including sums owed from the Debtors which shall be repaid by the Originator to the Transferee pursuant to this Agreement).

35. INCREASE OF THE CASH COLLATERAL

In the case of any Increase of the Cash Collateral in accordance with Clause 32 and 33, the Parties agree that the Depositor, on the Transferee's request, shall increase the Cash Collateral by crediting the Transferee's Account with the required amount thereof.

36. RELEASE OF THE CASH COLLATERAL

- A. On each Transaction Date upon which a Release of the Cash Collateral is to occur pursuant to Clauses 32 and 33, the Cash Collateral shall be released, in full or in part, by the Transferee to the Depositor limited to the amounts corresponding to the Debtor Payments already repaid by the Originator to the Transferee.
- B. The Release of the Cash Collateral, in full or in part, shall be subject to the payment in full of the amounts secured thereunder as specified in Clause 34. In the event of the non-payment of any such amount, the non-paid amount to be repaid under a Release of the Cash Collateral to be performed shall be reduced by such amount.
- C. The Parties hereby acknowledge that the Transferee shall carry out any Release of the Cash Collateral by merely crediting the Depositor's Account of the amount of such Release.

37. IMMOBILIZATION FEE

- A. On each Transaction Date up to and including the Redemption Date, notwithstanding the occurrence of any Event of Default, in remuneration for the Deposits, the Transferee shall pay the Depositor, by crediting the Depositor's Account, an Immobilization Fee equal to the Synthetic Period Rate applicable on such date multiplied by the respective amount of each Deposit on the preceding Transaction Date.
- B. On each Transaction Date after the Redemption Date (excluded), notwithstanding the occurrence of an Event of Default, in remuneration for the Deposits, the Transferee shall pay the Depositor, by crediting the Depositor's Account, an Immobilization Fee equal to the Synthetic Period Rate applicable on the Redemption Date multiplied by the respective amount of each Deposit on the preceding Transaction Date.
- C. The Immobilization Fee shall be computed on the basis of the exact number of days in each Fee Computation Period, adjusted to a 360-day year, and shall be payable on the Transaction Date relating to the end of such Fee Computation Period.

PART VIII. REPRESENTATIONS AND WARRANTIES - COVENANTS

38. REPRESENTATIONS AND WARRANTIES

38.1 From the Originator

The Originator hereby makes the following Representations and Warranties to the Transferee in the form of an independent guarantee (selbständige Garantie) and accepts that the following Representations and Warranties shall be deemed to be reiterated according to Clause 38.3:

- (i) the Originator is a company duly organized and validly existing under the law of its place of incorporation;
- (ii) the Originator has the capacity to carry on its business, to own all of the assets referred to on its balance sheet, to enter into this Agreement and to perform its obligations thereunder;
- (iii) no authorization except those already obtained by the Originator is required to execute this Agreement;
- (iv) the execution of this Agreement and the performance of the Originator's obligations thereunder do not violate any provision of its articles of association (Satzung) and other constitutional documents or any provision, in particular concerning restrictions on the transfer of receivables or any negative pledges, of any agreement or undertaking to which it is a party or by which it is bound, and does not in any manner violate the statutes and regulations applicable to it;
- (v) the Originator's obligations arising from this Agreement are binding upon it and enforceable in accordance with their terms;
- (vi) the payment of any sums due or to be paid to the Transferee under this Agreement does not require any authorization that has not already been obtained;
- (vii) all financial documents provided by the Originator to the Transferee are true and accurate;
- (viii) the Originator conducts its business in all material respects in accordance with all applicable laws and regulations;
- (ix) no claim has been raised, or, to the Originator's knowledge, is intended to be raised against it, which may prevent or prohibit the performance of this Agreement or of its obligations thereunder, or which may constitute a Material Adverse Effect;
- (x) no event has occurred since the closing date of its last fiscal year which may have a Material Adverse Effect;
- (xi) it proves to be technically possible to run each and any Statement and any Portfolio Files so that this does at no time prevent the Transferee from identifying any Transferred Receivable or information related thereto contained in such Statement or Portfolio Files, regardless of the date of transfer of such Transferred Receivable;

- (xii) on each Transaction Date, the Transferable and Transferred Receivables comply with the Warranties of Compliance;
- (xiii) the Guarantor controls directly or indirectly 100% of the Originator's share capital or voting rights;
- (xiv) save for the effects against the relevant Debtor, which depend on notice to, or acceptance by, such Debtor, the assignment of each Receivable in the manner herein contemplated will:
 - constitute a valid and binding assignment between the Originator and the Transferee;
 - transfer in accordance herewith, the legal and economic title of such Receivable (and any Collections in respect thereof) to the Transferee without notice of such assignment being served upon the relevant Debtor and so that such Receivables (and any Collections) will not form part of the Originator's insolvency estate;
 - be effective to pass to the Transferee full and unencumbered title to the Receivable and the benefit thereof (including in such context, any Collections and other rights in connection therewith such as related security); and
 - no further act, condition or thing will be required to be done in connection therewith to enable the Transferee to require payment of any such Receivable or the enforcement of any such right in the courts of Germany.
- (xv) the underlying Commercial Contract of each Transferable Receivable is governed by German law and is valid and enforceable against the relevant Debtor in accordance with its terms and fully performed by the Originator;
- (xvi) each sale and transfer will be effected at arm's length, within the ordinary course of business of the Originator, and will not result in any kind of fraudulent preference;
- (xvii) any transaction hereunder is in accordance with the German Data Protection Act (Bundes-Datenschutzgesetz) and with any and all other applicable laws relating to the protection of data relating to Debtors;
- (xviii) no Event of Default or Potential Event of Default has occurred or is existing and is continuing;
- (xix) the Originator has performed all its obligations under each of the Commercial Contracts and there exist no circumstances as at this date or the relevant Transfer Date in which any Debtor could exercise a right of set-off under the relevant Commercial Contract;
- (xx) the Originator is not in any insolvency, administration, suspension of payments, liquidation, receivership or any such other proceeding; no petition has been presented for the entering into an insolvency procedure nor for the making of an administration order in relation to the Originator and no receiver, administrative receiver, administrator or receiver and manager has been appointed in relation to the Originator; and
- (xxi) the Originator has obtained from any supplier who has supplied goods which are the basis for any Transferred Receivable the authority to collect such Transferred Receivable and no

ERoT Event has occurred and is continuing.

38.2 From the Depositor

The Depositor hereby makes, to the Transferee, (a) the Representations and Warranties set forth under Clauses 38.1 (i) to (x), which shall apply to the Depositor mutatis mutandis and, in addition, (b) represents and warrants that the Parent Company controls directly or indirectly 100% of its share capital or voting rights and the Depositor accepts that the Representations and Warranties referred to in (a) and (b) above shall be deemed to be reiterated according to the provisions set out under Clause 38.3.

38.3 Reiteration

Each of the Representations and Warranties of Clauses 38.1 and 38.2 shall be deemed to be reiterated by the Originator and the Depositor, respectively, on each Transaction Date. These Representations and Warranties shall remain in full force and effect until repayment in full of the Financing.

39. COVENANTS

Until the Agreement Termination Date, the Originator and the Depositor, undertake(s):

(i) to provide the Transferee:

- as soon as possible but no later than (i) on August 31, 2003 with respect to the fiscal year 2002 and (ii) on July 31, 2004 with respect to the fiscal year 2003 and (iii) on July 31 of each following year with respect to the respective immediately preceding fiscal year (A) with its most recent annual accounts (balance sheet, profit and loss account and notes thereto) as published and certified by its statutory auditors together with the unqualified auditor's opinion relating thereto and (B) with the report of its managing directors relating thereto and the minutes of the annual meeting of its shareholders approving the said accounts, no later than thirty days following the said annual meeting;
 - within (10) ten working days from its shareholders' approval of the annual accounts at the latest, with an annual solvency certificate from its statutory auditors in the form of Schedule 11B;
 - as soon as possible but no later than 90 days after the end of each fiscal year of the Guarantor with respect to the immediately preceding fiscal year, with the most recent consolidated audited annual accounts of the Guarantor prepared in accordance with US GAAP;
 - as soon as possible with any information on the Receivables and the Debtors; and
 - as soon as possible with any other information, reports or statements which the Transferee may at any time reasonably request;
- (ii) to request promptly all authorizations as may be necessary for the performance of its obligations under this Agreement;

- (iii) upon knowledge by the Originator or the Depositor that a Potential Event of Default or an Event of Default has occurred, to notify promptly the Transferee thereof;
- (iv) to conduct its business in compliance with all applicable laws and regulations;
- (v) not to modify its corporate purpose or its legal form in a way which may have a Material Adverse Effect;
- (vi) to inform the Transferee of any reorganization under which the Parent Company would no longer hold, directly or indirectly, at least 51 % of the share capital or voting rights of the Depositor or the Originator;
- (vii) as to the Originator only:
 - to remit to the Transferee's Account, upon each Transaction Date all Collections relating to the last Collection Period terminated before such Transaction Date;
 - upon the Transferee's reasonable request and subject to reasonable prior written notice thereof by the Transferee, to allow the Transferee to carry out or to commission any expert appraisal or audit (in all cases, at the Originator's expense and up to a maximum amount of EUR 15,000 per year; if the expenses actually incurred exceed such amount, the Originator and the Transferee shall negotiate in good faith whether such expenses were incurred in a prudent manner so that it is appropriate for the full amount to be borne by the Originator) in respect of the Transferable and the Transferred Receivables originated by the Originator and its Management Procedures;
 - to maintain an adequate level of insurance coverage, as required by law or normally taken out in its business sector;
 - to save all data relating to the Transferred Receivables as recorded in any Statement or any of the Portfolio Files delivered to the Transferee on each Information Date for a period of at least six years after the Transfer Date relating to such Information Date as required by Section 257 of the German Commercial Code (Handelsgesetzbuch);
 - to immediately inform the Transferee if any of the Originator's suppliers has withdrawn the authority of the Originator to collect Transferred Receivables which are the subject of an Extended Retention of Title Clause.

PART IX. EVENTS OF DEFAULT

40. EVENTS OF DEFAULT AND TERMINATION OF THE TRANSFEREE'S COMMITMENT

40.1 General Events of Default

Each of the following Events of Default shall constitute a General Event of Default:

- (i) any failure by the Originator or the Depositor to make any due payment under this Agreement unless its failure to pay is caused by administrative or technical error and such payment is made within three (3) Business Days of its due date;
- (ii) any default by the Originator or the Depositor, other than specified in paragraph (i) above, of any of their covenants or obligations under this Agreement provided that no Event of Default under this paragraph will occur if the failure to comply is capable of remedy and is remedied within five (5) Business Days of the occurrence date of the default;
- (iii) any of the Representations and Warranties of the Originator or of the Depositor pursuant to Clause 38, or any information contained in any document delivered by the Originator or the Depositor to the Transferee under this Agreement is found to be inaccurate in any material respect at the date upon which it was made or delivered;
- (iv) the Originator or the Guarantor or the Depositor is subject to a voluntary dissolution or Insolvency Proceedings;
- (v) the Parent Company has ceased to hold, directly or indirectly, at least 51 % of the issued share capital or voting rights of the Originator or the Depositor;
- (vi) any event which shall have a Material Adverse Effect;
- (vii) the validity of this Agreement or of any transfer of Transferred Receivables is successfully challenged before a court of law; and
- (viii) the Guarantor is in breach of its Financial Covenants (as defined under each of the US Guarantees) or any of the US Guarantees ceases to be effective in accordance with its terms.

40.2 Receivables Trigger Events

The occurrence of any Receivables Trigger Event shall constitute an Event of Default.

40.3 ERoT Events

40.3.1 The occurrence of any ERoT Trigger Event (as defined in Schedule 8 Part 3) shall constitute an Event of Default.

40.3.2 The occurrence of any of the following events shall constitute an "ERoT WITHDRAWAL EVENT" and an Event of Default:

- (a) any of the suppliers (each, a "WITHDRAWING SUPPLIER") of the Originator notifies the Originator that its authority to collect Receivables which are subject to an Extended Retention of Title Clause is withdrawn (each, a "SUPPLIER WITHDRAWAL");

provided that no ERoT Withdrawal Event shall be deemed to have occurred, if, during the related Consultation Period:
 - (A) within a period of three (3) Business Days from the receipt by the Originator of notice of a Supplier Withdrawal:

- (i) the Originator provides evidence reasonably satisfactory to the Transferee that it (1) has no accounts payable outstanding to such Withdrawing Supplier and (2) commits to have no accounts payable outstanding with respect to such Withdrawing Supplier at any time until the end of the related Consultation Period; or
- (ii) the Originator (1) has paid an amount equal to the aggregate amount of all accounts payable outstanding to such Withdrawing Supplier into an escrow account held by the Transferee and (2) commits to pay into such escrow account on a daily basis until the end of the related Consultation Period an amount equal to the aggregate amount of all accounts payable which fall due on such day and (3) has granted to the Transferee the authority to, upon consultation with the Originator, dispose of the funds held in such account in order to discharge such accounts payable;

and

- (B) any of the following measures has been taken during the related Consultation Period:
 - (i) the Financing has been reduced to zero and all other obligations of the Originator, the Depositor and the Guarantor hereunder have been fulfilled; or
 - (ii) the Originator has provided evidence reasonably satisfactory to the Transferee that the Withdrawing Supplier has re-granted the Originator's authority to collect Receivables which are subject to an Extended Retention of Title Clause; or
 - (iii) the Originator has provided evidence reasonably satisfactory to the Transferee that it is able to identify Receivables which are subject to the Extended Retention of Title Clause imposed by the Withdrawing Supplier and to ensure that such Receivables are not offered to the Transferee.

During such Consultation Period,

- (i) if any Transaction Date occurs, the Transferee shall not be obliged to purchase any Transferable Receivables at such Transaction Date; and
- (ii) the Transferee, in its capacity as pledgee under the Collection Accounts Pledge Agreement, shall at any and all times be entitled to serve a Stop Drawing Notice in the form of Schedule 2 to the Collection Accounts Pledge Agreement (with a copy to the Originator).

If the measures set forth under (A) (i) or (ii) and (B) (i) or (ii) or (iii) have been taken in accordance with the terms of such provisions, the Transferee shall at the end of the relevant Consultation Period (i) confirm the remedy of the respective Supplier Withdrawal by a letter to the Originator substantially in the form of Schedule 18A and (ii) withdraw the Stop Drawing Notice by a letter substantially in the form of Schedule 3 to the Collection Accounts Pledge Agreement; provided that none of the actions mentioned in (i) and (ii)

above shall prevent the Transferee to enforce any of its other
rights and remedies pursuant

to this Agreement.

- (b) a Supplier Withdrawal by a Non-Relevant Supplier has occurred, however, such Supplier Withdrawal is not deemed to constitute an EROt Withdrawal Event pursuant to Clause 40.3.2 (a) (A) and (B) above, and at any time within the Consultation Period starting from the notice of the occurrence of such Supplier Withdrawal, an additional Supplier Withdrawal is notified to the Originator by any Non-Relevant Supplier; and
 - (A) any of the requirements set forth under Clause 40.3.2 (a) (A) and (B) has not been fulfilled during the new Consultation Period with respect to the additional Supplier Withdrawal; or
 - (B) after the end of such new Consultation Period, the managing directors of the Originator has not issued a certificate in the form as set forth in Schedule 12B.

During such new Consultation Period,

- (i) if any Transaction Date occurs, the Transferee shall not be obliged to purchase any Transferable Receivables at such Transaction Date; and
- (ii) the Transferee, in its capacity as pledgee under the Collection Accounts Pledge Agreement, shall at any and all times be entitled to serve a Stop Drawing Notice in the form of Schedule 2 to the Collection Accounts Pledge Agreement (with a copy to the Originator).

If such second Supplier Withdrawal is deemed not to constitute an EROt Withdrawal Event pursuant to (A) and (B) above, the Transferee shall at the end of the second Consultation Period (i) confirm the remedy of the respective Supplier Withdrawal by a letter to the Originator substantially in the form of Schedule 18A and (ii) withdraw the Stop Drawing Notice by a letter substantially in the form of Schedule 3 to the Collection Accounts Pledge Agreement; provided that none of the actions mentioned in (i) and (ii) above shall prevent the Transferee to enforce any of its other rights and remedies pursuant to this Agreement.

- (c) (i) a Supplier Withdrawal has occurred, however, such Supplier Withdrawal is not deemed to constitute an EROt Withdrawal Event pursuant to Clause 40.3.2 (a) (A) and (B) above, and (ii) at any time within the Consultation Period starting from the notice of the occurrence of such Supplier Withdrawal, an additional Supplier Withdrawal is notified to the Originator by any supplier and (iii) (aa) either the first Supplier Withdrawal or the additional Supplier Withdrawal was made by a Relevant Supplier or (bb) at any time within the Consultation Period starting from the notice of the occurrence of such additional Supplier Withdrawal, a third Supplier Withdrawal is notified to the Originator by any supplier; and
 - (A) any of the requirements set forth under Clause 40.3.2 (a) (A) and (B) has not been fulfilled during the new Consultation Period with respect to the second Supplier Withdrawal; or
 - (B) (i) after the end of a three months period following the commencement of such new Consultation Period, the Transferee in its reasonable opinion having conducted a credit audit of the Originator and/or the Guarantor decides that a

material deterioration of the business or the financial condition of the Originator or the Guarantor has occurred; unless

- (ii) within three (3) Business Days upon notice of (i) being served on the Depositor with a copy to Ingram Micro Coordination Center BVBA/Sprl., the Originator has exercised in its absolute discretion the option to make a Retransfer Offer with respect to all Transferred Receivables and have made the respective Retransfer Payment.

During the three months period mentioned in (B) (i) above,

- (i) if any Transaction Date occurs, the Transferee shall not be obliged to purchase any Transferable Receivables at such Transaction Date and Clause 40.1 (ix) shall not be applicable during such three months period; and
- (ii) the Transferee, in its capacity as pledgee under the Collection Accounts Pledge Agreement, shall at any and all times be entitled to serve a Stop Drawing Notice in the form of Schedule 2 to the Collection Accounts Pledge Agreement (with a copy to the Originator).

If such second Supplier Withdrawal is deemed not to constitute an EROt Withdrawal Event pursuant to (A) and (B) above, the Transferee shall at the end of the three months period mentioned in (B) (ii) above (i) confirm the remedy of the respective Supplier Withdrawal by a letter to the Originator substantially in the form of Schedule 18B and (ii) withdraw the Stop Drawing Notice by a letter substantially in the form of Schedule 3 to the Collection Accounts Pledge Agreement; provided that none of the actions mentioned in (i) and (ii) above shall prevent the Transferee to enforce any of its other rights and remedies pursuant to this Agreement.

40.3.3 If (i) an EROt Withdrawal Event has occurred because the measures set forth in Clause 40.3.2 (a) (A) have not been fulfilled and (ii) any insolvency or similar proceeding has been commenced with respect to the Guarantor or the Guarantor is in a stoppage of payment situation, an amount equal to three times the aggregate amount of accounts payable outstanding to the relevant Withdrawing Supplier shall be transferred from the Complementary Deposit to the Subordinated Deposit.

40.4 Issuer Event of Default

Each of the following events shall constitute an Issuer Event of Default:

- (i) any or all Liquidity Bank(s) has(ve) notified the Issuer of Reference its intention to partially renew or its intention not to renew its commitment under the Liquidity Agreement (the Transferee hereby undertaking to inform the Depositor and the Originator of such non renewal or partial renewal upon becoming aware of the same), provided that no Issuer Event of Default shall be deemed to have occurred if upon notice of such non renewal or partial renewal, the Issuer of Reference and each relevant Liquidity Bank have found an alternative solution within a 20-Business Day period following the above mentioned notice (such alternative solution being subject to the confirmation by the Rating Agency that the current rating of the Notes issued by the Issuer of Reference is not likely to be challenged because of such solution and including, but not being limited to, the reduction of each

relevant Liquidity Bank's maximum amount of commitment or the replacement of each relevant Liquidity Bank);

- (ii) the Issuer of Reference becomes unable to issue Notes (other than as a result of the occurrence of an event of market disruption); or
- (iii) the rating of the Notes issued by the Issuer of Reference is withdrawn or downgraded below the rating granted to such notes as of the date hereof.

41. REMEDIES UPON THE OCCURRENCE OF AN EVENT OF DEFAULT OR A TERMINATION OF THE TRANSFEREE'S COMMITMENT

41.1 Voluntary Early Termination

By written notice to the Depositor and the Originator, the Transferee may (but is not obliged to) declare the termination of this Agreement following the occurrence of:

- (a) any General Event of Default (other than the General Events of Default listed in Clause 40.1) upon the termination of the grace period specified for such General Event of Default in Clause 40.1, if any; or
- (b) any EROt Event, in accordance with the terms of Clause 40.3.

In any of the above cases, the Final Transfer Date shall be either (i) the date indicated by the Transferee to the Depositor and the Originator in the above mentioned notice, or (ii) failing such indication, the first Transaction Date following the date of receipt by the Depositor and the Originator of the above mentioned notice. The provisions of this Agreement concerning the Redemption Period shall apply as of the Final Transfer Date, as determined in this Clause 41.1.

41.2 Mandatory Early Termination without Consultation Period

Upon the occurrence of any General Event of Default set out in Clause 40.1(i), Clause 40.1(iv), Clause 40.1(vi), Clause 40.1(vii), or Clause 40.1(viii) or any Receivables Trigger Event, the Transferee shall serve a written notice to the Originator and the Depositor, declaring the termination of this Agreement. In this case, the Final Transfer Date shall be the first Transaction Date following the date of reception of the notification by the Originator and the Depositor, and the provisions of this Agreement concerning the Redemption Period shall apply as of the Final Transfer Date, as determined in this Clause 41.2.

41.3 Mandatory Early Termination with Consultation Period

- (A) Upon the occurrence of any Issuer Event of Default or any Collections Trigger Event or EROt Trigger Event, the Transferee and the Originator shall consult with one another and endeavor in good faith, during the duration of a Consultation Period starting from the occurrence of such Issuer Event of Default or Collections Trigger Event or EROt Trigger Event, to find a solution mutually acceptable to the Parties.
- (B) If another Transaction Date occurs during this Consultation Period, the Transferee shall not be obliged to purchase any Transferable Receivables at that Transaction Date, and the provisions

under this Agreement applying to any Temporary Redemption Period and Redemption Period shall take effect.

- (C) If an agreement is reached on the alternative solution within this Consultation Period, this solution shall be applied by the Parties on the date upon which they have agreed.
- (D) If an agreement cannot be reached within this Consultation Period and if such Issuer Event of Default or Collections Trigger Event or ERO Trigger Event is continuing at this date, the Transferee shall serve notice to the Originator of the termination of the Transferee's Commitment. Upon termination of the Transferee's Commitment pursuant to the foregoing provision, the Final Transfer Date shall be the first Transaction Date following the date of acknowledgement of receipt by the Originator of the above mentioned termination notice, and the provisions of this Agreement concerning the Redemption Period shall apply on this date.

PART X. MISCELLANEOUS

42. PAYMENTS AND CURRENCY FOR PAYMENTS

For the purpose of making the payment of all sums due under this Agreement, the Originator and the Transferee expressly agree to use exclusively the following bank accounts:

- (i) the Collection Accounts;
- (ii) the Transferee's Account; and
- (iii) the Depositor's Account.

Any Debtor Payments shall be directed by the Originator to the Collection Accounts in accordance with the Collection Accounts Pledge Agreement. Any amount due by the Originator to the Transferee shall be credited on the Transferee's Account. Any amount due by the Transferee to the Originator shall be credited on a Collection Account of the Originator. The payment of indemnity amounts, expenses and charges, as are payable in accordance with this Agreement, shall be made in Euros.

43. WAIVER

For so long as the Financing has not been irrevocably repaid in full, the Originator shall waive the right to effect any set-off between any amount owed by it to the Transferee pursuant to this Agreement and any amount which is owed to it by the Transferee, in any respect whatsoever to the extent permitted by applicable law, even if the reciprocal claims are certain, liquid and due and payable, or related claims.

44. LATE PAYMENT INTERESTS

- A. In the event that the Originator fails to pay the Transferee any sum whatsoever owed under this Agreement on the day it is due and payable, the Originator shall pay the Transferee, to the extent permitted by applicable law, late payment interests computed over the period between the due

date and the actual date on which said sum is paid, at a rate of interest per annum equal to EONIA+1.00%.

- B. Late payment interests shall be owed even if the Transferee did not declare the termination of this Agreement pursuant to Clause 40. Late payment interests shall not be exclusive of payment of a compensation to remedy certain and specific damages suffered by the Transferee, in accordance with the provisions of Clause 42.

45. TAXES

- A. Any amount which should be paid or remitted by the Originator in favor of the Transferee under this Agreement shall be made net of any deduction or withholding (with the exception of corporate income tax), unless the Originator is required to make said deduction or withholding, in which case, to the extent permitted by law, the Originator shall increase the amount to be paid or remitted to the Transferee such that following said deduction or withholding, the Transferee shall receive a net amount (free of any deduction or withholding of tax) which is equal to what it would have received had there been no such deduction or withholding.
- B. In the event and to the extent of any taxes, duties or charges becoming due, being imposed upon or otherwise becoming attributable to or payable by the Transferee (i) in Germany (in particular any trade tax (Gewerbesteuer)) by whatever reason in connection with this Agreement or (ii) in connection with the transactions contemplated hereby or (iii) in connection with the income derived hereunder or thereunder or (iv) in connection with the refinancing by the Transferee of the purchase of Transferred Receivables hereunder or (v) otherwise or in connection with their collection or realisation, the Originator shall pay such additional amounts to the Transferee which are required to ensure that the Transferee finally is able to fulfil its tax payment obligations and therefore receives, and is able to retain at any time for its free disposal in full an unreduced amount being equal to the aggregate of all amounts collected in relation to Transferred Receivables.
- C. If the applicable laws do not permit the aforementioned increase to be made, the Transferee and the Originator shall consult with one another in the shortest possible time and endeavor in good faith to find a solution mutually acceptable to the Parties.
- D. If such an agreement cannot be reached within 30 calendar days following the effective date of said levy, deduction or withholding of tax, the Final Transfer Date shall be deemed to have occurred on the 30th calendar day following the effective date of said levy, deduction or withholding of tax.

46. CHANGE IN CIRCUMSTANCES

- A. If, as a result of:
 - (a) any new law, regulation, directive or any amendment to any law, regulation or directive or any change in the manner it is interpreted by a governmental authority responsible for its enforcement; or
 - (b) any compliance by the Transferee (or its parent company) with a recommendation or regulation of a competent central bank or any other financial, monetary or other authority

(including but not limited to a recommendation or regulation affecting the capital adequacy requirements applicable to the Transferee (or its parent company) in light of its obligations and such amounts as are owed to it under this Agreement);

- B. (a) the Transferee (or its parent company):
- (i) incurs a cost as a result of granting, financing or maintaining the Transferee's Commitment; or
 - (ii) suffers an increase in the cost of granting, financing or maintaining the Transferee's Commitment; or
 - (iii) is compelled to make any payment whatsoever or to waive any return based on or computed by reference to the gross amount of those sums of any kind which it has received or is entitled to receive from the Originator pursuant to this Agreement; or
- (b) any amounts payable to the Transferee under this Agreement or any related documents is reduced or any regulatory capital adequacy requirements, as imposed on the Transferee (or its parent company) as the result of the Transferee entering into this Agreement and any transactions contemplated thereby, is increased;
- (c) it becomes impossible for the Originator to fulfil its obligations pursuant to this Agreement; or
- (d) it becomes unlawful for the Transferee (or its parent company) to maintain or give effect to its obligations as contemplated in this Agreement or impossible for the Transferee to maintain the Transferee's Commitment; or
- (e) any new condition is imposed on the Transferee (or its parent company) in respect of this Agreement;

C. then in each of those cases:

- (a) the Transferee shall give the Originator written notice of that event; and
- (b) the Transferee shall be entitled to claim from the Originator payment of compensation for the entire term of this Agreement in an amount sufficient to compensate the Transferee (or its parent company, respectively) for said incurred costs, reduction, payment or relinquishment of any return actually borne by the Transferee (or its parent company, respectively) and which arose subsequent to the date of receipt by the Originator of the above-mentioned notification; or

provided that (i) if the Originator contests the amount of the compensation claimed by the Transferee, the Transferee and the Originator shall promptly consult with one another within a 30-calendar day period during which each Party endeavors in good faith to find a solution mutually acceptable to the Parties; and (ii) if the Parties are unable to reach agreement by the end of that 30-calendar day period, the Originator shall pay the amount of the compensation as determined by the Transferee and the Final Transfer Date shall be deemed to have occurred on the last calendar day of the consultation over the said 30-calendar day period.

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- D. The Transferee hereby undertakes to give the Originator written notice of its becoming aware of any possibility of the occurrence of any event described in paragraph A of this Clause.

47. EXPENSES

The Originator shall reimburse the Transferee, upon duly justified written request of the Transferee, all reasonable and documented expenses (including court and lawyers' costs and fees) arising from any modification to this Agreement and from any protection or enforcement of the rights of the Transferee under this Agreement.

48. SUB-CONTRACTING AND SUBSTITUTION

- A. Each Party shall have the right to add or appoint a third party to assist it in the performance of certain tasks, provided that it has so informed the other Parties and the Rating Agency.

In addition, each Party shall have the right to nominate a third party to replace it in the performance of certain tasks, provided that:

- (i) it has so informed the other Parties, or, concerning the Originator, it has obtained the prior approval of the Transferee;
- (ii) it shall remain responsible for the proper performance of its obligations in accordance with Section 278 of the German Civil Code and the third party expressly waives any contractual recourse against the other Parties, unless this Agreement expressly provides for the contrary;
- (iii) the third party undertakes to perform all of the obligations to which the said Party is subject under this Agreement.

- B. The Transferee has appointed BNP Paribas to act in its name and on its behalf in all matters relating to this Agreement and, in that capacity, to perform all of its obligations under this Agreement. BNP Paribas shall only be accountable to the Transferee for the performance of its duties and obligations under this Agreement, and shall not be accountable to any third party or anyone else whosoever, and shall only be liable for gross negligence and willful misconduct.

49. CONFIDENTIALITY

Each Party undertakes to treat any and all information that comes to its knowledge concerning the other Party as confidential.

This undertaking shall not:

- (i) prevent the transmission of any information to supervisory authorities, statutory auditors, legal advisers, tax authorities, the Rating Agency, the Issuer of Reference or any other entities appointed pursuant to Clause 48;

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- (ii) preclude the possibility of any Party using any information to protect or enforce its rights under this Agreement, notably by bringing any legal action.

This confidentiality undertaking shall remain in effect for three (3) years from the Agreement Termination Date.

50. BENEFIT OF THE AGREEMENT

The benefit of this Agreement shall not be transferred to any third party without the prior written consent of any Party.

51. NOTICES, COMMUNICATION AND DOCUMENTS

51.1. Addresses

Unless otherwise subsequently notified to each of the Parties on the following terms, all notices, communication and documents in connection with this Agreement shall take effect as of the date that it is received, and shall be transmitted by way of registered mail with acknowledgment of receipt requested, or by facsimile, to:

- (i) The Originator:

Ingram Micro Distribution GmbH

Title: Chief Financial Officer
For the attention of: Karl-Heinz Muller

Mail to: karl-heinz.mueller@ingrammicro.de

Address: Heisenbergbogen 3, 85609 Dornach
Fax: +49 89 4208 1141
Tel: +49 89 4208 2242
E-mail: karl-heinz.mueller@ingrammicro.de

- (ii) The Depositor:

Ingram Micro Holding GmbH

Title: Senior Manager Treasury Central Region
For the attention of: Cornelia Hesse

Mail to:

Address: Heisenbergbogen 3, D-85609 Dornach
Fax: +49-89-2080 836 52
Tel: +49-89-4208 1378
E-mail: Cornelia.hesse@ingrammicro.de

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(ii) The Guarantor (Ingram Micro Inc.):

Title: Worldwide Treasurer
For the attention of: Jim Ricketts
Title: General Counsel
For the attention of: Jim Anderson

Address: 1600 E. St. Andrew Place, Santa Ana,
CA 92705, U.S.A.
Fax: (714) 566-7873
Tel: (714) 566-1000
E-mail: jim.ricketts@ingrammicro.com
jim.anderson@ingrammicro.com

(iii) The Transferee (BNP Bank N.V. represented by BNP Paribas):

Address: 3, rue d'Antin, 75002 Paris, France
Fax: (+33 1) 42986919
Tel: (+33 1) 43 169186/0142986613
E-mail: marylene.monci@bnpparibas.
com/eric.lefol@bnpparibas.com

For the attention of: Marylene Monci / Eric Lefol

In addition, a copy of any notice, communication or document in connection with this Agreement shall be automatically and simultaneously sent to Ingram European Coordination Center N.V./S.A. at the following address:

Ingram Micro Coordination Center BVBA/Sprl.:

Title: Treasury Project Manager-Europe
For the attention of: Beatrice Ransquin
Title: Senior Director Treasury Europe
For the attention of: Luc Vlamincx

Address: Luchthavenlaan 25 A, 1800 Vilvoorde,
Belgium
Fax: 00 32 2 254 92 90
Tel: 0032 2 254 92 95
E-mail: beatrice.ransquin@ingrammicro-europe.com
luc.vlaminck@ingrammicro-europe.com

51.2. Effectiveness

Unless otherwise mutually agreed by each of the Parties, any notice, communication or document made or delivered by one person to another under or in connection this Agreement will only be effective:

- (i) if by way of fax, when received in legible form; or
- (ii) if by way of registered mail with acknowledgement of receipt requested, when received by the relevant person or officer in charge; or
- (iii) if by way of electronic mail, when received in legible and virus-free form.

52. EXERCISE OF RIGHTS

Absent an express waiver, any failure by a Party to exercise its rights under this Agreement shall not constitute a waiver of those rights.

53. LANGUAGE

Any document provided under or in connection with this Agreement, including all or part of its Schedules, shall be made in English.

54. INDIVISIBILITY

- A. If a provision of this Agreement is or becomes void or ceases to be effective and enforceable, the legality, validity or enforceability of any other provision of this Agreement shall not be affected thereby. However, the Parties shall modify any provision of the Agreement which becomes or ceases to be effective and enforceable, invalid or unenforceable, to the extent that it is reasonably possible to modify such provision in order for it to become legal, valid and enforceable and after the mutual written consent of the Parties.
- B. If, after the execution of this Agreement, any additional formality proves to be necessary in connection with this Agreement or each instrument delivered by any Party pursuant to its terms, each Party undertakes to fulfil such formality that another Party may reasonably request, to the extent that such formality does not substantially modify its rights and obligations under the Agreement.

55. GOVERNING LAW - JURISDICTION - COUNTERPARTS

- A. This Agreement shall be governed by, and construed in accordance with German law if not explicitly provided otherwise in this Agreement.
- B. Any dispute as to the validity, execution, interpretation or any other matter arising from this Agreement shall be subject to the jurisdiction of the District Court (Landgericht) in Frankfurt am Main, Germany.

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- C. Each of the US Guarantees shall be governed by the laws of the State of California and subject to the jurisdiction of the Courts of the State of California.
- D. This Agreement may be executed (including execution by facsimile) in one or more counterparts (Ausfertigungen). Each signed counterpart shall constitute an original.

56. CONTINUITY

Each of the parties hereto hereby agrees with the other parties hereto that all provisions of the German Master Receivables Transfer and Servicing Agreement originally dated August 14, 2003, as amended and restated on December 29, 2003, any transactions thereunder and any rights and obligations created thereunder shall continue to be in full force and effect, as hereby amended and restated. Any references in any agreement or document to this Agreement shall be to the German Master Receivables Transfer and Servicing Agreement, originally dated August 14, 2003, as amended and restated on December 29, 2003, as hereby amended and restated. With respect to any time prior to the date hereof, the terms of the German Master Receivables Transfer and Servicing Agreement dated August 14, 2003, as amended and restated on December 29, 2003, shall not be affected hereby.

EXECUTION PAGE

As amended and restated on March 31, 2004

BNP PARIBAS BANK N.V.

By: /s/

INGRAM MICRO DISTRIBUTION GMBH

By: /s/

By: /s/

INGRAM MICRO HOLDING GMBH

By: /s/

Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kent B. Foster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ingram Micro Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2004

/s/ Kent B. Foster

Name: Kent B. Foster
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas A. Madden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ingram Micro Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2004

/s/ Thomas A. Madden

Name: Thomas A. Madden
 Title: Executive Vice President and Chief Financial Officer
 (Principal Financial Officer)

Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The certification below is being submitted to the Securities and Exchange Commission solely for the purpose of complying with Section 1350 of Chapter 63 of Title 18 of the United States Code.

In my capacity as chief executive officer of Ingram Micro Inc., I hereby certify that, to the best of my knowledge, Ingram Micro Inc.'s periodic report on Form 10-Q for the fiscal period ended April 3, 2004 as filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of Ingram Micro Inc.

/s/ Kent B. Foster

Name: Kent B. Foster
Title: Chairman and Chief Executive Officer

Dated: May 12, 2004

Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The certification below is being submitted to the Securities and Exchange Commission solely for the purpose of complying with Section 1350 of Chapter 63 of Title 18 of the United States Code.

In my capacity as chief financial officer of Ingram Micro Inc., I hereby certify that, to the best of my knowledge, Ingram Micro Inc.'s periodic report on Form 10-Q for the fiscal period ended April 3, 2004 as filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of Ingram Micro Inc.

/s/ Thomas A. Madden

Name: Thomas A. Madden
Title: Executive Vice President and Chief Financial Officer

Dated: May 12, 2004