SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 29, 2001

or

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

For the transition period from to

Commission file number: 1-12203

Ingram Micro Inc.

(Exact name of Registrant as specified in its charter)

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

1600 E. St. Andrew Place, Santa Ana, California 92705

(Address, including zip code, of principal executive offices)

(714) 566-1000

(Registrant's telephone number, including area code)

Securities Registered Pursuant To Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, par value $.01 per share

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

The aggregate market value of the voting stock held by non-affiliates of the Registrant at March 14, 2002 was $1,622,598,212 based on the closing sale price on such date of $15.90 per share.

The Registrant had 149,910,138 shares of Class A Common Stock, par value $.01 per share, outstanding at March 14, 2002.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Annual Report to Shareowners for the fiscal year ended December 29, 2001 are incorporated by reference into Parts I and II of this Annual Report on Form 10-K. Portions of the Proxy Statement for the Registrant's Annual Meeting of Shareowners to be held May 30, 2002 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

Item 1. *Business*

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

Overview

Ingram Micro is the leading distributor of Information Technology ("IT") products and services worldwide and was ranked No. 49 on the April 2001 Fortune 500 list, ahead of all other IT distributors. We market computer hardware, networking equipment, and software products to nearly 170,000 reseller customers in more than 100 countries. We also provide supply chain optimization services to our suppliers and reseller customers. As a distributor, we market our products and services to resellers and suppliers who in turn market and sell directly to end-user customers.

We offer our customers aggregation of, and access to, a broad array of products and services by distributing and marketing more than 280,000 products (as measured by distinct part numbers assigned by suppliers) from over 1,700 suppliers, including most of the computer industry's leading hardware suppliers, networking equipment suppliers, and software publishers. We assist our vendor partners in marketing a broad range of IT and related products. Our broad product offering includes:

- desktop and notebook personal computers ("PCs"), servers, and workstations;
- personal digital assistants;
- wireless devices;
- mass storage devices;
- CD-ROM, CD-RW, and DVD drives;
- monitors;
- printers;
- scanners;
- modems;
- networking hubs, routers, and switches;
- network interface cards;
- components;
- business application software;
- entertainment software;
- consumer electronics; and
- computer supplies and accessories.

In conjunction with our distribution business, we provide various services to our vendors and customers, including call center support, pre- and post-technical support, credit and collection services, financial services, and marketing. We also provide supply chain management services such as:

- end-to-end order management and fulfillment;
- contract manufacturing;
- contract warehousing;

• reverse logistics;

• transportation management;

• customer care;

• tailored financing programs; and

• marketing programs to suppliers and resellers.

Although these services are an important focus of our long-term strategy, they have contributed less than 10% of our revenues in the past and may not reach that level in the near term.

We are focused on providing a broad range of products and services, quick and efficient order fulfillment, and consistent on-time and accurate delivery to our customers around the world. We believe that IMpulse™, our on-line information system, provides a competitive advantage through real-time worldwide information access and processing capabilities. IMpulse is a single, standardized, real-time information system and operating environment, used across substantially all of our worldwide operations. This on-line information system, coupled with our exacting operating procedures in telesales, credit support, customer service, purchasing, technical support, and warehouse operations, enable us to provide our customers with superior service in an efficient and low-cost manner. In addition to traditional, world-class distribution services, we offer demand generating marketing programs, customer communities, and new product launch programs.

Our earliest predecessor began business in 1979 as a California corporation named Micro D, Inc. This company and its parent, Ingram Micro Holdings Inc., or Holdings, grew through a series of acquisitions, mergers, and internal growth to encompass our current operations. On April 29, 1996, we were reincorporated in the state of Delaware. Holdings and the successor to Micro D, Inc. were merged into Ingram Micro Inc. in October 1996.

We completed an initial public offering and were split-off, in a tax-free reorganization, from our former parent in November 1996.

The Industry

The worldwide IT products and services distribution industry generally consists of:

• manufacturers and software publishers, which we collectively call suppliers or vendors, and which sell directly to distributors, resellers and end-users;

• distributors, which sell to resellers; and

• resellers, which sell directly to end-users and, in certain cases, to other resellers.

A variety of reseller categories exist, including value-added resellers (“VARs”), corporate resellers, systems integrators, original equipment manufacturers (“OEMs”), direct marketers, independent dealers, reseller purchasing associations, PC assemblers, and computer retailers. Many of these resellers are heavily dependent on distribution partners with the necessary systems, capital, inventory availability, and distribution facilities in place to provide fulfillment and other services. Different types of resellers are defined and distinguished by the end-user market they serve, such as large corporate accounts, small- to medium-sized businesses (“SMBs”), or home users, and by the level of value they add to the basic products they sell. Distributors generally sell to resellers and purchase a wide range of products in bulk directly from vendors. Characteristics of the local reseller and vendor environment, as well as other factors specific to a particular country or region, have shaped the evolution of distribution models in different countries.

According to a December 2001 IDC report, total worldwide IT spending on hardware, software, and services was estimated at approximately $996 billion for calendar year 2001. Despite the current economic downturn that has impacted overall demand for IT products and services, distribution continues to serve a significant role in delivering IT products to market in a low-cost manner. Suppliers are pursuing strategies to outsource functions such as distribution, service, and technical support to supply chain partners as they look to minimize costs and focus on their core competencies in manufacturing, product development, and marketing.

A number of resellers depend on distributors for many of their product, marketing, credit, and technical support needs. This is due to increased product complexity, the large number of available IT products, shorter product life cycles, and customers' desire for resellers to integrate systems consisting of components from multiple vendors. Resellers also continue to rely on distributors for inventory management services, including direct shipment to end-users and, in some cases, allowing their end-users to access a distributor's inventory directly. These services allow resellers to reduce their inventory, staffing levels and warehouse requirements, thereby lowering their financial needs and reducing their costs.

The technology distribution industry has undergone significant consolidation as a result of several factors. More restrictive terms and conditions from vendors, reductions in the number of vendor-authorized distributors, a high level of price competition among distributors, and evolving vendor business models (*e.g.*, direct selling to a fragmented market) have driven several of the weaker competitors from the market. During 1999 and early 2000, a number of significant players within the IT distribution industry substantially exited or merged with other players within the distribution market. As a result of this recent consolidation, the U.S. market is served by two major IT distributors and a number of other smaller IT distributors. Markets outside the United States, which represent over half of the IT industry's sales, are characterized by a more fragmented distribution channel; however, consolidation has taken place in these markets as well. Additionally, suppliers and resellers pursuing global strategies continue to seek distributors with global sales and support capabilities.

A number of emerging industry trends provide new opportunities and challenges for distributors of IT products and services. For example, the focus on driving efficiency in business models, and, in particular, in the supply chain, provides distributors with an additional means to serve both suppliers and reseller customers by becoming providers of IT supply chain services. Furthermore, the growing presence and importance of fulfillment capabilities also provide distributors with new business opportunities as new categories of products, customers, and suppliers emerge. Data storage products, for example, enjoyed increasing demand with the growing use of the Internet, data warehousing, and e-mail, and the resulting need for faster dependable data access and richer content. Finally, manufacturer-direct sales initiatives, developed in an effort to duplicate the success of the direct sales business model, have been widely adopted by large suppliers. Although the manufacturer-direct model may remove distributors from their traditional role, we believe that this direct sales model presents new partnership opportunities, such as providing logistics and fulfillment services and third-party products to suppliers and reseller customers.

Company Strengths

We believe that the following strengths will enable us to further enhance our leadership position in the IT distribution industry:

- *Leading Global Market Position.* We are the largest IT distributor in the world, by net sales, and believe that we are the market share leader, by net sales, in the United States, Canada, and a number of countries in Europe and Latin America. Our fiscal 2001 net sales were $25.2 billion, with net sales of $13.5 billion in the United States, $7.2 billion in Europe, and $4.5 billion in other regions of the world. We believe that the current IT industry environment favors large distributors that have access to financing, are able to achieve economies of scale, breadth of geographic coverage, and have the strongest vendor relationships. Our scale allows us to purchase products in large quantities and avail ourselves of special purchase opportunities from a broad range of suppliers, which enables us to take advantage of various discounts from our suppliers and provide competitive pricing for our reseller customers.

- *Worldwide Market Presence.* Our global market presence provides suppliers with access to a broad base of geographically dispersed resellers. We service these resellers with our extensive network of distribution centers and support offices, which are integrated by IMpulse, our global information transaction system. As of December 29, 2001, we had 47 distribution centers worldwide, sold our products and services to resellers in more than 100 countries, and had an in-country presence in 37 countries. We offer our suppliers access to a global customer base of nearly 170,000 resellers of all sizes and types. Our broad geographic coverage places us closer to the end-user, enabling us to provide faster delivery times, better customer service, local presence, and market intelligence. In addition, our global reach allows us to better diversify our business across different markets, which reduces our exposure to individual market downturns.

- *Broad Portfolio of Products.* Based on a review of our major competitors' publicly available data, we believe that we offer the largest number of products in the IT industry. We distribute and market more than 280,000 products from over 1,700 vendors, enabling us to offer a wide variety of products, satisfy customer requirements for product availability, and meet end-user demand for multi-vendor and multi-product IT configurations. Our reseller customers derive purchasing efficiencies and reduce their investment in inventory, while simultaneously enhancing end-user service levels. They accomplish this by establishing a supply relationship with us that meets their product needs through a single point of contact, rather than making many purchases from multiple vendors directly. We also believe that we provide vendors with access to a broad customer base that few vendors can reach directly in a more cost-effective manner. Moreover, vendors that sell their products directly to end-users often use us as a secondary source to fulfill orders from customers that require multi-vendor product configurations.

- *Speed of Execution and Consistency of Service.* We are focused on providing quick and efficient order fulfillment, and consistent on-time and accurate delivery to our customers around the world. We seek to maintain sufficient quantities of product inventories to achieve optimum order fill rates. Our advanced control systems and processes enable us to provide same-day shipping for any order in the United States, Canada, and certain other locations received by 5:00 p.m., with highly accurate shipping performance. We consistently measure and monitor our performance based on metrics such as our price and consistency of service, responsiveness and product knowledge, accuracy and on-time delivery, timeliness and warehouse proximity, fulfillment and product availability, and credit availability.

Our commitment to superior service has been widely recognized throughout the IT industry. For example, according to *Computer Reseller News'* Annual Sourcing Study, we were the No. 1 ranked distributor in performance and preference categories in 2001. Additionally, our U.S. business has received ISO 9002 certification for customer service, returns, consolidation, operations, configuration, distribution center, sales and purchasing. A number of our business units are also ISO 9002 certified in the following countries: Canada, Mexico, United Kingdom, Belgium, Denmark, France, Italy, Spain, Sweden, and India.

- *Intelligent Business Systems.* Our information systems allow us to act as a source for business information, as well as product and service solutions, for suppliers, resellers, and end-users. We believe that we are the only full-line distributor of IT products and services in the world with a single centralized global transaction system. We believe that our industry-leading, on-line information system, IMpulse, provides a competitive advantage through real-time, worldwide information access and processing capabilities. IMpulse is used across substantially all of our worldwide operations and is customized to suit local market requirements. Access to IMpulse gives resellers, and in some cases their customers, real-time access to our product inventory. By providing improved visibility to all participants in the supply chain, we allow inventory levels throughout the channel to more closely reflect end-user demand.

We have also developed other information systems among our international regions for warehouse operations, back-office efficiency, data warehouse, and e-commerce initiatives that are integrated into IMpulse, providing a single information supply chain. We believe that our on-line information systems, coupled with our exacting operating procedures in telesales, credit support, customer service, purchasing, technical support, and warehouse operations, enable us to provide our customers with superior service in an efficient and low-cost manner.

Our information systems provide the infrastructure that allows the implementation of a demand chain, customer-centric channel model. It provides the information necessary for us to act as the agent of commerce among suppliers, resellers, and end-users. Our web site, *www.ingrammicro.com,* serves as a business center for resellers, providing them access to a myriad of information, including vendor solutions and technical information. Special features currently available on our web site include real-time pricing and availability, on-line ordering, order status, and an extensive product catalog. As of December 29, 2001, we had fully functional web sites deployed to 34 countries. Our on-line capability is evidenced by the November 2001 Inter@ctive Week magazine ranking of on-line businesses, which placed us No. 11 overall, and first among distributors.

Our seamless, easy-to-use, electronic commerce offering provides resellers the ability to more easily do business with us and with end-users, at a lower cost. Our electronic commerce capabilities include: robust Electronic Data Interchange capabilities, several customized Extensible Markup Language based solutions, select RosettaNet PIPs (Partner Interface Processes), and InsideLine™, a direct communication link that furnishes resellers with real-time access to our mainframe inventory systems. InsideLine is the commerce and information engine behind successful electronic commerce sites offered by many of our customers, and is offered on a global basis.

- *Strong Working Capital Management.* We have consistently decreased the working capital required to operate our business. In particular, we focus on managing the amount of our accounts receivable, as measured by days' sales outstanding, and inventory, as measured by inventory turns. Days' sales outstanding are calculated by dividing our average accounts receivable during the preceding quarter by our average daily net sales during the same period. Inventory turns are calculated by dividing our annualized costs of sales during the preceding quarter by our inventory at the end of that quarter.

  During the period from January 2, 1999 to December 29, 2001, we reduced our days' sales outstanding to 37 days from 39 days and nearly doubled our inventory turns to more than 14. In addition, we increased our annual net sales by $3.2 billion and reduced our total debt, including off-balance sheet financing associated with our accounts receivable financing programs (see Note 5 to consolidated financial statements), by approximately $1.1 billion during the same period. In an environment of lower demand for IT products, as is currently the case, we have reduced our capital needs by reducing our working capital requirements. As a result, we believe we are well positioned to meet our liquidity needs.

Business Strategy

We are pursuing a number of strategies to further enhance our leadership position within the IT industry, including:

- *Reduce Operating Costs Through Continuous Improvements in Systems and Processes.* We constantly strive to reduce costs in our business through initiatives designed to streamline our business processes and further increase our operating efficiency. Many U.S.-developed programs are slated for implementation in our international operations, while other programs are region-specific. Productivity improvement initiatives include:

  - system enhancements to automatically route orders to the most cost-efficient warehouse based on customer needs and warehouse capacity;

  - increased benefits from implementing IM-First our next-generation operations and logistics system, such as increased utilization of most of our existing warehouse locations resulting from the expansion of operating hours from 20 to 24 hours per day, seven days a week;

  - enhancements that allow a close integration of major systems – such as logistics and material handling platforms – resulting in increased efficiencies, product traceability, and service offerings; and

  - the expansion of our electronic commerce tools – including deployment of Internet ordering capabilities in 34 countries to date – to increase the number of orders placed without the assistance of a telesales representative.

  In addition, we have implemented restructuring programs designed to reduce operating expenses through consolidation of facilities and streamlining of functional areas including product management, IT resources, sales, marketing, operations, and other administrative functions. We will, on an ongoing basis, examine our business processes and systems to determine how we can continue to improve service levels, while lowering costs.

- *Continue to Provide Outstanding Execution for Reseller Customers.* Our commitment to superior service has been widely recognized throughout the industry. We continually refine and integrate our systems and business processes to provide outstanding execution and service to resellers. Our electronic commerce tools enable resellers to do business with their end-user customers quickly, easily, and at a lower cost. To ensure efficient product delivery, we continue to upgrade our distribution network. We also plan to invest in new distribution centers where justified, while simultaneously consolidating existing facilities where volume can be redirected more efficiently to other facilities. For example, in 2001 we completed the construction of new distribution centers in Milan, Italy; Barcelona, Spain; and Mexico City, Mexico, which replaced existing facilities in these locations. In addition, in 2002, we currently plan to replace our distribution centers in Fullerton, California and Vancouver, British Columbia.

  In the area of process improvement, we work continuously to advance our formal systems for evaluating and tracking key performance metrics such as responsiveness to customers, processing accuracy, and order fill rate. We use these metrics as well as customer satisfaction surveys to measure improvements on all key elements believed to be important to the customer.

- *Deliver World-Class Outsourcing and Value-Added Programs to Suppliers and Resellers.* As resellers and vendors continue to seek ways to generate demand, reduce costs, improve efficiencies, and outsource non-core business activities, we remain committed to providing low-cost distribution capabilities as well as world-class value-added business services. Our outsourcing services and value-added programs are intended to link resellers, end-users, and suppliers through us as a seamless one-stop provider of IT products and related services, while meeting and exceeding requirements of our suppliers and resellers to outsource their non-core business activities and thereby lower their operating costs. For example, we provide turn-key logistics solutions for major hardware and software vendors, as well as complete inventory and fulfillment solutions for major e-commerce clients in the IT industry. Likewise, we provide cost-effective services such as sales/account management, credit, technical support, education, marketing, logistics management and other business solutions. We offer these services for a fee independent from our IT distribution business. This model leverages our existing capital investment in infrastructure and enables us to participate in vendor-direct programs. Although these services are an important focus of our long-term strategy, they have contributed less than 10% of our revenues in the past and may not reach that level in the near term. We also believe that our global scale provides us with a competitive advantage in offering distribution and logistics capabilities, and allows resellers and vendors to focus more exclusively on their own core competencies.

- *Increase Focus on Small- and Medium-Sized Business Market.* We have historically provided greater focus and resources in supporting our larger customer accounts. We intend to maintain our dedication to this segment of the market while increasing our focus on SMB resellers. We believe our increased focus on the SMB customer base will create additional growth and profit opportunities by enabling us to take advantage of:

  - our compelling value proposition to resellers and vendors;
  - the SMB customer segment, which is the largest segment of the IT market in terms of revenue;
  - generally higher gross margins for distributors in this market segment; and
  - our distribution model, which is better able to address the needs of the SMB customer than a vendor-direct sales model.

- *Establish Leading Market Share in Emerging Product Areas.* We aggressively target emerging IT product and service segments in their developmental stages and establish product expertise. This allows us to keep our broad product line current with emerging trends. We also offer programs, marketing, and training to our customers, particularly VARs, to assist them in introducing emerging technology solutions to their customers. In addition, for complex technology solutions, we provide a specialty sales force and a highly trained technical support staff as a pre- and post-sales resource to our customers. We believe this strategy enables us to effectively facilitate the introduction of new technology solutions, developed by our vendor partners, to our reseller customers while simultaneously allowing us to establish a preferred position in servicing emerging vendors. We continue to pursue initiatives to expand our global product and service offerings, for example, offering new solutions to our customers through high-end storage, computer telephony integration (“CTI”), networking products, and xSPs such as managed or remote accessed applications. Our Converging Technologies Group continues to manage and develop our CTI solution offerings made possible by the convergence of voice and data applications. Examples of converging products include PC-based phone systems, unified messaging applications, and a variety of video conferencing and voice-over-Internet protocol products. We have also expanded the range of networking solutions such as broadband, wireless, and wide-area networking for our customers.

Customers

We continue to be well positioned in providing world-class fulfillment and value-added services to VARs, corporate resellers, direct marketers, retailers, and Internet-based resellers. Our sales organization has resources dedicated to the recruitment, development, and sales support of these marketplaces. Our goal is to seamlessly manage the flow of goods and services from our vendor partners through the reseller to the end-user, providing specific solutions to a diverse customer base. We sell to nearly 170,000 reseller customers in more than 100 countries worldwide. No single customer accounted for more than 4% of our net sales in 2001, 2000, or 1999.

We conduct business with most of the leading resellers of IT products and services around the world including, in the United States, Amazon.com, Buy.com, CDW Computer Centers, Circuit City, Comark, Compucom, CompUSA, Insight, Micro Warehouse, OfficeMax, PC Connection, SARCOM, and Staples. Our reseller customers outside the United States include: Bechtle, Brasoftware Informática, Econocom, Mainbit, Media Markt, Open Systems Solutions and Systemax. In some cases, we have resale contracts with our reseller customers that are terminable at will after a short notice period and have no minimum purchase requirements. Our business is not substantially dependent on any of these contracts.

We also have specific agreements in place with certain manufacturers and resellers to provide supply chain management services such as order management, logistics management, configuration management, and procurement management services. Customers include: ABM Systems, Amazon.com, CompUSA, Intuit, Iomega, Microsoft, and SARCOM in North America and IMS Data AB in Europe. These agreements generally have longer terms than our resale agreements, but, in most cases, can be terminated on relatively short notice by either party without cause. The service offerings we provide to our customers are discussed further below under — “Services.”

Sales and Marketing

We employ sales representatives worldwide who assist resellers with product specifications, system configuration, new product/service introductions, pricing, and availability. Our sales organization generally focuses on resellers in the following market sectors:

- Value-added resellers, or VARs;
- Corporate resellers; and
- Direct and consumer marketers.

Our product management and marketing groups also promote our sales growth, create demand for our vendors’ products and services, and facilitate customer contact. For example, our marketing programs are tailored to meet specific supplier and reseller customer needs. These needs are met through a wide offering of services by our in-house marketing organization, including advertising, direct mail campaigns, market research, on-line marketing, retail programs, sales promotions, training, and assistance with trade shows and other events.

In Europe, we have formed two specialized strategic business units that focus on specific market and customer segments: Ingram Micro Europe Components and Private Label division, and Ingram Micro Networking Services™ division. Both divisions have a pan-European scope and service reseller customers throughout Europe in all the countries where we have a presence. The Components and Private Label division offers a one-stop shopping opportunity to small- and medium-sized resellers, PC assemblers, and OEMs. This division markets a wide range of components that these customers need to assemble PC systems. The networking services division specializes in high-end networking and communication products, in addition to services such as product consulting, project management, sales support and training, and technical and customer support.

Selling Arrangements. We offer various credit terms to qualifying customers as well as prepay, credit card, and cash on delivery terms. We also offer "end-user" financing based upon the end-user's credit worthiness and collect outstanding accounts receivable on behalf of the reseller in certain markets. We closely monitor reseller customers' credit worthiness through our IMpulse information system, which contains detailed information on each customer's payment history as well as other relevant information. In addition, we participate in a U.S. credit association whose members exchange customer credit rating information. In most markets, we use various levels of credit insurance to allow sales expansion and control credit risks. We establish reserves for estimated credit losses in the normal course of business. If our receivables experience a substantial deterioration in their collectibility or if we cannot obtain credit insurance at reasonable rates, our financial condition and results of operations may be adversely impacted.

We also sell to certain customers where the transactions are financed by a third-party floor plan financing company. These transactions generally involve higher sales on limited lines of product. The expenses charged by these financing companies will either be subsidized by our suppliers, paid by us or billed to our reseller. We receive payment from these financing institutions within three to 30 days from the date of sale, depending on the specific arrangement.

Products and Suppliers

We distribute and market more than 280,000 products (as measured by distinct part numbers assigned by vendors and other suppliers) from the industry's premier computer hardware vendors, networking equipment suppliers, and software publishers worldwide. Product assortments vary by market, and the vendors' relative contribution to our sales also varies from country to country. On a worldwide basis, our product mix has remained relatively stable even among fluctuating markets. Over the last several years, our product mix by category has generally been within these ranges:

• Peripherals:	40 - 45%
• Systems:	25 - 30%
• Software:	15 - 20%
• Networking:	10 - 15%

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

Our suppliers generally warrant the products we distribute and allow returns of defective products, including those returned to us by our customers. We do not independently warrant the products we distribute; however, we do warrant the following: (1) our services with regard to products that we configure for our customers, and (2) products that we build to order from components purchased from other sources. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. Historically, warranty expense has not been material.

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

Our business, like that of other distributors, is subject to the risk that the value of our inventory will be affected adversely by suppliers' price reductions or by technological changes affecting the usefulness or desirability of the products comprising the inventory. It is the policy of many suppliers of IT products to offer distributors like us, who purchase directly from them, limited protection from the loss in value of inventory due to technological change or a supplier's price reductions. Under many of these agreements, the distributor is restricted to a designated period of time in which products may be returned for credit or exchanged for other products or during which price protection credits may be claimed. We take various actions, including monitoring our inventory levels and controlling the timing of purchases, to maximize our protection under vendor programs and reduce our inventory risk. However, no assurance can be given that current protective terms and conditions will continue or that they will adequately protect us against declines in inventory value, or that they will not be revised in such a manner as to adversely impact our ability to obtain price protection. In addition, vendors may become insolvent and unable to fulfill their protection obligations to us. We are subject to the risk that our inventory values may decline and protective terms under vendor agreements may not adequately cover the decline in values.

Services

We offer end-to-end supply chain services to vendors, Internet-based resellers, brick-and-mortar retailers selling on-line, and large resellers. Through IM-Logistics™ we provide end-to-end order fulfillment, product procurement, contract manufacturing, warehouse services, logistics and transportation management, marketing services, customer care, credit and collection management services, and other outsourcing services.

To complement our core competencies, increase customer satisfaction, and expand these outsourcing opportunities by providing "best-in-class" solutions, we have entered into various strategic alliances in areas such as e-commerce, telemarketing, transportation, and marketing services. Some of our supply chain management customers include: ABM Systems, Amazon.com, CompUSA, Intuit, Iomega, Microsoft, and SARCOM in North America and IMS Data AB in Europe. By leveraging our core competencies to offer these services, we enable our clients to reduce their fixed investments while at the same time accessing our latest technology and world-class customer service metrics. Our agreements with these customers are generally for a number of years, although either party usually may terminate the agreement after a relatively short notice period.

We also offer regional and nationwide services through our National Service Network ("NSN") which partners with over 400 reseller members. NSN enables value-added resellers to increase their end-user customer satisfaction and loyalty by providing a fully managed nationwide technical support solution with our industry-leading expertise. This service comprises over 5,000 certified technicians in over 425 locations throughout the U.S., Canada, and Puerto Rico. Our partners work together to provide world-class IT business solutions and support to customers including:

- application services;
- consulting;
- hardware and software support;
- installation, moves, adds, and changes;

• migration services;

• Local-Area Network and Wide-Area Network services;

• network design, integration and implementation; and

• outsourcing services.

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

Although these services are an important focus of our long-term strategy, they have contributed less than 10% of our revenues in the past and may not reach that level in the near term.

Information Systems and Related Tools

Our systems are primarily mainframe-based and provide the high level of scalability and performance required to manage our large and complex business operations. IMpulse, our enterprise-wide system, is a single, standardized, real-time information system and operating environment, used across substantially all of our worldwide operations. It has been customized as necessary for use in all countries in which we operate and can handle multiple languages and currencies. We have designed IMpulse as a scalable system that can support increased transaction volume. IMpulse supports over 41,000 mainframe connections (terminals, printers, PCs, and radio frequency hand-held terminals) worldwide with an internal response time of less than one second.

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

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

In order for us to act as the agent of commerce among suppliers, resellers, and end-users, we continued to improve our web site, *www.ingrammicro.com*, during 2001. Major enhancements included enhancing our search capability, adding on-line returns processing, and offering automated on-line volume software license ordering. The web site communicates with IMpulse through the use of InsideLine, a direct communication link that furnishes resellers with real-time access to our mainframe inventory systems, and creates a strong base from which to roll out additional customer focused solutions. All of our web applications and many internal applications are built using Java to enhance their flexibility and reusability.

We are enhancing and deploying other seamless, easy-to-use electronic commerce solutions that provide resellers with the ability to do business with us and with end-users at lower cost. This includes VentureTech Network™, which specializes in solutions for small- to medium-sized businesses, and Partnership America™, which is focused on the government and education market. The VTN site, *www.venturetechnetwork.com*, enables communication between solutions integrators and small- to medium-sized business customers. This site provides information and facilitates communication with customers through tools such as electronic storefronts. The electronic storefront tools allow end-users to buy products by placing an order on-line, which, once sent to us, is fulfilled on behalf of the reseller or solutions integrator. The Partnership America site, *www.partnershipamerica.com*, brings independent buyers in the public sector together with independent resellers of technology. Partnershipamerica.com also contains price comparison tools, decision-making content, product reviews, news, events, on-line presentations, and interactive communication tools for the government/education demand chain.

We are involved in the development of industry-wide performance metrics and standards that enable close collaboration among demand chain partners. We have spearheaded this effort through our role in the formation and continuous support of RosettaNet™, an independent, self-funded, non-profit organization dedicated to promoting an industry-wide initiative to adopt common electronic business interfaces worldwide. We are working on several initiatives to encourage and increase industry adoption of RosettaNet's standard transactions for electronic business.

To complement our telesales, customer service, and technical support capabilities, IMpulse offers a number of different electronic products and services through which customers can conduct business with us. These products and services include the Customer Automated Purchasing System, Electronic Data Interchange, the Bulletin Board Service, Internet-based Electronic Catalog, and TechNotes. The Electronic Catalog provides reseller customers with access to product pricing and availability, with the capability to search by product category, name, or manufacturer. TechNotes is a comprehensive multi-manufacturer database that customers can deploy on their own web sites that contains timely and accurate product, sales, and technical information. TechNotes information is updated regularly by our vendor partners.

In 2001, we began the implementation of the Company's next-generation operations and logistics system, IM-First, which allows our North American distribution centers to process orders 24 hours a day, 7 days a week. This system leverages state-of-the-art distributed processing technology including a wireless and paperless distribution management system. IM-First was rolled out to four U.S. distribution centers in 2001 without any significant disruption to our business. In December 2001, our U.S. logistics services division, IM-Logistics, was ranked No. 35 among the InfoWorld 100, and first among IT distributors, for excellence in technology innovation for the successful deployment of IM-First.

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

We employ various security measures and backup systems designed to protect against unauthorized use or failure of our information systems. Access to our information systems is controlled through the use of passwords while we take additional security measures with respect to sensitive information. We have a contract with IBM Business Continuity & Recovery Services for disaster recovery. Additionally, we have backup power sources for emergency power. We have not experienced any material failures or downtime of IMpulse or any of our other information systems, but any systems failure or material downtime could prevent us from taking customer orders, printing product pick-lists and/or shipping product, and could also prevent our customers from accessing price and product availability information.

We believe that in order to remain competitive, it will be necessary to continuously upgrade our information systems. Our mainframe computer systems were upgraded during 2001 to allow for continued growth and to allow further and faster integration of new web-based technology with our legacy systems. We are currently exploring options to enhance the openness and flexibility of our systems, and to structure business logic so that it is modular and re-usable. We believe that this new information system architecture will also address our need for a distributed computing environment. Doing so will provide for improved and simpler connectivity to vendors and customers 24 hours a day, 7 days a week and will increase system scalability and fault tolerance.

Non-U.S. Operations and Export Sales

Operations Outside the United States. We have offices and sales representatives located in: Australia, the People's Republic of China (including Hong Kong), India, Malaysia, New Zealand, Singapore, Thailand, Canada, Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom, Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Peru, Puerto Rico, and Trinidad/ Tobago. In 2001, 2000, and 1999, 46%, 40%, and 40%, respectively, of our net sales were derived from operations outside of the United States.

Our financial transactions from operations outside the United States are primarily denominated in currencies other than the U.S. dollar. Accordingly, our operations outside the United States impose risks upon our business as a result of exchange rate fluctuations. Additionally, our financial transactions from operations outside the United States expose our business to financial risks from interest rate fluctuations in foreign markets. We mitigate most of this risk primarily through matching the currencies of our non-U.S. net sales, costs, and borrowings in foreign currencies, and utilizing derivative financial instruments such as forward exchange contracts.

Export Markets. We continue to serve markets where we do not have a stand-alone, in-country presence through our general telesales operations in Santa Ana, California and Buffalo, New York and in export offices in Miami, Florida, Singapore and The Netherlands.

Competition

We operate in a highly competitive environment, both in the United States and internationally. The IT products and services distribution industry is characterized by intense competition, based primarily on:

- price;
- product and services availability;
- speed and accuracy of delivery;
- effectiveness of sales and marketing programs;
- credit terms and availability;
- ability to tailor specific solutions to customer needs;
- quality and breadth of product lines and services; and
- availability of technical and product information.

We believe we compete favorably with respect to each of these factors.

We compete in the U.S. against full-line distributors such as Tech Data and Synnex Information Technologies, as well as specialty distributors such as Gates/ Arrow in desktop and enterprise products, Daisytek in consumables, and Avnet in industrial and enterprise products. The U.S. competitive landscape underwent major consolidation during 1999 and 2000. During this period, a number of significant players within the IT distribution industry substantially exited or merged with other players within the distribution market. Markets outside the United States, which represent over half of the IT industry's sales, are characterized by a more fragmented distribution channel; however, consolidation has taken place in these markets as well. Suppliers and resellers pursuing global strategies continue to seek distributors with global sales and support capabilities.

We compete internationally with a variety of national and regional distributors. In the European market, competitors include international distributors such as Tech Data, Actebis, and Weston/ Comstor. The European distribution landscape is highly fragmented with market share spread among many regional and local competitors. Examples include Scribona in the Nordic Region; Esprinet in Italy; OpenGate in Italy, Spain, and Portugal; Maxdata in Germany, Austria, and Switzerland; and Northamber in the United Kingdom. Niche players such as Arrow and Bell Micro are strong competitors in many European countries. In Canada, we compete with Tech Data, Synnex, Supercom, and EMJ as well as a number of smaller distributors. In Latin America, we compete with international distributors such as Tech Data, and several regional and local distributors including MPS, Bell Micro, Officer, Deltron, Novitech, Intcomex, and Mexmal. In the Asia-Pacific market, we face competition from global, regional, and local competitors including Tech Pacific, SiS Distribution, Arrow and Synnex. We also face competition in local markets such as Digital China and PCI in the People’s Republic of China, Redington in India, and Express Data in Australia.

As some manufacturer and reseller customers continue to move their back-room operations to distribution partners, outsourcing and value-added services continue to be areas of opportunity. Examples of value-added capabilities include configuration, innovative financing programs, and order fulfillment programs. Many of our vendors and reseller customers are looking to outsourcing partners to perform back-room operations. To better meet these expanding opportunities, we created IM-Logistics, a U.S. and European business unit that offers fee-based end-to-end logistics services to vendors and retailers selling on-line. There has been an accelerated movement among transportation and logistics companies to provide many of these fulfillment and e-commerce supply chain services. Within this arena, we face competition from major transportation and logistics suppliers such as United Parcel Service and Federal Express; express logistics companies such as PFSWeb and SubmitOrder.com; and electronic manufacturing services providers such as Solectron and Flextronics.

We are constantly seeking to expand our business into areas closely related to our core IT products and services distribution business. As we enter new business areas, including value-added services, we may encounter increased competition from current competitors and/or from new competitors, some of which may be our current customers. Application service providers constitute a relatively new channel for vendors to remotely deliver software applications to end-users. Telephone companies also represent competition for us when they offer bundled broadband and equipment solutions direct to end-customers.

The evolving direct-sales relationships between manufacturers, resellers, and end-users continue to introduce change into our competitive landscape. We compete, in some cases, with hardware vendors and software publishers that sell directly to reseller customers and end-users. Furthermore, direct-marketing resellers have been identified as potential competitors, since they may purchase products directly from vendors and sell those products to other reseller or end-user customers. To the extent that these companies choose to by-pass the distribution channel and attain significant revenue growth, they could potentially become competitors for our software and hardware sales.

Asset Management

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

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

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

Trademarks and Service Marks

We own or are the licensee of various trademarks and service marks, including, among others, “Ingram Micro,” “IMpulse,” the Ingram Micro logo, “Partnership America,” “VentureTech Network,” and “IM-Logistics.” Certain of these marks are registered, or are in the process of being registered, in the United States and various other countries. Even though our marks may not be registered in every country where we conduct business, in many cases we have acquired rights in those marks because of our continued use of them. Our management believes that the value of our marks is increasing with the development of our business, but our business as a whole is not materially dependent on these marks.

Employees

As previously announced, we have implemented restructuring programs which have resulted in a decline in the number of employed associates from approximately 16,500 associates as of December 30, 2000, to approximately 14,500 associates as of December 29, 2001. Our success depends on the skill and dedication of our associates. We strive to attract, develop, and retain outstanding personnel. Certain of our operations in Europe and Asia-Pacific are subject to collective bargaining or similar arrangements. We have a process for continuously measuring the status of associate relations and responding to associate priorities. We believe that our relationships with our employees are generally good.

EXECUTIVE OFFICERS OF THE COMPANY

The following table lists the executive officers of Ingram Micro as of March 1, 2002.

Name	Age	Position
Kent B. Foster	58	Chairman of the Board and Chief Executive Officer
Michael J. Grainger	49	President and Chief Operating Officer
Guy P. Abramo	40	Executive Vice President and Chief Strategy and Information Officer
Henri T. Koppen	59	Executive Vice President and President, Ingram Micro Asia-Pacific
Thomas A. Madden	48	Executive Vice President and Chief Financial Officer
Kevin M. Murai	38	Executive Vice President and President, Ingram Micro North America
Gregory M.E. Spierkel	45	Executive Vice President and President, Ingram Micro Europe
James E. Anderson, Jr.	54	Senior Vice President, Secretary and General Counsel
Asger Falstrup	52	Senior Vice President and President, Ingram Micro Latin America
David M. Finley	61	Senior Vice President, Human Resources
James F. Ricketts	55	Corporate Vice President and Treasurer

Kent B. Foster. Mr. Foster, age 58, was elected chairman of the board in May 2000 and is also our chief executive officer. Mr. Foster joined us as chief executive officer and president and a director in March 2000 after a 29-year career at GTE Corporation, a leading telecommunications company with one of the industry's broadest arrays of products and services. From 1995 through 1999, Mr. Foster served as president, GTE Corporation and was a member of GTE's board of directors from 1992 to 1999, serving as vice chairman of the board of GTE from 1993 to 1999. In addition, he currently serves on the board of directors of Campbell Soup Company, Inc., J.C. Penney Company, Inc., and New York Life Insurance Company.

Michael J. Grainger. Mr. Grainger, age 49, has been our president and chief operating officer since January 2001 and served as our chief financial officer from May 1996 through July 2001. He also served as executive vice president from October 1996 to January 2001. He was vice president and controller of Ingram Industries Inc., our former parent corporation, from July 1990 to October 1996.

Guy P. Abramo. Mr. Abramo, age 40, is our executive vice president and chief strategy and information officer. He has held these positions since September 2000. He previously served as senior vice president and chief information officer from November 1999 to September 2000, and senior vice president of marketing from September 1998 to November 1999. Prior to working for Ingram Micro, Mr. Abramo was a partner at Yankelovich Partners, a marketing professional services company, from May 1998 to October 1998 and managing director of marketing intelligence at KPMG Peat Marwick LLP, an accounting and professional services company, from February 1995 to May 1998.

Henri T. Koppen. Mr. Koppen, age 59, has been executive vice president and president of Ingram Micro Asia-Pacific since February 2002, and served as senior vice president and president of Ingram Micro Asia-Pacific, from March 2000 through January 2002. He previously served as senior vice president and president of Ingram Micro Latin America from January 1998 to March 2000. Prior to working for Ingram Micro, Mr. Koppen served as president, Latin America, for General Electric Capital IT Solutions, a systems integrator/reseller company from July 1996 to December 1997 and vice president, Latin America, for Ameridata Global Inc., a systems integrator/reseller company, from May 1995 to July 1996.

Thomas A. Madden. Mr. Madden, age 48, became our executive vice president and chief financial officer in July 2001. Mr. Madden joined us from Arvin Meritor, Inc., a global supplier of systems, modules and components for the automotive industry, where he served as senior vice president and chief financial officer from May 1997 to July 2001. From 1981 to 1997, Mr. Madden held various management positions with Rockwell International, including vice president of corporate development, from 1996 to 1997, vice president of finance, from 1994 to 1996, and assistant corporate controller, from 1987 to 1994.

Kevin M. Murai. Mr. Murai, age 38, became our executive vice president and president of Ingram Micro North America in January 2002. He previously served as executive vice president and president of Ingram Micro U.S. from January 2000 to December 2001, as senior vice president and president of Ingram Micro Canada from December 1997 to January 2000, and vice president of operations for Ingram Micro Canada from January 1993 to December 1997.

Gregory M.E. Spierkel. Mr. Spierkel, age 45, is executive vice president and president of Ingram Micro Europe. He has held these positions since June 1999. He previously served as senior vice president and president of Ingram Micro Asia-Pacific from July 1997 to June 1999. Prior to working for Ingram Micro, Mr. Spierkel was vice president of global sales and marketing at Mitel Inc., a manufacturer of telecommunications and semiconductor products, from March 1996 to June 1997 and was president of North America at Mitel from April 1992 to March 1996.

James E. Anderson, Jr. Mr. Anderson, age 54, is our senior vice president, secretary and general counsel. He has held these positions since January 1996. He previously served as vice president, secretary and general counsel of Ingram Industries Inc., our former parent corporation, from September 1991 to November 1996.

Asger Falstrup. Mr. Falstrup, age 52, has been our senior vice president and president, Ingram Micro Latin America since November 2001. He previously served as senior vice president and president, Ingram

Micro Canada from January 2000 to December 2001, as vice president, Ingram Micro Northern Europe, from November 1996 to January 2000 and managing director, Denmark, from August 1994 to November 1996.

David M. Finley. Mr. Finley, age 61, is our senior vice president of human resources. He has held this position since July 1996. He previously served as senior vice president of human resources for Budget Rent a Car, a car rental company, from May 1995 to July 1996.

James F. Ricketts. Mr. Ricketts, age 55, is our corporate vice president and treasurer. He has held this position since April 1999. He previously served as vice president and treasurer from September 1996 to April 1999. Prior to his employment with Ingram Micro, Mr. Ricketts served as treasurer of Sundstrand Corporation, a manufacturer of aerospace and related technology, from February 1992 to September 1996.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

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

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

(2) A significant portion of the Company’s selling, general and administrative (“SG&A”) expense is comprised of personnel, facilities, and costs of invested capital; a decrease in demand at a faster rate than our ability to reduce such costs may hurt the Company’s profitability.

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

(4) If the current downturn in economic conditions continues for an extended period of time or worsens, it will likely have an adverse impact on the Company’s business.

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

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

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

(8) Changes in the Company’s processes and organizational structure, resulting from the Company’s current cost reduction efforts, involve various risks and difficulties.

(9) Integration of the Company's acquired businesses and similar transactions involve various risks and difficulties. The Company's operations may be adversely impacted by an acquisition that (i) is not suited for the Company, (ii) is improperly executed, or (iii) substantially increases the Company's debt.

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

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

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

(13) The failure of the Company to adequately adapt to industry changes and to manage potential growth and/or contractions may adversely impact the Company's results of operations.

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

(15) Future periodic assessments required under new accounting standard relating to goodwill and other intangible assets may result in additional non-cash charges.

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

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

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

Item 2. *Properties*

Our worldwide executive headquarters, as well as our West Coast sales and support offices, are located in a two-building office complex in Santa Ana, California. We also maintain an East Coast operations center in Williamsville (Buffalo), New York.

As of December 29, 2001, we operated five distribution centers in the United States that support sales to this region. We also operated 42 distribution centers that support sales to regions outside of the U.S. in: Argentina, Australia, Brazil, Canada, Chile, the People's Republic of China (including Hong Kong), India, Malaysia, Mexico, New Zealand, Singapore, Switzerland, Thailand, and most countries of the European Union.

As of December 29, 2001, we operated two integration centers located in Memphis, Tennessee and Rosmalen, The Netherlands. As of the same date, we operated two return centers, located in Harrisburg, Pennsylvania, and Toronto, Canada.

As of December 29, 2001, all of our facilities were leased, with the exception of the combination office and distribution facility in Buenos Aires, Argentina; the combination office and distribution facility in Santiago, Chile; the combination office and distribution facility in Singapore; and the combination office and distribution facilities in Straubing, Germany. These leases have varying terms. We do not anticipate any material difficulty in renewing any of our leases as they expire or securing replacement facilities, in each case on commercially reasonable terms. In addition, we own two undeveloped properties in Santa Ana, California totaling approximately 16 acres, and have purchase options on approximately 60 acres in Millington, Tennessee.

As previously announced, we have begun a restructuring program, as a result of which we expect to close several of our facilities, consolidating operations in other existing facilities.

Item 3. ***Legal Proceedings***

On July 14, 2000, we instituted an involuntary bankruptcy petition in Federal court against The BigStore.com, a customer that had defaulted on over $3.2 million of debt which it owed to us. In August 2000, we filed a complaint in California state court against The BigStore for breach of contract and nonpayment, and also against two individuals to collect on their individual guarantees of The BigStore's debt to us. The BigStore subsequently consented to the conversion of the involuntary bankruptcy to a Chapter 11 proceeding and filed a cross-complaint against us in the state court action. The cross-complaint alleges claims for breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, interference with contract, interference with prospective business advantage, unfair business practices, unfair competition, and misappropriation of trade secrets, and generally alleges that we had deliberately and wrongfully driven The BigStore out of business in order to benefit other customers who competed with The BigStore. The cross-complaint prays for $50 million in compensatory damages in addition to punitive damages. The individual guarantors have also filed their own cross-complaints against us asking for unspecified damages and for rescission or cancellation of their guarantees of The BigStore's debt. The BigStore's cross-complaint has since been removed to Federal bankruptcy court. We have filed answers to the various cross-complaints denying any liability. The BigStore has recently sought leave to file an amended cross-complaint adding additional parties, including certain companies controlled by members of the Ingram family, and additional claims, including alleged violations of federal and state anti-trust laws. A trial date for the state case has been set for November, 2002. No trial date has been set for the federal case.

As a result of an internal review by us of export shipments made from our United States distribution facilities during the period prior to 1998, we have determined that certain of these shipments and related documentation were not in compliance with U.S. export regulations. We have notified the appropriate federal government agencies pursuant to applicable voluntary self-disclosure procedures. The reported shipments consisted of modems and other telecommunications products and shrink-wrapped, commercial software readily available through normal retail outlets that contained encryption features then controlled under export regulations. These shipments had a total value of approximately $673,240. Violations of export laws and regulations are subject to both civil and criminal penalties, including in appropriate circumstances suspension or loss of export privileges. Since our self-disclosure, a representative of the Department of Commerce has requested additional documents relating to our self-disclosure, which we provided in January 1999. The Department of Commerce has not communicated with us since then. We do not know what position the Department of Commerce will take upon further review of our self-disclosure. We are not able to estimate at this time the amount or nature of penalties, if any, that might be sought against us as a result of the reported violations; however, penalties to which we potentially may be subject could be material.

Item 4. ***Submission of Matters to a Vote of Security Holders***

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

PART II

Item 5. ***Market for Registrant's Common Equity and Related Stockholder Matters***

As of March 14, 2002, there were 675 holders of record of the Class A common stock. The Company believes that there are approximately 26,000 beneficial holders of the Class A common stock.

Information as to the Company's quarterly stock prices is included on the inside back cover of the Company's 2001 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated in this Annual Report on Form 10-K.

Information as to the principal market on which the Class A common stock is traded is included on the inside back cover of the Company's 2001 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated by reference in this Annual Report on Form 10-K.

Dividend Policy. The Company has not declared nor paid any dividends on its common stock in the preceding two fiscal years. The Company currently intends to retain its future earnings to finance the growth and development of its business and, therefore, does not anticipate declaring or paying cash dividends on its common stock for the foreseeable future. Any future decision to declare or pay dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deems relevant. In addition, certain of the Company's debt facilities contain restrictions on the declaration and payment of dividends.

Item 6. *Selected Financial Data*

The selected financial information of Ingram Micro for the five year period ended December 29, 2001 is included on page 18 of the Company's 2001 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated in this Annual Report on Form 10-K. It should be read in conjunction with the consolidated financial statements included on pages 31 through 51 of the Company's 2001 Annual Report to Shareowners, which are also included as part of Exhibit 13.01 and incorporated in this Annual Report on Form 10-K and the financial statement schedule below in Item 14 of this Annual Report on Form 10-K.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Management's Discussion and Analysis of Financial Condition and Results of Operations is included on pages 19 through 30 of the Company's 2001 Annual Report to Shareowners, which are also included as part of Exhibit 13.01 and are incorporated in this Annual Report on Form 10-K.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

The required disclosure is included on pages 29 through 30 of the Company's 2001 Annual Report to Shareowners, which is also included as part of Exhibit 13.01 and incorporated in this Annual Report on Form 10-K.

Item 8. *Financial Statements and Supplementary Data*

The Company's consolidated financial statements are included on pages 31 through 51 of the Company's 2001 Annual Report to Shareowners, which are also included as part of Exhibit 13.01 and incorporated in this Annual Report on Form 10-K. Reference is made to the Index to the Financial Statements in Item 14 below.

A financial statement schedule for the Company, and report thereon, are included on pages 23 and 24, respectively, of this Annual Report on Form 10-K. Reference is made to the Index to Financial Statements in Item 14 below.

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

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

PART III

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

The Notice and Proxy Statement for the 2002 Annual Meeting of Shareowners, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, which is incorporated by reference in this Annual Report on Form 10-K pursuant to General Instruction G(3) of Form 10-K, will provide the remaining information required under Part III (Items 10, 11, 12, and 13).

PART IV

Item 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) 1. *Financial Statements:*

The consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 14, 2002, all appearing on pages 31 through 52 in the 2001 Annual Report to Shareowners, are incorporated in this Annual Report on Form 10-K.

With the exception of the aforementioned information and the information incorporated in Items 5, 6, 7, 7A and 8, the 2001 Annual Report to Shareowners is not deemed filed as part of this Annual Report on Form 10-K.

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Consolidated Balance Sheet at December 29, 2001 and December 30, 2000	31
Consolidated Statement of Income for the years ended December 29, 2001, December 30, 2000 and January 1, 2000	32
Consolidated Statement of Stockholders' Equity for the years ended December 29, 2001, December 30, 2000 and January 1, 2000	33
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Pages 18 through 53 and the inside back cover page of the 2001 Annual Report to Shareowners of Ingram Micro Inc. include the Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, the Consolidated Financial Statements and related notes thereto, the Independent Accountants' Report, Shareholder Information and Quarterly Stock Prices. These pages are filed with the Securities and Exchange Commission as Exhibit 13.01 to this Annual Report on Form 10-K.

2. *Financial Statement Schedules:*

Schedule II — Valuation and Qualifying Accounts

3. *List of Exhibits:*

Exhibit No.	Exhibit
3.01	Form of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.01 to the Company's Registration Statement on Form S-1 (File No. 333-08453) (the "IPO S-1"))
3.02	Certificate of Amendment of the Certificate of Incorporation of the Company dated as of June 5, 2001 (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-4 (File No. 333-69816) (the "2001 S-4"))
3.03	Amended and Restated Bylaws of the Registrant dated as of March 12, 2002
4.01	Indenture between the Company as Issuer and Bank One Trust Corp., N.A. as Trustee, dated as of August 16, 2001, relating to 9 7/8% Senior Subordinated Notes due 2008 (incorporated by reference to Exhibit 4.1 to the 2001 S-4)
10.01	Reserved
10.02	Reserved
10.03	Reserved
10.04	Ingram Micro Inc. Rollover Stock Option Plan (incorporated by reference to Exhibit 10.07 to the IPO S-1)

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10.06	Ingram Micro Inc. 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.09 to the IPO S-1)
10.07	Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to the IPO S-1)
10.08	Amendment No. 1 to the Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.06 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1998)
10.09	Amended and Restated Reorganization Agreement dated as of October 17, 1996 among the Company, Ingram Industries Inc., and Ingram Entertainment Inc. (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (File No. 333-16667) (the "Thrift Plan S-1"))
10.10	Registration Rights Agreement dated as of November 6, 1996 among the Company and the persons listed on the signature pages thereof (incorporated by reference to Exhibit 10.14 to the Thrift Plan S-1)
10.11	Reserved
10.12	Board Representation Agreement dated as of November 6, 1996 (incorporated by reference to Exhibit 10.15 to the Thrift Plan S-1)
10.13	Amendment No. 1 to the Board Representation Agreement dated as of June 1, 2001 (incorporated by reference to Exhibit 3.4 to the 2001 S-4)
10.14	Amendment No. 2 to the Board Representation Agreement dated as of March 12, 2002
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10.16	Tax Sharing and Tax Services Agreement dated as of November 6, 1996 among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.17 to The Thrift Plan S-1)
10.17	Employee Benefits Transfer and Assumption Agreement dated as of November 6, 1996 among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.19 to the Thrift Plan S-1)
10.18	Amended and Restated Exchange Agreement dated as of November 6, 1996 among the Company, Ingram Industries, Ingram Entertainment and the other parties thereto (incorporated by reference to Exhibit 10.21 to the Thrift Plan S-1)
10.19	Ingram Micro Supplemental Investment Savings Plan (incorporated by reference to Exhibit 10.45 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 1999)
10.20	Ingram Micro Inc. 1998 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to the 1998 10-K)
10.21	Registration Agreement dated as of December 3, 1999 between the Company and Softbank Corp. (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 (File No. 333-93783) (the "1999 S-3"))
10.22	Warrant Agreement dated as of December 3, 1999 between the Company and Softbank Corp. (incorporated by reference to Exhibit 4.02 to the 1999 S-3)
10.23	Executive Retention Agreement with Michael J. Grainger, dated January 31, 2000 (incorporated by reference to Exhibit 10.48 to the 1999 10-K)
10.24	Executive Retention Agreement with Kevin M. Murai, dated January 31, 2000 (incorporated by reference to Exhibit 10.49 to the 1999 10-K)
10.25	Executive Retention Agreement with Gregory M.E. Spierkel, dated January 31, 2000 (incorporated by reference to Exhibit 10.50 to the 1999 10-K)

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10.30	Employment Agreement with Kent B. Foster, dated March 6, 2000 (incorporated by reference to Exhibit 10.55 to the 1999 10-K)
10.31	Amended and Restated Pooling Agreement dated as of March 8, 2000 among Ingram Funding Inc. (“Funding”), the Company and The Chase Manhattan Bank (“Chase”), as trustee (the “Amended Pooling Agreement”) (incorporated by reference to Exhibit 10.56 to the 1999 10-K)
10.32	Amended and Restated Receivables Sale Agreement dated as of March 8, 2000 between Funding, as Purchaser, and the Company, as Seller and Servicer (incorporated by reference to Exhibit 10.57 to the 1999 10-K)
10.33	Amended and Restated Servicing Agreement dated as of March 8, 2000 among Funding, the Company, as Master Servicer and Servicer, and Chase, as trustee (incorporated by reference to Exhibit 10.58 to the 1999 10-K)
10.34	Series 2000-1 Supplement to the Amended Pooling Agreement dated as of March 8, 2000 among Funding, the Company and Chase (incorporated by reference to Exhibit 10.59 to the 1999 10-K)
10.35	Series 1994-3 Supplement to the Amended Pooling Agreement dated as of March 8, 2000 among Funding, the Company and Chase (incorporated by reference to Exhibit 10.61 to the 1999 10-K)
10.36	Agreement dated March 8, 2000 among the Company, Ingram Funding Inc. and General Electric Capital Corporation (incorporated by reference to Exhibit 10.63 to the 1999 10-K)
10.37	Executive Retention Plan (incorporated by reference to Exhibit 10.01 to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (the “Q2 2001 10-Q”))
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23.02	Consent of Independent Accountants regarding Registration Statements on Form S-3
99.01	Cautionary Statements for Purposes of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995

(b) *Reports on Form 8-K*

The Company filed a Current Report on Form 8-K on October 30, 2001 in connection with the issuance of its press release announcing financial results for the third quarter and nine months ended September 29, 2001.

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INGRAM MICRO INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions	Other(*)	Balance at End of Year
			(In thousands)		
Allowance for doubtful accounts receivable and sales returns:					
2001	$ 96,994	$58,960	$(75,090)	$ (937)	$ 79,927
2000	100,754	71,846	(74,227)	(1,379)	96,994
1999	55,904	75,835	(42,788)	11,803	100,754

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

REPORT OF INDEPENDENT ACCOUNTANTS ON

FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of Ingram Micro Inc.

Our audits of the consolidated financial statements referred to in our report dated February 14, 2002, appearing in the 2001 Annual Report to Shareowners of Ingram Micro Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Los Angeles, California
February 14, 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INGRAM MICRO INC.

By: /s/JAMES E. ANDERSON, JR.

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

March 29, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ KENT B. FOSTER Kent B. Foster	Chairman and Chief Executive Officer (Principal Executive Officer)	March 29, 2002
/s/ MICHAEL J. GRAINGER Michael J. Grainger	President and Chief Operating Officer	March 29, 2002
/s/ THOMAS A. MADDEN Thomas A. Madden	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 29, 2002
/s/ JOHN R. INGRAM John R. Ingram	Director	March 29, 2002
/s/ MARTHA R. INGRAM Martha R. Ingram	Director	March 29, 2002
/s/ ORRIN H. INGRAM II Orrin H. Ingram II	Director	March 29, 2002
/s/ DALE R. LAURANCE Dale R. Laurance	Director	March 29, 2002
/s/ GERHARD SCHULMEYER Gerhard Schulmeyer	Director	March 29, 2002
/s/ MICHAEL T. SMITH Michael T. Smith	Director	March 29, 2002
/s/ JOE B. WYATT Joe B. Wyatt	Director	March 29, 2002

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EXHIBIT 3.03

AMENDED AND RESTATED

BYLAWS OF

INGRAM MICRO INC.

(AS OF MARCH 12, 2002)

* * * * *

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 Committee, (ii) a Nominating Committee, (iii) a Compensation 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 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 with the approval of a majority of the members of the Executive Committee; provided, however, that the Executive 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.

(c) The Nominating Committee shall consist of three directors, one of whom shall be a Family Director and one of whom shall be a Management 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 Nominating Committee, and the Nominating Committee shall name 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. Subject to the provisions of this Section 9(c), the Nominating Committee shall be appointed by the Board of Directors. The Nominating Committee shall fulfill such other roles, with respect to the filling of vacancies and otherwise, as are set forth in these Bylaws.

(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 in effect from time to time.

(e) The Audit Committee shall consist of at least three directors, at least a majority 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 in effect 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 Nominating Committee and approved by a majority of the entire Board of Directors then in office. If such vacancy on the Board of Directors also creates a vacancy on any committee thereof, the Nominating Committee shall appoint such replacement director elected in accordance with Sections 9 and 13 of this Article III to fill the committee position or positions held by his or her predecessor. 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 members of the Nominating Committee, and the vacancies 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, a president, 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, TERM OF OFFICE AND REMUNERATION. 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. The remuneration of all officers of the Corporation shall be fixed by the Board of Directors. 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.

EXHIBIT 10.14

AMENDMENT NO. 2 TO BOARD REPRESENTATION AGREEMENT

This AMENDMENT NO. 2 TO BOARD REPRESENTATION AGREEMENT ("Amendment") dated as of March 12, 2002, is by and among Ingram Micro Inc., a Delaware corporation ("Micro"), and each Person listed on the signature pages hereof. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Board Representation Agreement dated as of November 6, 1996, as amended on June 1, 2001 (the "Board Representation Agreement").

WHEREAS, Micro and each Person listed on the signature pages hereof entered into the Board Representation Agreement or now wishes to agree to be bound by the terms of the Board Representation Agreement as contemplated by Section 3.6 thereof; and

WHEREAS, the parties hereto desire to amend the Board Representation Agreement.

Accordingly, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt, sufficiency and mutuality of which are hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

1. Agreement to Be Bound. Each entity marked with an asterisk ("*") on the signature pages hereof, in consideration of the transfer of Micro Common Shares to such entity and as provided in the Board Representation Agreement, hereby confirms and agrees to be bound by all of the provisions of the Board Representation Agreement applicable to the transferor of such Micro Common Shares and shall be deemed "Family Stockholders" under Section 1.1(a) thereof, subject to the amendments herein.

2. Amendment. The Board Representation Agreement shall be amended as follows:

(a) The definition of "Approving Family Stockholders" in Section 1.1(a) shall be amended so as to delete "David B. Ingram," "Robin B. Ingram Patton," "the Trust for David B. Ingram, under Agreement with Hortense B. Ingram dated December 22, 1975," "The David B. Ingram Irrevocable Trust dated July 9, 1992," "the Trust for the Benefit of David B. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982," "the David and Sarah Ingram Family 1996 Generation Skipping Trust," "the Trust for Robin Bigelow Ingram, under Agreement with E. Bronson Ingram dated October 27, 1967," the "Trust for Robin Bigelow Ingram, under Agreement with Hortense B. Ingram dated December 22, 1975," "the Robin Ingram Patton Irrevocable Trust, dated July 9, 1992," and "Trust for the Benefit of Robin B. Ingram established by Martha R. Rivers under Agreement of Trust originally date [sic] April 30, 1982" from the definition of "Approving Family Stockholders."

The definition of "Approving Family Stockholders" shall further be amended to exclude the following Permitted Transferees who may have become parties to the Board Representation Agreement by virtue of holding Micro Common Shares received from a Family Stockholder: Ingram Charitable Fund, Inc., Wilson Rivers Patton/Minors Trust Established By Richard C. Patton Under Agreement of Trust dated December 27, 1994, Reid Ingram Patton/Minors Trust Established By Robin Ingram Patton Under Agreement of Trust dated December 19, 1997, Crawford Bronson Patton/Minors Trust Established by Robin Ingram Patton Under Agreement of Trust dated December 19, 1997, The David Bronson Ingram Annuity Trust 2000, The David Bronson Ingram Annuity Trust 2001, and The David Bronson Ingram Annuity Trust No. 2-2001.

(b) The definition of "Family Stockholders" in Section 1.1(a) of the Board Representation Agreement is amended to read in its entirety as follows:

"Family Stockholders" means the Persons listed on the signature pages hereof (other than Micro) and all Permitted Transferees of each such Person, except that David B. Ingram, Robin B. Ingram Patton, Ingram Charitable Fund, Inc., Wilson Rivers Patton/Minors Trust Established By Richard C. Patton Under Agreement of Trust dated December 27, 1994, Reid Ingram Patton/Minors Trust Established By Robin Ingram Patton Under Agreement of Trust dated December 19, 1997, Crawford Bronson Patton/Minors Trust Established by Robin Ingram Patton Under Agreement of Trust dated December 19, 1997, The David Bronson Ingram Annuity Trust 2000, The David Bronson Ingram Annuity Trust 2001, The David Bronson Ingram Annuity Trust No. 2-2001, the Trust for David B. Ingram, under Agreement with E. Bronson Ingram dated October 27, 1967, the Trust for David B. Ingram, under Agreement with E. Bronson Ingram dated June 14, 1968, the Trust for David B. Ingram, under Agreement with Hortense B. Ingram dated December 22, 1975, The David B. Ingram Irrevocable Trust dated July 9, 1992, the Trust for the Benefit of David B. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982, the David and Sarah Ingram Family 1996 Generation Skipping Trust, the Trust for Robin Bigelow Ingram, under Agreement with E. Bronson Ingram dated October 27, 1967, the Trust for Robin Bigelow Ingram, under Agreement with E. Bronson Ingram dated June 14, 1968, the Trust for Robin Bigelow Ingram, Under Agreement with Hortense B. Ingram dated December 22, 1975, the Robin Ingram Patton Irrevocable Trust, dated July 9, 1992, and Trust for the Benefit of Robin B. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982 shall be deemed removed as signatories to the Board Representation Agreement, such that none of them shall be deemed a "Family Stockholder."

(c) The definition of "Permitted Transferee" in Section 1.1(a) of the Board Representation Agreement is amended to read in its entirety as follows:

"Permitted Transferee" means, with respect to any Family Stockholder, 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 an Approving Family Stockholder or a Family Stockholder pursuant to any amendment to this Agreement shall not be or become a Permitted Transferee by virtue of the transfer of Micro Common Shares to such individual or entity by parties that continue to be subject to the Agreement; further provided, that nothing in this Agreement shall prevent or restrict the transfer of Micro Common Shares to any individual or entity that has been removed as an Approving Family Stockholder or a Family Stockholder pursuant to any Amendment of this Agreement. 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 transfers to a Permitted Transferee.

(d) Exhibit A to the Board Representation Agreement shall be deleted in its entirety and replaced with Exhibit A attached to this Amendment.

3. Intent of the Parties. The purpose and intent of this Amendment is that no provision of the Board Representation Agreement shall be deemed to apply to David B. Ingram, Robin B. Ingram Patton, Ingram Charitable Fund, Inc., Wilson Rivers Patton/Minors Trust Established By Richard C. Patton Under Agreement of Trust dated December 27, 1994, Reid Ingram Patton/Minors Trust Established By Robin Ingram Patton Under Agreement of Trust dated December 19, 1997, Crawford Bronson Patton/Minors Trust Established by Robin Ingram Patton Under Agreement of Trust dated December 19, 1997, The David Bronson Ingram Annuity Trust 2000, The David Bronson Ingram Annuity Trust 2001, The David Bronson Ingram Annuity Trust No. 2-2001, the Trust for David B. Ingram, under Agreement with E. Bronson Ingram dated October 27, 1967, the Trust for David B. Ingram, under Agreement with E. Bronson Ingram dated June 14, 1968, the Trust for David B. Ingram, under Agreement with Hortense B. Ingram dated December 22, 1975, The David B. Ingram Irrevocable Trust dated July 9, 1992, the Trust for the Benefit of David B. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982, the David and Sarah Ingram Family 1996 Generation Skipping Trust, the Trust for Robin Bigelow Ingram, under Agreement with E. Bronson Ingram dated October 27, 1967, the Trust for Robin Bigelow Ingram, under Agreement with E. Bronson Ingram dated June 14, 1968, the Trust for Robin Bigelow Ingram, Under Agreement with Hortense B. Ingram dated December 22, 1975, the Robin Ingram Patton Irrevocable Trust, dated July 9, 1992, or Trust for the Benefit of Robin B. Ingram established by Martha R. Rivers under Agreement of Trust originally dated April 30, 1982 (collectively, the "Former Family Stockholders") from and after the date of this

Amendment and that they will not be or become parties to the Board Representation Agreement for any purpose. In furtherance of such intent, each of David B. Ingram, Robin B. Ingram Patton and said trusts hereby irrevocably waives any voting or approval right that they have under the Board Representation Agreement and/or the related section(s) of the bylaws of Micro, and the parties to the Board Representation Agreement, other than the Former Family Stockholders, waive any and all rights pursuant to the terms of the Board Representation Agreement each of them may have against the Former Family Stockholders.

4. Parties No Longer in Existence. The parties hereto acknowledge that they have been informed that the Trust For Orrin Henry Ingram, II, Under Agreement With E. Bronson Ingram Dated October 27, 1967, the Trust For Orrin Henry Ingram, II, Under Agreement With E. Bronson Ingram dated June 14, 1968, Trust For John Rivers Ingram, Under Agreement With E. Bronson Ingram Dated October 27, 1967, and the Trust For John Rivers Ingram, Under Agreement With E. Bronson Ingram dated June 14, 1968 have terminated pursuant to their terms since the date of the Board Representation Agreement. As such, the Trust For Orrin Henry Ingram, II, Under Agreement With E. Bronson Ingram Dated October 27, 1967, the Trust For Orrin Henry Ingram, II, Under Agreement With E. Bronson Ingram dated June 14, 1968, Trust For John Rivers Ingram, Under Agreement With E. Bronson Ingram Dated October 27, 1967, and the Trust For John Rivers Ingram, Under Agreement With E. Bronson Ingram dated June 14, 1968 shall be removed for all purposes as parties to the Board Representation Agreement.

5. Board Representation Agreement in Full Force and Effect. Except as hereby specifically amended, the parties do hereby ratify and confirm the terms, covenants, provisions and conditions of the Board Representation Agreement which shall continue in full force and effect.

6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute an entire agreement.

7. Entire Agreement. The Board Representation Agreement, as amended by this Amendment, constitutes the entire agreement of the parties hereto relating to the subject hereof and supersedes all prior agreements, negotiations, representations and covenants of the parties, all of which are deemed merged herein.

8. Binding Effect. This Amendment shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

9. Choice of Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law rules of such state.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

INGRAM MICRO INC.

By: /s/ JAMES E. ANDERSON, JR.

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

/s/ MARTHA R. INGRAM

Martha R. Ingram

/s/ ORRIN H. INGRAM, II

Orrin H. Ingram, II

/s/ JOHN R. INGRAM

John R. Ingram

/s/ DAVID B. INGRAM

David B. Ingram

/s/ ROBIN B. INGRAM PATTON

Robin B. Ingram Patton

QTIP MARITAL TRUST CREATED UNDER
THE E. BRONSON INGRAM REVOCABLE
TRUST AGREEMENT DATED
JANUARY 4, 1995

By: MARTHA R. INGRAM, ORRIN H.
INGRAM, II, AND JOHN R. INGRAM, AS
CO-TRUSTEES

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Co-Trustee

By: /s/ ORRIN H. INGRAM, II

Name: Orrin H. Ingram, II
Title: Co-Trustee

By: /s/ JOHN R. INGRAM

Name: John R. Ingram
Title: Co-Trustee

E. BRONSON INGRAM 1995 CHARITABLE
REMAINDER 5% UNITRUST

By: MARTHA R. INGRAM, AS TRUSTEE

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Trustee

MARTHA AND BRONSON INGRAM
FOUNDATION

By: MARTHA R. INGRAM, ORRIN H. INGRAM AND
JOHN R. INGRAM, AS CO- TRUSTEES

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Co-Trustee

By: /s/ ORRIN H. INGRAM

Name: Orrin H. Ingram
Title: Co-Trustee

By: /s/ JOHN R. INGRAM

Name: John R. Ingram
Title: Co-Trustee

E. BRONSON INGRAM 1994 CHARITABLE
LEAD ANNUITY TRUST

By: ORRIN H. INGRAM AND JOHN R.
INGRAM, AS CO-TRUSTEES

By: /s/ ORRIN H. INGRAM

Name: Orrin H. Ingram
Title: Co-Trustee

By: /s/ JOHN R. INGRAM

Name: John R. Ingram
Title: Co-Trustee

INGRAM CHARITABLE FUND, INC.*

By: MARTHA R. INGRAM, PRESIDENT

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: President

TRUST FOR ORRIN HENRY INGRAM, II,
UNDER AGREEMENT WITH HORTENSE B.
INGRAM DATED DECEMBER 22, 1975

By: SUNTRUST BANK, ATLANTA,
TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

THE ORRIN H. INGRAM IRREVOCABLE
TRUST DATED JULY 9, 1992

By: SUNTRUST BANK, ATLANTA, AND WILLIAM
S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

TRUST FOR THE BENEFIT OF ORRIN H. INGRAM
ESTABLISHED BY MARTHA R. RIVERS UNDER
AGREEMENT OF TRUST ORIGINALLY
DATED APRIL 30, 1982, AS AMENDED

By: SUNTRUST BANK, ATLANTA, AND WILLIAM
S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

ORRIN AND SARA INGRAM FAMILY 1997
GENERATION SKIPPING TRUST *

By: WILLIAM S. JONES, AS TRUSTEE

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Trustee

TRUST FOR JOHN RIVERS INGRAM, UNDER
AGREEMENT WITH HORTENSE B. INGRAM
DATED DECEMBER 22, 1975

By: SUNTRUST BANK, ATLANTA, AS
TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

THE JOHN R. INGRAM IRREVOCABLE TRUST
DATED JULY 9, 1992

By: SUNTRUST BANK, ATLANTA, AND WILLIAM
S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

TRUST FOR THE BENEFIT OF JOHN R. INGRAM
ESTABLISHED BY MARTHA R. RIVERS, UNDER
AGREEMENT OF TRUST ORIGINALLY
DATED APRIL 30, 1982, AS AMENDED

By: SUNTRUST BANK, ATLANTA, AND WILLIAM
S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

THE JOHN AND STEPHANIE INGRAM FAMILY
1996 GENERATION SKIPPING TRUST

By: WILLIAM S. JONES, AS TRUSTEE

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Trustee

THE JOHN RIVERS INGRAM
ANNUITY TRUST 2000 *

By: JOHN R. INGRAM, AS TRUSTEE

By: /s/ JOHN R. INGRAM

Name: John R. Ingram
Title: Trustee

THE JOHN RIVERS INGRAM
ANNUITY TRUST 2001 *

By: JOHN R. INGRAM, AS TRUSTEE

By: /s/ JOHN R. INGRAM

Name: John R. Ingram
Title: Trustee

TRUST FOR DAVID B. INGRAM, UNDER
AGREEMENT WITH E. BRONSON INGRAM
DATED OCTOBER 27, 1967

By: SUNTRUST BANK, ATLANTA, AND
MARTHA R. INGRAM, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Co-Trustee

TRUST FOR DAVID B. INGRAM, UNDER
AGREEMENT WITH E. BRONSON INGRAM
DATED JUNE 14, 1968

By: SUNTRUST BANK, ATLANTA, AND
MARTHA R. INGRAM, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Co-Trustee

TRUST FOR DAVID B. INGRAM, UNDER AGREEMENT WITH HORTENSE B. INGRAM DATED DECEMBER 22, 1975

By: SUNTRUST BANK, ATLANTA, TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

THE DAVID B. INGRAM IRREVOCABLE TRUST DATED JULY 9, 1992

By: SUNTRUST BANK, ATLANTA, AND WILLIAM S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

TRUST FOR THE BENEFIT OF DAVID B. INGRAM ESTABLISHED BY MARTHA R. RIVERS, UNDER AGREEMENT OF TRUST ORIGINALLY DATED APRIL 30, 1982, AS AMENDED

By: SUNTRUST BANK, ATLANTA, AND WILLIAM S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

DAVID AND SARAH INGRAM FAMILY 1996
GENERATION SKIPPING TRUST

By: JOHN FLETCHER, AS TRUSTEE

By: /s/ JOHN FLETCHER

Name: John Fletcher
Title: Trustee

THE DAVID BRONSON INGRAM ANNUITY TRUST 2000*

By: DAVID B. INGRAM, AS TRUSTEE

By: /s/ DAVID B. INGRAM

Name: David B. Ingram
Title: Trustee

THE DAVID BRONSON INGRAM ANNUITY
TRUST 2001*

By: DAVID B. INGRAM, AS TRUSTEE

By: /s/ DAVID B. INGRAM

Name: David B. Ingram
Title: Trustee

THE DAVID BRONSON INGRAM ANNUITY
TRUST NO. 2-2001*

By: DAVID B. INGRAM, AS TRUSTEE

By: /s/ DAVID B. INGRAM

Name: David B. Ingram
Title: Trustee

TRUST FOR ROBIN BIGELOW INGRAM, UNDER
AGREEMENT WITH E. BRONSON INGRAM
DATED OCTOBER 27, 1967

By: SUNTRUST BANK, ATLANTA, AND
MARTHA R. INGRAM, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Co-Trustee

TRUST FOR ROBIN BIGELOW INGRAM, UNDER
AGREEMENT WITH E. BRONSON INGRAM
DATED JUNE 14, 1968

By: SUNTRUST BANK, ATLANTA, AND
MARTHA R. INGRAM, AS CO- TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ MARTHA R. INGRAM

Name: Martha R. Ingram
Title: Co-Trustee

TRUST FOR ROBIN BIGELOW INGRAM, UNDER
AGREEMENT WITH HORTENSE B. INGRAM
DATED DECEMBER 22, 1975

By: SUNTRUST BANK, ATLANTA, AS TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

THE ROBIN INGRAM PATTON IRREVOCABLE TRUST
DATED JULY 9, 1992

By: SUNTRUST BANK, ATLANTA, AND WILLIAM
S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

TRUST FOR THE BENEFIT OF ROBIN B. INGRAM
ESTABLISHED BY MARTHA R. RIVERS UNDER AN
AGREEMENT OF TRUST ORIGINALLY DATED
APRIL 30, 1982, AS AMENDED

By: SUNTRUST BANK, ATLANTA, AND WILLIAM
S. JONES, AS CO-TRUSTEES

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

By: /s/ WILLIAM S. JONES

Name: William S. Jones
Title: Co-Trustee

WILSON RIVERS PATTON/MINORS TRUST
ESTABLISHED BY RICHARD C. PATTON,
UNDER AGREEMENT OF TRUST DATED
DECEMBER 27, 1994 *

By: SUNTRUST BANK, ATLANTA, AS TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

REID INGRAM PATTON/MINORS TRUST ESTABLISHED
BY ROBIN INGRAM PATTON, UNDER AGREEMENT OF
TRUST DATED DECEMBER 19, 1997*

By: SUNTRUST BANK, ATLANTA, AS TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

CRAWFORD BRONSON PATTON/MINORS
TRUST ESTABLISHED BY ROBIN INGRAM
PATTON, UNDER AGREEMENT OF TRUST
DATED DECEMBER 19, 1997 *

By: SUNTRUST BANK, ATLANTA, AS TRUSTEE

By: /s/ THOMAS A. SHANKS

Name: Thomas A. Shanks
Title: First Vice President
(SunTrust Bank, Atlanta)

EXHIBIT A

Attribution of Approving Voting Power

1. With respect to any vote pursuant to Section 2.5, and as of any given date, 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 Micro Common Shares owned by the E. Bronson Ingram 1994 Charitable Lead Annuity Trust.

2. With respect to any vote pursuant to Section 2.5, and as of any given date, 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 Micro Common Shares owned by the E. Bronson Ingram 1994 Charitable Lead Annuity Trust.

EXHIBIT 13.01

INDEX TO
FINANCIAL INFORMATION

TABLE OF CONTENTS

SELECTED CONSOLIDATED FINANCIAL DATA

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

Our fiscal year is a 52- or 53-week period ending on the Saturday nearest to December 31. References below to 1997, 1998, 1999, 2000 and 2001 represent the fiscal years ended January 3, 1998 (53 weeks), January 2, 1999 (52 weeks), January 1, 2000 (52 weeks), December 30, 2000 (52 weeks), and December 29, 2001 (52 weeks), respectively.

(Dollars in 000s, except per share data)	2001	2000	1999	1998	1997
Selected Operating Information					
Net sales	$ 25,186,933	$ 30,715,149	$ 28,068,642	$ 22,034,038	$ 16,581,539
Gross profit	1,329,899	1,556,298	1,336,163	1,391,168	1,085,689
Income from operations(1)	92,930	353,437	200,004	486,605	376,579
Income before income taxes and extraordinary item(2)	15,935	362,509	290,493	406,860	326,489
Income before extraordinary item(3)	9,347	223,753	179,641	245,175	193,640
Net income(3)	6,737	226,173	183,419	245,175	193,640
Basic earnings per share - income before extraordinary item	0.06	1.54	1.25	1.76	1.43
Diluted earnings per share - income before extraordinary item	0.06	1.51	1.21	1.64	1.32
Basic earnings per share — net income	0.05	1.55	1.28	1.76	1.43
Diluted earnings per share — net income	0.04	1.52	1.24	1.64	1.32
Basic weighted average common shares outstanding	147,511,408	145,213,882	143,404,207	139,263,810	135,764,053
Diluted weighted average common shares outstanding	150,047,807	148,640,991	147,784,712	149,537,870	146,307,532
Selected Balance Sheet Information(4)					
Cash and cash equivalents	$ 273,059	$ 150,560	$ 128,152	$ 96,682	$ 92,212
Total assets	5,302,007	6,608,982	8,271,927	6,733,404	4,932,151
Total debt(5)	458,107	545,618	1,348,135	1,720,456	1,141,131
Stockholders' equity	1,867,298	1,874,392	1,966,845	1,399,257	1,038,206

(1) Includes reorganization costs and special items of $41,411 and $22,893, respectively, in 2001 and reorganization costs of $20,305 in 1999.

(2) Includes reorganization costs and special items of $41,411 and $22,893, respectively, in 2001 and reorganization costs of $20,305 in 1999, and gains on sales of available-for-sale securities of $111,458 and $201,318 in 2000 and 1999, respectively.

(3) Includes reorganization costs and special items, net of tax benefits, of $25,447 and $14,067, respectively, in 2001 and reorganization costs, net of tax benefits, of $12,789 in 1999, and gains on sales of available-for-sale securities, net of income taxes, of $69,327 and $125,220 in 2000 and 1999, respectively.

(4) All balance sheet data are given at end of period.

(5) Includes convertible debentures, senior subordinated notes, revolving credit facilities and other long-term debt and current maturities of long-term debt, but excludes off-balance sheet debt of $222,253, $910,188, $262,588, $100,000 and $160,000, respectively, at the end of fiscal year 2001, 2000, 1999, 1998 and 1997, which amounts represent all of the undivided interests in transferred accounts receivable sold to and held by third parties as of the respective balance sheet dates (see Note 5 to consolidated financial statements).

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

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" included in Exhibit 99.01 to our Annual Report on Form 10-K for the fiscal year ended December 29, 2001.

Overview

We are the leading distributor of information technology ("IT") products and services worldwide based on revenues. From 1997 to 2000, our net sales grew from \$16.6 billion to \$30.7 billion. The growth during this period reflected the substantial expansion of our existing operations from the integration of numerous acquisitions worldwide, growth in the IT products and services distribution industry in general, the addition of new product categories and suppliers, the addition of new customers, and increased sales to the existing customer base. In 2001, our net sales declined to \$25.2 billion. This reduction was primarily attributable to the general decline in demand for technology products and services throughout the world, which began in the fourth quarter of 2000. This sluggish demand for technology products and services is expected to continue, and may worsen, over the near term.

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"). From 1997 to 1999, our gross margin declined to 4.8% in 1999 from 6.5% in 1997 with sequential declines in gross margin each of those years. Initially, the margin decline was caused by intense price competition. Later however, changes in vendor terms and conditions, including, but not limited to, significant reductions in vendor rebates and incentives, tighter restrictions on our ability to return inventory to vendors, and reduced time periods qualifying for price protection, exacerbated the decline and constrained gross margin improvements. We expect these competitive pricing pressures and restrictive vendor terms and conditions to continue in the foreseeable future. We have implemented and continue to refine changes to our pricing strategies, inventory management processes, and administration of vendor subsidized programs. In addition, we continue to monitor and change on a periodic basis certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors. We recorded sequential improvements in gross margin in each of the past two years, reaching 5.1% in fiscal year 2000 and 5.3% in 2001 compared to 4.8% realized in 1999, primarily as a result of these initiatives.

We have also continually instituted operational and expense controls that reduced selling, general, and administrative expenses, or SG&A, as a percentage of net sales to 3.9% in 2000 from 4.2% in 1997, reflecting more effective cost control measures, streamlined processes, and the benefit of greater economies of scale. However, for fiscal year 2001, SG&A as a percentage of net sales increased to 4.7% due to the significant decline in our net revenues. As a result, we initiated a broad-based reorganization plan in 2001 to streamline operations and reorganize resources to increase flexibility, improve service and generate cost savings and operational efficiencies. This reorganization plan includes restructuring of several functions, consolidation of facilities, and reductions of headcount. Although we expect these actions to result in future savings, if any future reductions in gross margins were to occur, or if net revenues continue to decline, we may take additional restructuring actions, which could result in significant additional charges. In addition, there can be no assurance that we will be able to implement such actions or reduce SG&A commensurately.

In December 1998, we purchased 2,972,400 shares of common stock of SOFTBANK Corp., or Softbank, Japan's largest distributor of software, peripherals and networking products, 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 related 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. We used the proceeds from this sale to reduce existing indebtedness. The realized gains, net of expenses, associated with the sales of Softbank common stock in January 2000 and December 1999 totaled \$69.3 million and \$125.2 million, respectively, net of deferred taxes of \$42.1 million and \$76.1 million, respectively (see Notes 2 and 8 to consolidated financial statements). The Softbank common stock was sold in the public market by one of our foreign subsidiaries, which is located in a low-tax jurisdiction. At the time of sale, we concluded that U.S. taxes were not currently payable on the gains based on our internal assessment and opinions received from our advisors. However, in situations involving uncertainties in the interpretation of complex tax regulations by various taxing authorities, we provide for deferred tax liabilities unless we consider it probable that taxes will not be due. The level of opinions received from our advisors and our internal assessment did not allow us to reach that conclusion on this matter. Although we review our assessments in these matters on a regular basis, we cannot currently determine when this matter will be finally resolved with the taxing authorities or if taxes will ultimately be paid.

Our federal income tax returns through fiscal year 1996 have been audited and closed. The U.S. IRS has initiated its audit of our federal income tax returns for fiscal years 1997 through 1999.

The IT products and services distribution business is working capital intensive. Our business requires significant levels of working capital primarily to finance accounts receivable. We have relied heavily on debt and accounts receivable financing programs for our working capital needs. In March 2000, we entered into a revolving five-year accounts receivable securitization program in the U.S., which provides for the issuance of up to \$700 million in commercial paper. This program adds to our existing accounts receivable facilities, which provide additional financing capacity of approximately \$273 million. As of December 29, 2001, approximately \$222.3 million of accounts receivable were sold to and held by third parties under these programs. 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 cash proceeds of approximately \$195.1 million, net of issuance costs of approximately \$3.7 million. 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 based on 90-day LIBOR plus 4.260%. We also have a revolving credit facility of \$500 million, which expires in October 2002, as well as additional facilities of approximately \$585 million. As of December 29, 2001, borrowings of \$252.8 million were outstanding under the revolving credit and additional facilities. In addition, on June 9, 1998, we sold \$1.3 billion aggregate principal amount at maturity of zero coupon convertible senior debentures due 2018. Gross proceeds from this offering were $460.4 million. In the aggregate, we have repurchased more than 99% of our outstanding convertible debentures over the past three years. Our interest expense for a substantial portion of our existing, as well as any future, indebtedness will be subject to fluctuations in interest rates which may cause fluctuations in our net income.

Critical Accounting Policies and Estimates

The discussions and analyses of our consolidated financial condition and results of operations were based on our consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles in the U.S. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the financial statement date, and reported amounts of revenue and expenses during the reporting period. On an ongoing basis, we review and evaluate our estimates and assumptions, including those that relate to accounts receivable; vendor programs; inventories; goodwill, intangible assets and other long-lived assets; income taxes; and contingencies and litigation. Our estimates were based on our historical experience and a variety of other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making our judgment about the carrying values of assets and liabilities that are not readily available from other sources. Actual results could differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies are affected by our judgment, estimates and/or assumptions used in the preparation of our consolidated financial statements.

- *Accounts Receivable* - We provide allowances for doubtful accounts on our accounts receivable, including retained interest in securitized receivables, for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, which may result in the impairment of their ability to make payments, additional allowances may be required. Our estimates are influenced by the following considerations: the large number of customers and their dispersion across wide geographic areas, the fact that no single customer accounts for 10% or more of our net sales, our continuing credit evaluation of our customers' financial conditions, our credit insurance coverage and collateral requirements from our customers in certain circumstances.

- *Vendor Programs* - We receive funds from vendors for price protection, product rebates, marketing and training, and promotion programs which are generally recorded, net of direct costs, as adjustments to product costs, revenue, or selling, general and administrative expenses according to the nature of the program. We accrue rebates based on the terms of the program and sales of qualifying products. Some of these programs may extend over one or more quarterly reporting periods. Actual rebates may vary based on volume or other sales achievement levels, which could result in an increase or reduction in the estimated amounts previously accrued. In addition, if market conditions were to deteriorate due to an economic downturn, vendors may change the terms of some or all of these programs. Such change could lower our gross margins on products we sell or revenues earned. We also provide reserves for receivables on vendor programs for estimated losses resulting from vendors' inability to pay, or rejections of such claims by vendors.

- *Inventories* - Our inventory levels are based on our projections of future demand and market conditions. Any sudden decline in demand and/or rapid product improvements and technological changes can cause us to have excess and/or obsolete inventories. On an ongoing basis, we review for estimated obsolete or unmarketable inventories and write down our inventories to their estimated net realizable value based upon our forecasts of future demand and market conditions. If actual market conditions are less favorable than our forecasts, additional inventory reserves may be required. Our estimates are influenced by the following considerations: sudden decline in demand due to economic downturn, rapid product improvements and technological changes, our ability to return to vendors a certain percentage of our purchases, and protection from loss in value of inventory under our vendor agreements.

- *Goodwill, Intangible Assets and Other Long-Lived Assets* - - We assess potential impairment of our goodwill, intangible assets and other long-lived assets when there is evidence that recent events or changes in circumstances have made recovery of an asset's carrying value unlikely. When the sum of the expected, undiscounted future net cash flows is less than the carrying value of an asset, an impairment loss will be recognized. The amount of an impairment loss would be recognized as the excess of the asset's carrying value over its fair value. Factors we consider important, which may cause an impairment include: significant changes in the manner of use of the acquired asset, negative industry or economic trends, and significant underperformance relative to historical or projected future operating results.

  In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142") (see Note 2 to consolidated financial statements), we will no longer amortize goodwill or indefinite-lived intangible assets effective the beginning of fiscal 2002. Instead, these assets will be reviewed for impairment at least annually. Amortization expense was $21.0 million, $22.0 million, and $22.9 million in 2001, 2000, and 1999, respectively. We are currently evaluating the effect that the adoption of FAS 142 may have on our consolidated financial position. It is expected that, as a result of the implementation of FAS 142, we will record a non-cash charge for the cumulative effect of the change in accounting principle upon adoption ranging from $260 million to $290 million, net of tax benefits ranging from $7 million to $12 million, in the first quarter of 2002. Impairment is based on the valuation of individual reporting units. The valuation methods used include estimated net present value of projected future cash flows of these reporting units. If actual results are substantially lower, or if market discount rates increase, this could adversely affect our valuations and may result in additional future impairment charges.

- *Income Taxes* - As part of the process of preparing our consolidated financial statements, we have to estimate our income taxes in each of the taxing jurisdictions in which we operate. This process involves estimating our actual current tax expense together with assessing any temporary differences resulting from the different treatment of certain items, such as the timing for recognizing revenues and expenses, for tax and accounting purposes. These differences may result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We are required to assess the likelihood that our deferred tax assets, which include net operating loss carryforwards and temporary differences that are expected to be deductible in future years, will be recoverable from future taxable income or other tax planning strategies. If recovery is not likely, we have to provide a valuation allowance based on our estimates of future taxable income in the various taxing jurisdictions, and the amount of deferred taxes that are ultimately realizable. The provision for current and deferred tax liabilities involves evaluations and judgments of uncertainties in the interpretation of complex tax regulations by various taxing authorities. In situations involving tax related uncertainties, such as our gains on sales of Softbank common stock (see Notes 2 and 8 to consolidated financial statements), we provide for deferred tax liabilities unless we consider it probable that additional taxes will not be due. Actual results could differ from our estimates.

- *Contingencies and Litigation*- There are various claims, lawsuits and pending actions against us incident to our operations. If a loss arising from these actions is probable and can be reasonably estimated, we record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range within which no point is more probable than another. Based on current available information, we believe that the ultimate resolution of these actions will not have a material adverse effect on our consolidated financial statements. As additional information becomes available, we assess any potential liability related to these actions and may need to revise our estimates. Future revisions of our estimates could materially impact the results of our operations and financial position.

Results of Operations

The following table sets forth our net sales by geographic region (excluding intercompany sales) and the percentage of total net sales represented thereby, for each of the fiscal years indicated (in millions).

	2001		2000		1999	
Net sales by geographic region:						
United States	$13,507	53.6%	$18,452	60.1%	$16,814	59.9%
Europe	7,157	28.4	7,472	24.3	7,344	26.2
Other international	4,523	18.0	4,791	15.6	3,911	13.9
Total	$25,187	100.0%	$30,715	100.0%	$28,069	100.0%

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

	2001	2000	1999
Net sales	100.0%	100.0%	100.0%
Cost of sales	94.7	94.9	95.2
Gross profit	5.3	5.1	4.8
Expenses:			
SG&A expenses	4.7	3.9	4.0
Reorganization costs	0.2	—	0.0
Special items	0.0	—	—
Income from operations	0.4	1.2	0.8
Other expense (income), net	0.3	(0.0)	(0.3)
Income before income taxes and extraordinary item	0.1	1.2	1.1
Provision for income taxes	0.1	0.5	0.4
Income before extraordinary item	0.0	0.7	0.7
Extraordinary item	0.0	0.0	0.0
Net income	0.0%	0.7%	0.7%

Year Ended December 29, 2001 Compared to Year Ended December 30, 2000

Our consolidated net sales decreased 18.0% to $25.2 billion in 2001 from $30.7 billion in 2000. The decrease in worldwide net sales was primarily attributable to the decline in demand for technology products and services throughout the world. This decline in demand initially surfaced in the U.S. in the fourth quarter of 2000, but spread to all of our regions of operations during 2001. This sluggish demand for technology products and services is expected to continue, and may worsen, over the near term.

Net sales from our U.S. operations decreased 26.8% to $13.5 billion in 2001 from $18.5 billion in 2000 primarily due to the continued sluggish demand for IT products and services, consistent with the continued softening of the U.S. economy. Net sales from our European operations were flat in local currencies in 2001, reflecting the soft demand for technology products and services in most countries in Europe, but when converted to U.S. dollars, our net sales decreased 4.2% to $7.2 billion in 2001 from $7.5 billion in 2000 as a result of weaker European currencies as compared to the U.S. dollar. For our geographic regions outside the U.S. and Europe, our Other International operations, net sales decreased 5.6% to $4.5 billion in 2001 from $4.8 billion in 2000, primarily due to the overall softness in demand for technology products and services in our Canadian and Asia-Pacific operations. Our Latin American operations, however, experienced moderate sales growth in 2001 compared to 2000 primarily due to the continued growth of our customer base in the region.

Gross margin increased to 5.3% in 2001 from 5.1% in 2000. The improvement in our gross margin was primarily due to pricing policy changes we initiated during 2000 to more appropriately reflect the value and related costs of services we provide to our customers, complemented by improvements in vendor rebates, discounts and fee-based revenues. We have implemented and continue to refine changes to our pricing strategies, inventory management processes, and administration of vendor subsidized programs. In addition, we continue to change certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors. As we evaluate our pricing policy changes made to date, and make future pricing policy changes, if any, we may experience moderated or negative sales growth in the near term. The softness in the U.S. and other international economies, as well as increased competition, partially resulting from the economic slowdown, may hinder our ability to maintain and/or improve gross margins from the levels realized in 2001.

Total SG&A expenses decreased 2.5% or $30.2 million to $1.2 billion in 2001. The decrease in our SG&A expenses was attributable primarily to the savings that resulted from our reorganization efforts during fiscal year 2001 as discussed below, our continued cost control measures, and the lower volume of business. However, as a result of the significant decline in our revenues, SG&A expenses as a percentage of net sales increased to 4.7% in 2001 from 3.9% in 2000. 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. However, because of the decline in our sales, SG&A expenses as a percentage of net revenues are expected to remain above 4.0% over the near term.

We initiated a broad-based reorganization plan in the first half of 2001 with detailed actions implemented primarily in the U.S. and, to a limited extent, in Europe and Other International to streamline operations and reorganize resources to increase flexibility, improve service and generate cost savings and operational efficiencies. These actions included restructuring of several functions, consolidation of facilities, and reductions of headcount. We continue to develop this broad-based plan and expect to implement additional detailed actions in 2002.

In connection with this reorganization effort, we recorded a charge of $41.4 million in fiscal year 2001 ($25.5 million, $13.6 million and $2.3 million in the U.S., Europe, and Other International, respectively). The reorganization charges represented costs of facility consolidations in the U.S. and Europe and headcount reductions in the U.S., Europe and Other International operations. The reorganization charges included $16.7 million in employee termination benefits for approximately 2,150 employees ($10.2 million for approximately 1,550 employees in the U.S., $4.4 million for approximately 390 employees in Europe, and $2.1 million for approximately 210 employees in Other International); $21.4 million for closing, downsizing and consolidating facilities ($14.8 million, $6.4 million and $0.2 million in the U.S., Europe, and Other International, respectively); and $3.3 million of other costs associated with the reorganization ($0.5 million and $2.8 million in the U.S. and Europe, respectively). We anticipate that these initiatives will be substantially completed within twelve months from each of the respective commitment dates of the detailed restructuring actions (see Note 3 to consolidated financial statements). We expect to save approximately $55 million to $70 million of costs annually after these initiatives are complete.

During 2001, we recorded charges of $22.9 million related to the following special items: $10.2 million for the write-off of electronic storefront technologies software, which were replaced with a more efficient solution during 2001, and inventory management software, which was no longer required because of our business process and systems improvements; an impairment charge of $3.5 million to reduce our minority equity investment in an internet-related company to estimated net realizable value; and $9.2 million to reserve fully for our outstanding insurance claims with an independent and unrelated former credit insurer, which went into liquidation on October 3, 2001. As of December 29, 2001, approximately $7.6 million of insurance claims were written-off against the reserve. The remaining claims are expected to be written-off against the balance of the reserve in 2002.

Income from operations, including reorganization costs and special items, as a percentage of net sales decreased to 0.4% in 2001 compared to 1.2% in 2000. Income from operations, excluding reorganization costs and special items, decreased as a percentage of net sales to 0.6% in 2001 from 1.2% in 2000. The decrease in our income from operations, excluding reorganization costs and special items, as a percentage of net sales, was primarily due to the increase in SG&A expenses as a percentage of net sales, partially offset by our improvement in gross margin, both of which are discussed above. Our U.S. income from operations, excluding reorganization costs and special items, as a percentage of net sales decreased to 1.0% in 2001 from 1.5% in 2000. Our European income from operations, excluding reorganization costs and special items, as a percentage of net sales decreased to 0.4% in 2001 from 0.7% in 2000. Our Other International, income from operations, excluding reorganization costs and special items, as a percentage of net sales decreased to less than 0.1% in 2001 from 0.5% in 2000.

Other expense (income) consisted primarily of interest, foreign currency exchange losses, losses on sales of receivables under our ongoing accounts receivable facilities, and other non-operating gains and losses. In 2001, we recorded $77.0 million of net other expense, or 0.3% as a percentage of net sales, compared to net other income of $9.1 million in 2000, or less than 0.1% as a percentage of net sales. The income in 2000 primarily resulted from our sale of approximately 15% of our original holdings of Softbank common stock for a pre-tax gain of approximately $111.5 million, net of related costs. No such transaction occurred in 2001. Excluding the gain realized on the sale of Softbank common stock, our net other expense in 2001 decreased by $25.4 million or 24.8% compared to 2000. The decrease in net other expense was attributable to lower interest rates in the first half of the year and lower average borrowings, including off-balance sheet debt resulting from utilization of our accounts receivable facilities, in 2001 compared to 2000. The decrease in our average borrowings outstanding compared to the prior period primarily reflects our continued focus on managing working capital as well as the overall lower volume of business.

Our provision for income taxes decreased 95.3% to $6.6 million in 2001 from $138.8 million in 2000, reflecting the 95.6% decrease in our income before income taxes and extraordinary item. Our effective tax rate was 41.3% in 2001 compared to 38.3% in 2000. The increase in the 2001 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.

In 2001, we repurchased more than 99% of our outstanding convertible debentures with a total carrying value of $220.8 million for $225.0 million in cash, resulting in an extraordinary loss of $2.6 million, net of tax benefits of $1.6 million. In 2000, we repurchased convertible debentures with carrying values of $235.2 million for $231.3 million in cash, resulting in an extraordinary gain of $2.4 million, net of taxes of $1.5 million.

Year Ended December 30, 2000 Compared to Year Ended January 1, 2000

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

Net sales from our U.S. operations increased 9.7% to $18.5 billion in 2000 from $16.8 billion in 1999 primarily due to growth in demand for technology products and expansion of our product and service offerings. The sales growth in our U.S. operations, however, was moderated, especially in the second quarter of 2000, compared to historical sales growth primarily due to pricing policy changes we implemented in the same quarter and our decision to eliminate certain vendor programs. Both decisions were geared towards the improvement of our gross margin. In addition, towards the end of 2000, the demand for IT products and services softened in the U.S. consistent with the slowing of the U.S. economy. This softness in U.S. sales continued throughout 2001 and may continue and/or worsen for the next several quarters. Net sales from our European operations grew approximately 16.1% in local currencies in 2000, but when converted to U.S. dollars, our net sales only increased by 1.7% to $7.5 billion in 2000 from $7.3 billion in 1999 as a result of weaker European currencies compared to the U.S. dollar. The sales growth, in local currency, reflects overall growth in our European operations. For our Other International operations, net sales increased 22.5% to $4.8 billion in 2000 from $3.9 billion in 1999 primarily due to the growth in our Asia-Pacific and Latin American operations. Our Canadian operations, however, experienced only moderate sales growth in 2000 as compared to the Asia-Pacific and Latin American operations, primarily due to the overall softness in demand for technology products and services in the Canadian market in the first half of the year, and lower than anticipated purchases by the Canadian government in the first quarter of 2000. The Canadian government purchases are generally strong in the first quarter of each year as this coincides with the Canadian government's fiscal year-end.

Gross margin increased to 5.1% in 2000 from 4.8% in 1999. The improvement in the gross margin was primarily due to pricing policy changes we initiated during the second quarter of 2000 to more appropriately reflect the value and related costs of services we provide to our customers, partially offset by the impact of changes in vendor terms and conditions including, but not limited to, significant reductions in vendor rebates and incentives, tighter restrictions on our ability to return inventory to vendors, and reduced time periods qualifying for price protection. We have implemented and continue to refine changes to our pricing strategies, inventory management processes, and administration of vendor subsidized programs. In addition, we continue to change certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors.

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

In 1999, we recorded a charge of $20.3 million related to reorganization efforts primarily in our U.S. and European operations. We did not incur any reorganization charges in 2000.

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

Other expense (income) consisted primarily of interest, foreign currency exchange losses, gains on sales of available-for-sale securities, and losses on sales of receivables under our accounts receivable facilities. In 2000, we recorded net other income of $9.1 million, compared to $90.5 million in 1999. The decrease in other income is primarily attributable to the lower gain realized on the sale of Softbank common stock in 2000 compared to 1999. In December 1999, we sold approximately 35% of our original investment in Softbank common stock for a pre-tax gain of approximately $201.3 million, net of related costs. In January 2000, we sold an additional approximately 15% of our original holdings in Softbank common stock for a pre-tax gain of approximately $111.5 million, net of related costs. Excluding the gains realized on the sales of Softbank common stock, our net other expense was $102.4 million in 2000 compared to $110.8 million in 1999. The decrease in net other expense was related to reduced borrowing costs, due to the decrease in the average borrowings outstanding in 2000 compared to 1999 resulting from improved working capital management, the use of proceeds received from the sale of Softbank common stock in December 1999 and January 2000 to reduce existing indebtedness, partially offset by an increase in interest rates for the same period.

Our provision for income taxes increased 25.2% to $138.8 million in 2000 from $110.9 million in 1999, reflecting the 24.8% increase in our income before income taxes and extraordinary item. Our effective tax rate remained relatively consistent at 38.3% in 2000 compared to 38.2% in 1999.

In 2000 and 1999, we repurchased convertible debentures with a total carrying value of $235.2 million and $56.5 million, respectively, as of their repurchase dates for approximately $231.3 million and $50.3 million in cash, respectively. Our convertible debenture repurchases resulted in an extraordinary gain of $2.4 million and $3.8 million in 2000 and 1999, respectively, net of $1.5 million and $2.4 million in income taxes, respectively.

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 demand in Europe during the summer months, increased Canadian government purchasing in the first quarter, and worldwide pre-holiday stocking in the retail channel during the September-to-November period;
- competitive conditions in our industry, which may impact the prices charged by our suppliers and/or competitors and the prices we charge our customers;
- 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 disruption caused by reorganization efforts;
- the introduction by us or our competitors of new products and services offering improved features and functionality;
- 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;
- currency fluctuations in countries in which we operate; and
- general economic conditions.

Given the general slowdown in the global economy and specifically the demand for IT products and services, 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.

The following table sets forth certain unaudited quarterly historical financial data for each of the eight quarters in the period ended December 29, 2001. This unaudited quarterly information has been prepared on the same basis as the annual information presented elsewhere herein and, in our opinion, includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the selected quarterly information. This information should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report to Shareowners. The operating results for any quarter shown are not necessarily indicative of results for any future period.

	Net Sales	Gross Profit	Income (Loss) from Operations	Income (Loss) before Income Taxes	Income (Loss) before Extra-ordinary Item	Net Income (Loss)	Diluted Earnings (Loss) Per Share before Extra-ordinary Item	Diluted Earnings (Loss) Per Share
	(in millions, except per share data)							
Fiscal Year Ended December 29, 2001								
Thirteen Weeks Ended(1) (2):								
March 31, 2001	$7,193.5	$384.2	$ 70.5	$ 43.0	$ 26.4	$ 26.4	$ 0.18	$ 0.18
June 30, 2001	6,017.3	315.6	4.8	(14.7)	(9.4)	(12.0)	(0.06)	(0.08)
September 29, 2001	5,833.4	307.6	(5.7)	(22.1)	(13.3)	(13.3)	(0.09)	(0.09)
December 29, 2001	6,142.7	322.5	23.3	9.7	5.6	5.6	0.04	0.04
Fiscal Year Ended December 30, 2000								
Thirteen Weeks Ended(3):								
April 1, 2000	$7,796.3	$366.2	$ 70.5	$152.0	$ 94.0	$ 96.1	$ 0.64	$ 0.65
July 1, 2000	7,295.0	361.5	76.4	53.5	33.1	33.3	0.22	0.22
September 30, 2000	7,558.7	387.9	87.2	62.9	38.8	38.9	0.26	0.26
December 30, 2000	8,065.1	440.7	119.3	94.1	57.9	57.9	0.39	0.39

(1) Reflects charges related to reorganization plans initiated to streamline operations and reorganize resources. Quarterly charges in 2001 were recorded as follows: second quarter, $19.1 million; third quarter, $11.7 million; fourth quarter, $10.6 million.

(2) Reflects special items of $22.9 million in 2001 for the write-off of capitalized software ($10.2 million) and charges to reserve fully for outstanding insurance claims with an insolvent insurer ($9.2 million) in the third quarter, and an impairment charge on an investment in an internet-related company ($3.5 million) in the fourth quarter.

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

Our net sales in the fourth quarter of each fiscal year have generally been higher than those in the other three quarters in the same fiscal year. However, in 2001, our first quarter sales were higher than our fourth quarter sales because of the sluggish demand for technology products and services which worsened after the first quarter of 2001. The general trend of higher fourth quarter net sales is attributable to calendar year-end business purchases and holiday period purchases made by customers.

Liquidity and Capital Resources

Cash Flows

We have financed our growth and cash needs largely through income from operations, borrowings, sales of accounts receivable through established accounts receivable facilities, trade and supplier credit, the sale of convertible debentures in June 1998 and senior subordinated notes in August 2001, and the sale of Softbank common stock in December 1999 and January 2000 (see Notes 2 and 8 to consolidated financial statements).

One of our ongoing objectives is to improve the use of working capital and put assets to work through increasing inventory turns and steady management of vendor payables and customer receivables. In this regard and in combination with the lower volume of business, we reduced our overall debt level in 2001, thereby lowering our overall debt-to-capitalization ratio, including off-balance sheet debt related to our accounts receivable financing programs, to 26.7% at December 29, 2001 compared to 43.7% and 45.0% at December 30, 2000 and January 1, 2000, respectively. Although we have realized significant improvements in working capital management and debt reduction and we continue to strive for further improvements, no assurance can be made that we will be able to maintain our current debt levels. The following is a detailed discussion of our cash flows for 2001, 2000 and 1999.

Net cash provided by operating activities was $286.7 million, $839.1 million, and $586.4 million in 2001, 2000 and 1999, respectively. The significant decrease in cash provided by our operating activities was primarily attributable to the reduction in the amounts sold to and held by third parties under our accounts receivable programs and the decrease in net income, partially offset by a greater decrease in other working capital items primarily resulting from our continued focus on managing working capital and the overall lower volume of business. The increase in cash provided by operating activities in 2000 compared to 1999 was primarily attributable to higher net income and an increase in the amount of accounts receivable sold to and held by third parties under our accounts receivable facilities, offset by a decrease in trade creditor financing of product inventory.

Net cash used by investing activities was $70.3 million, $19.5 million, and $138.4 million in 2001, 2000, and 1999, respectively. The net cash used by investing activities in 2001 was primarily due to capital expenditures of approximately $86.4 million, partially offset by cash proceeds from the sale of property and equipment of approximately $20.3 million. In 2000, we used approximately $146.1 million in cash for capital expenditures, which was partially offset by the proceeds from the sale of Softbank common stock totaling approximately $119.2 million. In 1999, we used approximately $241.9 million in cash for acquisitions, net of cash acquired, and $135.3 million for capital expenditures, which were partially offset by the proceeds from the sale of Softbank common stock totaling approximately $230.1 million.

Net cash used by financing activities was $78.3 million, $805.3 million, and $427.3 million in 2001, 2000, and 1999, respectively. Net cash used by financing activities in 2001 primarily resulted from the repurchase of convertible debentures for $225.0 million and net repayments of our revolving credit and other debt facilities. This was primarily enabled through cash provided by operations, continued focus on working capital management and the reduction in net revenues, as well as by the proceeds from our issuance of senior subordinated notes of $195.1 million. Net cash used by financing activities in 2000 was primarily due to the repurchase of the convertible debentures of $231.3 million and the net repayment of borrowings under the revolving credit facilities and other debt facilities through the use of cash provided by operations and the continued focus on working capital management, as well as the proceeds received from the sale of Softbank common stock in 2000. Net cash used by financing activities in 1999 was primarily due to the repurchase of the convertible debentures of $50.3 million and the net repayment of borrowings under the revolving credit facilities through the use of the proceeds received from the sale of Softbank common stock in 1999, as well as the continued focus on working capital management.

Acquisitions

In December 2001, we concluded a business combination involving certain assets and liabilities of our former subdistributor in the People's Republic of China, which was accounted for in accordance with FAS 141. In addition, during September 2001, we acquired certain assets of an IT distribution business in the United Kingdom. The purchase price for these transactions aggregated $15.9 million in cash and was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the transaction dates, resulting in the recording of approximately $105.4 million of goodwill. These transactions had no significant impact on our consolidated results of operations.

Capital Resources

Our cash and cash equivalents totaled $273.1 million and $150.6 million at December 29, 2001 and December 30, 2000, respectively.

In March 2000, we entered into a revolving five-year accounts receivable securitization program in the U.S., which provides for the issuance of up to $700 million in commercial paper. In connection with this program 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. The trust has issued fixed-rate, medium-term certificates and has the ability to support a commercial paper program through the issuance of undivided interests in the pool of trade receivables to third parties. Sales of undivided interests to third parties under this program result in a reduction of total accounts receivable in 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 ("securitized receivables") and is shown in our consolidated balance sheet as a separate caption under accounts receivable. Retained interests are carried at their fair market value, estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At December 29, 2001 and December 30, 2000, the amount of undivided interests sold to and held by third parties under this U.S. program totaled $80.0 million and $700.0 million, respectively.

We also have certain other revolving facilities relating to accounts receivable in Europe and Canada which provide up to approximately $248 million of additional financing capacity. Under these programs, approximately $142.3 million and $210.2 million of trade accounts receivable were sold to and held by third parties at December 29, 2001 and December 30, 2000, respectively, resulting in a further reduction of trade accounts receivable in our consolidated balance sheet.

The aggregate amount of trade accounts receivable sold to and held by third parties under the U.S., Europe and Canada programs, or off-balance sheet debt, as of December 29, 2001 and December 30, 2000 totaled approximately $222.3 million and $910.2 million, respectively. This decrease reflects our lower financing needs as a result of our lower volume of business and improvements in working capital management. The decrease in amounts sold to and held by third parties generally results in an increase in our retained interests in securitized receivables. 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, and that there are sufficient trade accounts receivable to support the U.S., European and Canadian accounts receivable financing programs.

As is customary in trade accounts receivable securitization arrangements, credit ratings downgrading 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 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 and results of operations. 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 occur.

On August 16, 2001, we sold $200.0 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. Under the terms of these notes, we are required to comply with certain restrictive covenants, including restrictions on the incurrence of additional indebtedness, the amount of dividends we can pay and the amount of capital stock we can repurchase (see Note 7 to consolidated financial statements for further discussion on the terms for redemption).

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 based on 90-day LIBOR plus 4.260%. All other financial terms of the interest rate swap agreement are identical to those of the senior subordinated notes, except for the quarterly payments of interest, which will be on November 15, February 15, May 15 and August 15 in each year, commencing on November 15, 2001 and ending on the termination date of the swap agreement. These interest rate swap arrangements contain ratings conditions requiring more frequent posting of collateral and at minimum increments if our ratings decline to certain set levels (for example, the ratings condition is triggered if our S&P ratings decline to "B" or below or our Moody's ratings decline to "B2" or below). At December 29, 2001, the marked-to-market value of the interest rate swap amounted to $6.1 million, 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 $204.9 million.

We and our subsidiaries outside the U.S. also have various lines of credit, commercial paper, short-term overdraft facilities and other senior credit facilities with various financial institutions worldwide, which provide for borrowing capacity aggregating approximately $585 million and $750 million at December 29, 2001 and December 30, 2000, respectively. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At December 29, 2001 and December 30, 2000, we had borrowings of $250.8 million and $250.1 million, respectively, outstanding under these facilities.

We have a revolving senior credit facility with a bank syndicate providing an aggregate credit availability of $500 million. Under this senior credit facility, we are required to comply with certain financial covenants, including minimum tangible net worth, restrictions on funded debt and interest coverage. This senior credit facility also restricts the amount of dividends we can pay as well as the amount of common stock that we can repurchase annually. This senior credit facility expires in October 2002. At December 29, 2001 and December 30, 2000, we had approximately $2.0 million, for both years, in outstanding borrowings under this credit facility. At December 30, 2000, we also had $73.5 million outstanding under credit facilities that have since expired. We continue to evaluate our long-range financing requirements including other alternatives to these senior credit facilities; however, we cannot assure you that we will be able to raise capital on terms acceptable to us to replace the full amount of these expiring credit facilities.

On June 9, 1998, we sold $1.3 billion aggregate principal amount at maturity of our zero coupon convertible senior debentures due 2018. Gross proceeds from the offering were $460.4 million, which represented a yield to maturity of 5.375% per annum. In 2000, we repurchased convertible debentures with carrying values of $235.2 million for $231.3 million in cash, resulting in an extraordinary gain of $2.4 million, net of taxes of $1.5 million. In 2001, we repurchased more than 99% of the remaining outstanding convertible debentures with a total carrying value of $220.8 million for $225.0 million in cash, resulting in an extraordinary loss of $2.6 million, net of tax benefits of $1.6 million. At December 29, 2001, our remaining convertible debentures had an outstanding balance of $0.4 million and were convertible into approximately 5,000 shares of our Class A Common Stock.

We are in compliance with all covenants or other requirements set forth in our accounts receivable financing programs and credit agreements discussed above. The following summarizes our financing capacity and contractual obligations at December 29, 2001 (in millions), and the effect scheduled payments on such obligations are expected to have on our liquidity and cash flows in future periods.

			Payments Due by Period		
Significant Contractual Obligations	Capacity	Balance Outstanding	Less Than 1 Year	1 - 3 Years	After 3 Years
Overdraft and others	$ 585.0	$ 250.8	$250.8	$ —	$ —
Revolving credit	500.0	2.0	2.0	—	—
Convertible debentures	0.4	0.4	—	0.4	—
Senior subordinated notes	204.9	204.9	—	—	204.9
Accounts receivable financing programs(1)	973.0	222.3	—	167.3	55.0
Noncancelable operating leases(2)		533.6	76.1	178.5	279.0
Total	$2,263.3	$1,214.0	$328.9	$346.2	$538.9

(1) Payments due by period were classified based on the maturity dates of the related financing programs.

(2) The Company leases the majority of its facilities and certain equipment under noncancelable operating leases. Renewal and purchase options at fair values exist for a substantial portion of the leases. Amounts represent future minimum rental commitments on operating leases that have remaining noncancelable lease terms in excess of one year.

Proceeds from stock option exercises provide us an additional source of cash. In 2001, 2000, and 1999, cash proceeds from the exercise of stock options totaled $19.9 million, $10.4 million and $7.4 million, respectively.

In spite of the tightening of terms and availability of credit to business 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.

As discussed in Note 8 to consolidated financial statements, we have recorded deferred tax liabilities totaling $118.2 million in 2001 and 2000 associated with realized gains on available-for-sale securities relating to our sales of Softbank common stock. We cannot currently determine when this matter will be finally resolved with the taxing authorities or if taxes will ultimately be paid. However, we believe that we will be able to fund any such taxes with our available sources of liquidity.

Capital Expenditures

We presently expect to spend approximately $100 million to $120 million in fiscal 2002 for capital expenditures.

Transactions with Related Parties

We have loans receivable from certain of our executives and associates. These loans, ranging up to $0.5 million, have interest rates ranging from 0.0% to 6.75% per annum and are payable from 15 days to five years. At December 29, 2001 and December 30, 2000, our loan receivable balance was $1.6 million and $1.8 million, respectively.

New Accounting Standards

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

Market Risk

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

In addition to product sales and costs, we have foreign currency risk related to debt that is denominated in currencies other than the dollar. Our foreign currency risk management objective is to protect our earnings and cash flows resulting from sales, purchases and other transactions from the adverse impact of exchange rate movements. Foreign exchange risk is managed by using forward and option contracts to offset exchange risk associated with receivables and payables. By policy, we maintain hedge coverage between minimum and maximum percentages. Currency interest rate swaps are used to hedge foreign currency denominated principal and interest payments related to intercompany and third-party loans. During 2001, hedged transactions were denominated primarily in euros, Canadian dollars, Australian dollars, Danish krone, Swedish krona, Swiss francs, Norwegian kroner, Indian rupees and Mexican pesos.

We are exposed to changes in interest rates primarily as a result of our long-term debt used to maintain liquidity and finance inventory, capital expenditures and business expansion. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve our objectives we use a combination of fixed- and variable-rate debt and interest rate swaps. As of December 29, 2001 and December 30, 2000, approximately 45% and 40%, respectively, of our outstanding debt had fixed interest rates. We, however, entered into interest rate swap agreements with two financial institutions in August 2001, the effect of which was to swap our fixed rate obligation on our senior subordinated notes for a floating rate obligation based on 90-day LIBOR plus 4.260%.

Market Risk Management

Foreign exchange and interest rate risk and related derivatives use are monitored using a variety of techniques including a review of market value, sensitivity analysis and Value-at-Risk ("VaR"). The VaR model determines the maximum potential loss in the fair value of market-sensitive financial instruments assuming a one-day holding period. The VaR model estimates were made assuming normal market conditions and a 95% confidence level. There are various modeling techniques that can be used in the VaR computation. Our computations are based on interrelationships between currencies and interest rates (a "variance/co-variance" technique). These interrelationships were determined by observing foreign currency market changes and interest rate changes over the preceding 90 days. The value of foreign currency options does not change on a one-to-one basis with changes in the underlying currency rate. The potential loss in option value was adjusted for the estimated sensitivity (the "delta" and "gamma") to changes in the underlying currency rate. The model includes all of our forwards, options, cross-currency swaps and nonfunctional currency denominated debt (i.e., our market-sensitive derivative and other financial instruments as defined by the SEC). The accounts receivable and accounts payable denominated in foreign currencies, which certain of these instruments are intended to hedge, were excluded from the model.

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

The following table sets forth the estimated maximum potential one-day loss in fair value, calculated using the VaR model (in millions). The decrease in VaR from interest rate sensitive financial instruments reflects a change in the composition of our portfolio from December 31, 2000 to December 29, 2001. We believe that the hypothetical loss in fair value of our derivatives would be offset by gains in the value of the underlying transactions being hedged.

	Interest Rate Sensitive Financial Instruments	Currency Sensitive Financial Instruments	Combined Portfolio
VaR as of December 29, 2001	$ 6.3	$0.2	$ 6.1
VaR as of December 30, 2000	11.7	0.1	10.2

Euro Conversion

On January 1, 1999, twelve of the 15 member countries of the European Union adopted the euro as their common legal currency. As of December 29, 2001, we had fully converted all systems and processes in the nine euro-zone countries where we have operations. No material adverse effect on our financial position or results of operations has arisen as a result of the conversions and costs associated with the euro conversion were not material. Since the implementation of the euro, we have experienced improved efficiencies in our cash management program in Europe as all intracompany transactions within participating countries are conducted in euros.

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

The matters in this Annual Report that are forward-looking statements are based on our current expectations that involve certain risks, including, without limitation: intense competition in the U.S., Europe and Other International; the severe downturn in economic conditions (particularly purchases of technology products) may continue or worsen; future terrorist or military actions; continued pricing and margin pressures; failure to adjust costs in a timely fashion in response to a sudden decrease in demand; the potential for declines in inventory values and continued restrictive vendor terms and conditions; the potential decline as well as seasonal variations in demand for our products and services; unavailability of adequate capital; inability to manage future adverse industry trends; failure of information systems; significant credit loss resulting from significant credit exposure to reseller customers and negative trends in their businesses; interest rate and foreign currency fluctuations; adverse impact of governmental controls and political or economic instability on foreign operations; changes in local, regional, and global economic conditions and practices; dependency on key individuals and inability to retain personnel; product supply shortages; the potential termination of a supply agreement with a major supplier; difficulties and risks associated with integrating operations and personnel in acquisitions; disruption due to reorganization activities; rapid product improvement and technological change and resulting obsolescence risks; and dependency 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 position. However, no assurances can be given that we will be successful in these efforts. For a further discussion of these and other significant factors to consider in connection with forward-looking statements concerning us, reference is made to Exhibit 99.01 of our Annual Report on Form 10-K for the fiscal year ended December 29, 2001; other risks or uncertainties may be detailed from time to time in our future SEC filings.

INGRAM MICRO INC.
CONSOLIDATED BALANCE SHEET
(Dollars in 000s, except per share data)

	Fiscal Year End	
	2001	2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 273,059	$ 150,560
Investment in available-for-sale securities	24,031	52,897
Accounts receivable:		
Trade accounts receivable	1,760,581	1,945,496
Retained interest in securitized receivables	537,376	407,176
Total accounts receivable (less allowances of $79,927 and $96,994)	2,297,957	2,352,672
Inventories	1,623,628	2,919,117
Other current assets	238,171	294,838
Total current assets	4,456,846	5,770,084
Property and equipment, net	303,833	350,829
Goodwill, net	508,227	430,853
Other	33,101	57,216
Total assets	$5,302,007	$6,608,982
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$2,607,145	$3,725,080
Accrued expenses	279,669	350,111
Current maturities of long-term debt	252,803	42,774
Total current liabilities	3,139,617	4,117,965
Convertible debentures	405	220,035
Revolving credit facilities and other long-term debt	—	282,809
Senior subordinated notes	204,899	—
Deferred income taxes and other liabilities	89,788	113,781
Total liabilities	3,434,709	4,734,590
Commitments and contingencies (Note 10)		
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; 149,024,793 and 75,798,115 shares issued and outstanding in 2001 and 2000, respectively	1,490	758
Class B Common Stock, $0.01 par value, 135,000,000 shares authorized; 0 and 70,409,806 shares issued and outstanding in 2001 and 2000, respectively	—	704
Additional paid-in capital	691,958	664,840
Retained earnings	1,227,945	1,221,208
Accumulated other comprehensive loss	(53,416)	(11,936)
Unearned compensation	(679)	(1,182)
Total stockholders' equity	1,867,298	1,874,392
Total liabilities and stockholders' equity	$5,302,007	$6,608,982

See accompanying notes to these consolidated financial statements.

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

	Fiscal Year		
	2001	**2000**	**1999**
Net sales	$25,186,933	$30,715,149	$28,068,642
Cost of sales	23,857,034	29,158,851	26,732,479
Gross profit	1,329,899	1,556,298	1,336,163
Expenses:			
Selling, general and administrative	1,172,665	1,202,861	1,115,854
Reorganization costs	41,411	—	20,305
Special items	22,893	—	—
	1,236,969	1,202,861	1,136,159
Income from operations	92,930	353,437	200,004
Other expense (income):			
Interest income	(16,256)	(8,527)	(4,338)
Interest expense	55,624	88,726	101,691
Losses on sales of receivables	20,332	13,351	7,223
Gain on sale of available-for-sale securities	—	(111,458)	(201,318)
Other	17,295	8,836	6,253
	76,995	(9,072)	(90,489)
Income before income taxes and extraordinary item	15,935	362,509	290,493
Provision for income taxes	6,588	138,756	110,852
Income before extraordinary item	9,347	223,753	179,641
Extraordinary gain (loss) on repurchase of debentures, net of ($1,634), $1,469 and $2,405 in income taxes	(2,610)	2,420	3,778
Net income	$ 6,737	$ 226,173	$ 183,419
Basic earnings per share:			
Income before extraordinary item	$ 0.06	$ 1.54	$ 1.25
Extraordinary gain (loss) on repurchase of debentures	(0.01)	0.01	0.03
Net income	$ 0.05	$ 1.55	$ 1.28
Diluted earnings per share:			
Income before extraordinary item	$ 0.06	$ 1.51	$ 1.21
Extraordinary gain (loss) on repurchase of debentures	(0.02)	0.01	0.03
Net income	$ 0.04	$ 1.52	$ 1.24

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Dollars in 000s)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total
January 2, 1999	$ 665	$ 743	$591,235	$ 811,616	$ (4,914)	$ (88)	$1,399,257
Noncash compensation charge related to stock options			1,978				1,978
Stock options exercised	17		7,387				7,404
Income tax benefit from exercise of stock options			13,428				13,428
Vesting of Redeemable Class B Common Stock		6	3,901				3,907
Conversion of Class B to Class A Common Stock	22	(22)					—
Grant of restricted Class A Common Stock	3		3,455			(3,458)	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	5		12,534				12,539
Warrants issued			11,264				11,264
Amortization of unearned compensation						450	450
Comprehensive income				183,419	333,199		516,618
January 1, 2000	712	727	645,182	995,035	328,285	(3,096)	1,966,845
Noncash compensation charge related to stock options			1,493				1,493
Stock options exercised	16		10,381				10,397
Income tax benefit from exercise of stock options			2,671				2,671
Vesting of Redeemable Class B Common Stock		6	3,705				3,711
Conversion of Class B to Class A Common Stock	29	(29)					—
Forfeiture of restricted Class A Common Stock			(485)			192	(293)
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	1		1,893				1,894
Amortization of unearned compensation						1,722	1,722
Comprehensive income (loss)				226,173	(340,221)		(114,048)
December 30, 2000	758	704	664,840	1,221,208	(11,936)	(1,182)	1,874,392
Stock options exercised	26		19,886				19,912
Income tax benefit from exercise of stock options			4,927				4,927
Conversion of Class B to Class A Common Stock	704	(704)					—
Grant of restricted Class A Common Stock	1		789			(790)	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	1		1,516				1,517
Amortization of unearned compensation						1,293	1,293
Comprehensive income (loss)				6,737	(41,480)		(34,743)
December 29, 2001	$1,490	$ —	$691,958	$1,227,945	$ (53,416)	$ (679)	$1,867,298

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in 000s)

	Fiscal Year		
	2001	2000	1999
Cash flows from operating activities:			
Net income	$ 6,737	$ 226,173	$ 183,419
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	94,017	86,471	74,701
Amortization of goodwill	20,963	22,039	22,900
Noncash charges for write-off of property and equipment, software, and impairment of investment	21,504	—	—
Noncash charges for interest and compensation	6,993	23,145	28,870
Deferred income taxes	7,553	50,757	22,524
Pre-tax gain on sale of available-for-sale securities	—	(111,458)	(201,318)
Loss (gain) on repurchase of debentures (net of tax)	2,610	(2,420)	(3,778)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Changes in amounts sold under accounts receivable programs	(687,935)	647,600	162,588
Accounts receivable	643,836	(142,357)	(256,854)
Inventories	1,292,429	556,222	(307,940)
Other current assets	45,011	53,850	(101,127)
Accounts payable	(1,100,279)	(614,398)	899,574
Accrued expenses	(66,741)	43,453	62,877
Cash provided by operating activities	286,698	839,077	586,436
Cash flows from investing activities:			
Purchase of property and equipment	(86,438)	(146,104)	(135,260)
Proceeds from sale of property and equipment	20,289	16,400	10,433
Acquisitions, net of cash acquired	(15,923)	(4,620)	(241,928)
Net proceeds from sale of available-for-sale securities	—	119,228	230,109
Other	11,764	(4,385)	(1,795)
Cash used by investing activities	(70,308)	(19,481)	(138,441)
Cash flows from financing activities:			
Repurchase of Redeemable Class B Common Stock	(39)	(89)	(107)
Proceeds from exercise of stock options	19,912	10,397	7,404
Repurchase of debentures	(224,977)	(231,330)	(50,321)
Net proceeds from issuance of senior subordinated notes	195,084	—	—
Proceeds from (repayment of) debt	(36,201)	(156,232)	123,999
Net repayments under revolving credit facilities	(32,109)	(428,053)	(508,250)
Cash used by financing activities	(78,330)	(805,307)	(427,275)
Effect of exchange rate changes on cash	(15,561)	8,119	10,750
Increase in cash	122,499	22,408	31,470
Cash, beginning of year	150,560	128,152	96,682
Cash, end of year	$ 273,059	$ 150,560	$ 128,152
Supplemental disclosures of cash flow information:			
Cash payments during the year:			
Interest	$ 47,246	$ 72,953	$ 72,343
Income taxes	43,858	40,438	96,682
Noncash investing activities during the year:			
Assets acquired in exchange for liabilities assumed	157,700	—	—
Equity incentive plan stock issuance	790	—	3,458

See accompanying notes to these consolidated financial statements.

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

Note 1 — Organization and Basis of Presentation

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

Note 2 — Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Ingram Micro and its subsidiaries (collectively referred to herein as the “Company”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The fiscal year of the Company is a 52- or 53-week period ending on the Saturday nearest to December 31. All references herein to “2001,” “2000,” and “1999” represent the 52-week fiscal years ended December 29, 2001, December 30, 2000, and January 1, 2000, respectively.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the financial statement date, and reported amounts of revenue and expenses during the reporting period. Significant estimates primarily relate to realizable value of accounts receivable; vendor programs; inventories; long-lived assets, goodwill, and intangible assets; income taxes; and commitments and contingencies. Actual results could differ from these estimates.

Revenue Recognition

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

Revenue on products shipped is recognized when the risks and rights of ownership are substantially passed to the customer. Service revenues are recognized upon delivery of the services. Service revenues have represented less than 10% of total net sales for 2001, 2000 and 1999. The Company, under specific conditions, permits its customers to return or exchange products. The provision for estimated sales returns is recorded concurrently with the recognition of revenue.

Vendor Programs

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

The Company generated approximately 39% of its net sales in fiscal 2001, 42% in 2000, and 39% in 1999 from products purchased from three vendors.

Warranties

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

(Dollars in 000s, except per share data)

Foreign Currency Translation and Remeasurement

Financial statements of foreign subsidiaries, for which the functional currency is the local currency, are translated into United States ("U.S.") dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for statement of income items. Translation adjustments are recorded in accumulated other comprehensive income, a component of stockholders' equity. The functional currency of the Company's subsidiaries in Latin America and certain countries within the Company's Asia-Pacific operations is the U.S. dollar; accordingly, the monetary assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Revenues, expenses, gains or losses are translated at the average exchange rate for the period, and nonmonetary assets and liabilities are translated at historical rates. The resultant remeasurement gains and losses of these subsidiaries are recognized in the consolidated statement of income. Gains and losses from foreign currency transactions are included in the consolidated statement of income. Included in other expenses was $5,204, $3,322 and $2,583 in 2001, 2000, and 1999, respectively, which represented net foreign exchange losses resulting from remeasurement and foreign exchange transactions.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, accounts payable and other accrued expenses approximate fair value because of the short maturity of these items. The carrying amounts of outstanding debt issued pursuant to bank credit agreements approximate fair value because interest rates over the relative term of these instruments approximate current market interest rates. At December 29, 2001, the Senior Subordinated Notes' carrying value of $204,899 approximates its fair market value. The estimated fair value of the Zero Coupon Convertible Senior Debentures including original issue discount was $405 and $219,323 at December 29, 2001 and December 30, 2000, respectively, based upon quoted market prices. The carrying value at December 29, 2001 and at December 30, 2000 was $405 and $220,035, respectively.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Book overdrafts of $162,286 and $184,945 as of December 29, 2001 and December 30, 2000, respectively, are included in accounts payable.

Inventories

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

Long-Lived and Intangible Assets

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

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives. The Company also capitalizes computer software costs that meet both the definition of internal-use software and defined criteria for capitalization in accordance with Statement of Position No. 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use." Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life:

Buildings	40 years
Leasehold improvements	3-17 years
Distribution equipment	5-7 years
Computer equipment and software	2-8 years

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

(Dollars in 000s, except per share data)

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in an acquisition accounted for using the purchase method, and is amortized on a straight-line basis over periods ranging from 10 to 30 years. Accumulated amortization was $97,523 at December 29, 2001 and $76,560 at December 30, 2000.

Investments in Available-for-Sale Securities

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

In December 1998, the Company purchased 2,972,400 shares of common stock of SOFTBANK Corp. (“Softbank”), Japan’s largest distributor of software, peripherals and networking products, for approximately $50,262. During December 1999, the Company sold 1,040,400 shares or approximately 35% of its original investment in Softbank common stock for approximately $230,109 resulting in a pre-tax gain of approximately $201,318, net of related expenses. In January 2000, the Company sold an additional 445,800 shares or approximately 15% of its original holdings in Softbank common stock for approximately $119,228, net of expenses, resulting in a pre-tax gain of approximately $111,458. The realized gains, net of expenses, associated with the sales of Softbank common stock in January 2000 and December 1999 totaled $69,327 and $125,220, respectively, net of deferred taxes of $42,131 and $76,098, respectively (see Note 8). The Company used the net proceeds from the sales primarily to repay existing indebtedness. During April 2000, Softbank effected a 3 for 1 stock split. All Softbank share information has been adjusted to give retroactive effect to Softbank’s stock split.

In connection with the December 1999 sale of Softbank common stock, the Company issued warrants to Softbank for the purchase of 1,500,000 shares of the Company’s Class A Common Stock with an exercise price of $13.25 per share, which approximated the market price of the Company’s common stock on the warrant issuance date. The warrants were exercisable immediately and have a five-year term. The estimated fair value of these warrants upon issuance was approximately $11,264 and was determined using the Black-Scholes option-pricing model using the following assumptions:

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

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

At December 29, 2001 and December 30, 2000, the unrealized holding gain (loss) associated with the Softbank common stock totaled ($672) and $16,965, respectively, net of $(428) and $10,801, respectively, in deferred income taxes.

Concentration of Credit Risk

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

Derivative Financial Instruments

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

(Dollars in 000s, except per share data)

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

Effective December 31, 2000, the Company adopted Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“FAS 133”) as amended by Statement of Financial Accounting Standards No. 138, “Accounting for Certain Derivative Instruments and Certain Hedging Activities — an amendment of FASB No. 133.” The adoption of FAS 133 did not have a material impact on the Company’s consolidated financial position or results of operations. The Company’s derivative financial instruments under FAS 133 are discussed below.

All derivatives are recorded in the Company’s consolidated balance sheet at fair value. The estimated fair value of derivative financial instruments represents the amount required to enter into similar offsetting contracts with similar remaining maturities based on quoted market prices. As disclosed in Note 7, the Company has an interest rate swap that is designated as a fair value hedge. Changes in the fair value of this derivative are recorded in current earnings and are offset by the like change in the fair value of the hedged debt instrument. Changes in the fair value of derivatives not designated as hedges are recorded in current earnings.

Prior to the adoption of FAS 133, derivative financial instruments were accounted for on an accrual basis. Income and expense were recorded in the same category as that arising from the related asset or liability being hedged. Gains and losses resulting from effective hedges of existing assets, liabilities or firm commitments were deferred and recognized when the offsetting gains and losses were recognized on the related hedged items. Gains or losses on written foreign currency options were adjusted to market value at the end of each accounting period and were not material.

The notional amount of forward exchange contracts and options is the amount of foreign currency bought or sold at maturity. The notional amount of interest rate swaps is the underlying principal amount used in determining the interest payments exchanged over the life of the swap. Notional amounts are indicative of the extent of the Company’s involvement in the various types and uses of derivative financial instruments and are not a measure of the Company’s exposure to credit or market risks through its use of derivatives.

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

Derivative financial instruments comprise the following:

	2001		2000	
	Notional Amounts	Estimated Fair Value	Notional Amounts	Estimated Fair Value
Foreign exchange forward contracts	$1,049,323	$15,522	$1,141,702	$(11,799)
Purchased foreign currency options	2,545	39	14,333	111
Written foreign currency options	3,838	(1)	18,837	(72)
Interest rate swaps	200,000	6,070	110,000	11,775

Comprehensive Income (Loss)

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

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

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

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
Balance at January 2, 1999	$(11,580)	$ 6,666	$ (4,914)
Change in foreign currency translation adjustment	(17,071)	—	(17,071)
Unrealized holding gain arising during the period	—	475,490	475,490
Reclassification adjustment for realized gain included in net income	—	(125,220)	(125,220)
Balance at January 1, 2000	(28,651)	356,936	328,285
Change in foreign currency translation adjustment	(250)	—	(250)
Unrealized holding loss arising during the period	—	(270,644)	(270,644)
Reclassification adjustment for realized gain included in net income	—	(69,327)	(69,327)
Balance at December 30, 2000	(28,901)	16,965	(11,936)
Change in foreign currency translation adjustment	(23,843)	—	(23,843)
Unrealized holding loss arising during the period	—	(17,637)	(17,637)
Balance at December 29, 2001	$(52,744)	$ (672)	$ (53,416)

Accounting for Stock-Based Compensation

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

Earnings Per Share

The Company reports a dual presentation of Basic Earnings Per Share (“Basic EPS”) and Diluted Earnings Per Share (“Diluted EPS”). Basic EPS excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the reported period. Diluted EPS reflects the potential dilution that could occur if stock options and 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:

	2001	2000	1999
Income before extraordinary item	$ 9,347	$ 223,753	$ 179,641
Weighted average shares	147,511,408	145,213,882	143,404,207
Basic earnings per share before extraordinary item	$ 0.06	$ 1.54	$ 1.25
Weighted average shares including the dilutive effect of stock options and warrants (2,536,399; 3,427,109; and 4,380,505 for Fiscal 2001, 2000, and 1999, respectively)	150,047,807	148,640,991	147,784,712
Diluted earnings per share before extraordinary item	$ 0.06	$ 1.51	$ 1.21

At December 29, 2001, December 30, 2000, and January 1, 2000, there were $405, $220,035, and $440,943, respectively, in Zero Coupon Convertible Senior Debentures that were convertible into approximately 5,000; 3,051,000; and 6,428,000 shares of Class A Common Stock (see Note 7). These potential shares were excluded from the computation of Diluted EPS because their effect would be antidilutive. Additionally, there were approximately 16,155,000; 11,178,000; and 3,483,000 options in 2001, 2000, and 1999, respectively, that were not included in the computation of Diluted EPS because the exercise price was greater than the average market price of the Class A Common Stock, thereby resulting in an antidilutive effect.

New Accounting Standards

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities — a replacement of FASB Statement No. 125” (“FAS 140”). FAS 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral. The accounting standards of FAS 140 are effective for transfers and servicing of financial assets and extinguishments of liabilities occuring after March 31, 2001. The adoption of FAS 140 did not have a material impact on the Company’s consolidated financial position or results of operations.

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, “Business Combinations” (“FAS 141”), and No. 142, “Goodwill and Other Intangible Assets” (“FAS 142”). FAS 141 eliminates the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001 and further clarifies the criteria to recognize intangible assets separately from goodwill. FAS 141 did not have a material impact on the Company’s consolidated financial position or results of operations. In accordance with FAS 142, the Company will no longer amortize goodwill or indefinite lived intangible assets effective the beginning of fiscal 2002. Instead, these assets will be reviewed for impairment upon adoption and at least annually thereafter. Amortization expense was $20,963, $22,039, and $22,900 in 2001, 2000, and 1999, respectively. The Company is currently evaluating the effect that the adoption may have on its consolidated financial position. It is expected that, as a result of the implementation of FAS 142, the Company will record a non-cash charge for the cumulative effect of the change in accounting principle upon adoption ranging from $260,000 to $290,000, net of tax benefits ranging from $7,000 to $12,000, in the first quarter of 2002.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, “Accounting for Asset Retirement Obligations” (“FAS 143”). FAS 143 requires capitalizing asset retirement costs as part of the total cost of the related long-lived asset and subsequently allocating the total expense to future periods using a systematic and rational method. Adoption of FAS 143 is required for the Company’s fiscal year beginning December 29, 2002. The Company has not yet assessed what impact, if any, FAS 143 may have on its consolidated financial position or results of operations.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“FAS 144”). FAS 144 supersedes FAS 121 but retains many of its fundamental provisions. In addition, FAS 144 expands the scope of discontinued operations to include more disposal transactions. The provisions of FAS 144 are effective for the Company’s fiscal year beginning December 30, 2001. The Company is in the process of assessing what impact, if any, FAS 144 may have on its consolidated financial position or results of operations.

Reclassifications

Certain prior year balances have been reclassified to conform with the current year presentation.

Note 3 — Reorganization Costs and Special Items

The Company recorded aggregate charges of $41,411 for reorganization costs and $22,893 of other special items, which are discussed more fully below. These charges are presented separately as components of income from operations in the consolidated statement of income.

Reorganization Costs

During 2001, the Company initiated a broad-based reorganization plan to streamline operations and reorganize resources to increase flexibility, generate cost savings and operational efficiencies and improve services. Within the context of this broad-based reorganization plan, the Company has developed and implemented detailed plans for significant restructuring actions as discussed below.

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

Quarter ended June 30, 2001

In June 2001, the Company initiated a reorganization plan primarily in the U.S. and, to a limited extent, in Europe and Other International operations. This reorganization plan included the closure of the Newark, California distribution center, downsizing the Miami, Florida distribution center, closing the returns processing centers in Santa Ana and Rancho Cucamonga, California and centralizing returns in the Harrisburg, Pennsylvania returns center; restructuring the U.S. sales force, consolidating the U.S. product management division; and reorganizing the information technology resources.

In connection with this reorganization effort, the Company recorded a charge of $19,056 ($18,047, $872, and $137 in the U.S., Europe, and Other International, respectively) for the quarter ended June 30, 2001. Reorganization costs included $10,024 in employee termination benefits for approximately 1,600 employees ($9,155 for approximately 1,440 employees in the U.S., $732 for approximately 120 employees in Europe, and $137 for approximately 40 employees in Other International); $8,605 for closing, downsizing and consolidating certain distribution and returns processing centers relating primarily to excess lease costs, net of estimated sublease income ($8,490 and $115 in the U.S. and Europe, respectively); and $427 of other costs associated with the reorganization ($402 and $25 in the U.S. and Europe, respectively). The Company anticipates that these initiatives will be substantially completed within twelve months from June 30, 2001.

At December 29, 2001, the outstanding liability in connection with these reorganization efforts was approximately $4,028. The reorganization charges and related activities for the period ended December 29, 2001 are summarized as follows:

	Reorganization costs	Amounts paid and charged against the liability	Adjustments	Remaining liability at December 29, 2001
Employee termination benefits	$10,024	$ 8,521	$ —	$1,503
Facility costs	8,605	6,080	—	2,525
Other costs	427	427	—	—
Total	$19,056	$15,028	$ —	$4,028

Quarter ended September 29, 2001

The Company's reorganization plan for the third quarter of 2001 focused primarily in the U.S. and Europe and, to a limited extent, Other International. This reorganization plan included facility consolidations in the Company's U.S. headquarters and two warehouse and office facilities in Southern Europe, and headcount reductions in Europe and Other International operations.

In connection with this reorganization plan, the Company recorded a charge of $11,745 ($6,274, $4,290, and $1,181 in the U.S., Europe, and Other International, respectively) for the quarter ended September 29, 2001. Reorganization costs included $2,370 in employee termination benefits for approximately 250 employees ($1,189 for approximately 150 employees in Europe, and $1,181 for approximately 100 employees in Other International); $7,590 for closing, downsizing and consolidating facilities ($6,274 and $1,316 in the U.S. and Europe, respectively); and $1,785 of other costs associated with the reorganization in Europe. The Company anticipates that these initiatives will be substantially completed within twelve months from September 29, 2001.

At December 29, 2001, the outstanding liability in connection with these reorganization efforts was approximately $5,579. The reorganization charges and related activities for the period ended December 29, 2001 are summarized as follows:

	Reorganization costs	Amounts paid and charged against the liability	Adjustments	Remaining liability at December 29, 2001
Employee termination benefits	$ 2,370	$2,363	$ —	$ 7
Facility costs	7,590	3,362	—	4,228
Other costs	1,785	441	—	1,344
Total	$11,745	$6,166	$ —	$5,579

(Dollars in 000s, except per share data)

Quarter ended December 29, 2001

The Company's reorganization plan for the fourth quarter of 2001 focused primarily in Europe, and to a limited extent, in the U.S and Other International. This reorganization plan included facility consolidations, primarily in Europe and workforce reductions in the U.S., Europe and Other International.

In connection with this reorganization effort, the Company recorded a charge of $10,610 ($1,217, $8,412, and $981 in the U.S., Europe, and Other International, respectively) for the quarter ended December 29, 2001. Reorganization costs included $4,316 in employee termination benefits for approximately 300 employees ($1,082 for approximately 110 employees in the U.S., $2,505 for approximately 120 employees in Europe, and $729 for approximately 70 employees in Other International); $5,224 for closing, downsizing and consolidating facilities ($49, $4,941 and $234 in the U.S., Europe and Other International, respectively); and $1,070 of other costs associated with the reorganization ($87, $966, and $17 in the U.S., Europe and Other International, respectively). The Company anticipates that these initiatives will be substantially completed within twelve months from December 29, 2001.

At December 29, 2001, the outstanding liability in connection with these reorganization efforts was approximately $5,368. The reorganization charges and related activities for the period ended December 29, 2001 are summarized as follows:

	Reorganization costs	Amounts paid and charged against the liability	Adjustments	Remaining liability at December 29, 2001
Employee termination benefits	$ 4,316	$1,825	$ —	$2,491
Facility costs	5,224	3,113	—	2,111
Other costs	1,070	304	—	766
Total	$10,610	$5,242	$ —	$5,368

Special Items

The special items of $22,893 were comprised of the following charges: $10,227 for the write-off of electronic storefront technologies that were replaced by the Company with a more efficient solution, and inventory management software, which was no longer required because of the Company's business process and systems improvements; an impairment charge of $3,500 to reduce the Company's minority equity investment in an internet-related company to estimated net realizable value; and $9,166 to fully reserve for the Company's outstanding insurance claims with an independent and unrelated former credit insurer, which went into liquidation on October 3, 2001. As of December 29, 2001, approximately $7,597 of insurance claims were written-off against the reserve. The remaining claims are expected to be written-off against the balance of the reserve in 2002.

Note 4 — Acquisitions

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

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

(Dollars in 000s, except per share data)

In April 1999, the Company acquired ITG Computers, an Australian computer products distributor. In addition, the Company increased its ownership of Walton Kft., a Hungarian based computer products distributor, to 100% in September 1999, including a 33% interest previously held by the Company's majority-owned subsidiary Ingram Macrotron AG. Total cash paid for these acquisitions was approximately $4,532, net of cash acquired. These acquisitions were accounted for using the purchase method, and the results of their operations have been combined with those of the Company since their acquisition dates. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the dates of acquisition. The excess of the purchase prices over the net assets acquired was approximately $4,922 and is being amortized on a straight-line basis over 10 years.

In December 2001, the Company concluded a business combination involving certain assets and liabilities of its former subdistributor in the People's Republic of China, which was accounted for in accordance with FAS 141. In addition, during September 2001, the Company acquired certain assets of an IT distribution business in the United Kingdom. The purchase price for these transactions aggregated $15,923 in cash and was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the transaction dates, resulting in the recording of approximately $105,376 of goodwill. These transactions had no significant impact on the Company's consolidated results of operations.

Note 5 — Accounts Receivable

In March 2000, the Company entered into a revolving five-year accounts receivable securitization program in the U.S., which provides for the issuance of up to $700,000 in commercial paper. In connection with this program 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. The trust has issued fixed-rate, medium-term certificates and has the ability to support a commercial paper program through the issuance of undivided interests in the pool of trade receivables to third parties. 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 ("securitized receivables") and is shown in the Company's consolidated balance sheet as a separate caption under accounts receivable. Retained interests are carried at their fair market value, estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At December 29, 2001 and December 30, 2000, the amount of undivided interests sold to and held by third parties, or what the Company refers to as off-balance sheet debt, totaled $80,000 and $700,000, respectively.

The Company also has certain other facilities relating to accounts receivable in Europe and Canada which provide up to approximately $248,000 of additional financing capacity. Under these programs, approximately $142,253 and $210,188 of trade accounts receivable were sold to and held by third parties at December 29, 2001 and December 30, 2000, respectively, resulting in a further reduction of trade accounts receivable in the Company's consolidated balance sheet.

The aggregate amount of trade accounts receivable sold to and held by third parties under the U.S., Europe, and Canada programs, or off-balance sheet debt, as of December 29, 2001 and December 30, 2000 totaled approximately $222,253 and $910,188, respectively.

Losses in the amount of $20,332, $13,351 and $7,223 in 2001, 2000 and 1999, 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 6 — Property and Equipment

Property and equipment consist of the following:

	Fiscal Year End	
	2001	2000
Land	$ 8,891	$ 6,552
Buildings and leasehold improvements	104,395	132,158
Distribution equipment	203,207	205,546
Computer equipment and software	333,012	298,933
	649,505	643,189
Accumulated depreciation	(345,672)	(292,360)
	$ 303,833	$ 350,829

(Dollars in 000s, except per share data)

Note 7 — Long-Term Debt

The Company’ s long-term debt was comprised of the following:

	Fiscal Year End	
	2001	2000
Revolving credit facilities and other long-term debt	$ 252,803	$325,583
Convertible debentures	405	220,035
Senior subordinated notes	204,899	—
	458,107	545,618
Current maturities of long-term debt	(252,803)	(42,774)
	$ 205,304	$502,844

The Company has a revolving senior credit facility with a bank syndicate providing an aggregate credit availability of $500,000. Under this senior credit facility, the Company is required to comply with certain financial covenants, including minimum tangible net worth, restrictions on funded debt and interest coverage. This senior credit facility also restricts the amount of dividends the Company can pay as well as the amount of common stock that it can repurchase annually. This senior credit facility expires in October 2002. At December 29, 2001 and December 30, 2000, the Company had $2,000 and $1,984, respectively, in outstanding borrowings under this credit facility. At December 30, 2000, the Company also had $73,500 outstanding under credit facilities that have since expired.

The Company also has 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 $584,626 and $751,640 at December 29, 2001 and December 30, 2000, respectively. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At December 29, 2001 and December 30, 2000, the Company had $250,803 and $250,099, respectively, outstanding under these facilities. The weighted average interest rate on the outstanding borrowings under these credit facilities was 5.20% and 6.67% per annum at December 29, 2001 and December 30, 2000, respectively.

On June 9, 1998, the Company sold $1,330,000 aggregate principal amount at maturity of its Zero Coupon Convertible Senior Debentures due 2018 in a private placement. Gross proceeds from the offering were $460,400, which represented a yield to maturity of 5.375% per annum. In 2000, the Company repurchased convertible debentures with carrying values of $235,219 for $231,330 in cash, resulting in an extraordinary gain of $2,420, net of taxes of $1,469. In 2001, the Company repurchased more than 99% of the remaining outstanding convertible debentures with a total carrying value of $220,733 for $224,977 in cash, resulting in an extraordinary loss of $2,610, net of tax benefits of $1,634 million. At December 29, 2001 and December 30, 2000, the Company’s remaining convertible debentures had an outstanding balance of $405 and $220,035, respectively, and were convertible into approximately 5,000 shares and 3,100,000 shares, respectively, of its Class A Common Stock.

On August 16, 2001, the Company sold $200,000 of 9.875% Senior Subordinated Notes due 2008 to qualified institutional buyers pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended, at an issue price of 99.382%, resulting in cash proceeds of approximately $195,084 (net of issuance costs of approximately $3,680). The Company subsequently registered the exchange of these Senior Subordinated Notes under the Securities Act of 1933, as amended. Under the terms of these notes, the Company is required to comply with certain restrictive covenants, including restrictions on the incurrence of additional indebtedness, the amount of dividends the Company can pay and the amount of capital stock the Company can repurchase.

Interest on the notes is payable semi-annually in arrears on February 15 and August 15, commencing on February 15, 2002. The Company 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, the Company may redeem up to 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 capital stock. The Company may make such redemption only if at least 65% of the aggregate principal amount of notes originally issued remain outstanding.

On August 16, 2001, the Company also entered into interest rate swap agreements with two financial institutions, the effect of which was to swap the Company’s fixed rate obligation on the Company’s Senior Subordinated Notes for a floating rate obligation based on 90-day LIBOR plus 4.260%. All other financial terms of the interest rate swap agreement are identical to those of the Senior Subordinated Notes, except for the quarterly payment of interest, which will be on November 15, February 15, May 15 and August 15 in each year, commencing on November 15, 2001 and ending on the termination date of the swap agreement. At December 29, 2001, the marked-to-market value of the interest rate swap amounted to $6,070, 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 $204,899.

(Dollars in 000s, except per share data)

Annual maturities of the Company's long-term debt as of December 29, 2001 are as follows: $252,803 in 2002, $405 in 2003, and $204,899 in 2008.

Note 8 — Income Taxes

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

	Fiscal Year		
	2001	2000	1999
United States	$17,163	$332,241	$275,013
Foreign	(1,228)	30,268	15,480
Total	$15,935	$362,509	$290,493

The provision for (benefit from) income taxes consists of the following:

	Fiscal Year		
	2001	2000	1999
Current:			
Federal	$(15,165)	$ 55,038	$ 62,832
State	(6,656)	4,626	8
Foreign	20,856	28,335	25,488
	(965)	87,999	88,328
Deferred:			
Federal	21,150	58,448	32,801
State	7,827	6,537	7,847
Foreign	(21,424)	(14,198)	(18,124)
	7,553	50,757	22,524
Provision for income taxes	$ 6,588	$138,756	$110,852

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

	Fiscal Year End	
	2001	2000
Net deferred tax assets and (liabilities):		
Net operating loss carryforwards	$ 71,197	$ 50,983
Allowance on accounts receivable	10,159	18,093
Inventories	(2,537)	6,246
Tax credit carryforwards	26,839	26,301
Realized gain on available-for-sale securities not currently taxable	(118,229)	(118,229)
Depreciation and amortization	(50,111)	(33,625)
Other	(8,969)	(7,350)
	(71,651)	(57,581)
Unrealized gain on available-for-sale securities	428	(10,801)
Total	$ (71,223)	$ (68,382)

Net current deferred tax assets of $9,707 and $26,297 were included in other current assets at December 29, 2001 and December 30, 2000, respectively. Net non-current deferred tax liabilities of $80,930 and $94,679 were included in other liabilities at December 29, 2001 and December 30, 2000, respectively.

The Company has recorded deferred tax liabilities totaling $118,229 in 2001 and 2000 associated with realized gains on available-for-sale securities relating to its sales of Softbank common stock (see Note 2). The Softbank common stock was sold in the public market by one of the Company's foreign subsidiaries, which is 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 the Company's advisors. However, in situations involving uncertainties in the interpretation of complex tax regulations by various taxing authorities, the Company provides for deferred tax liabilities unless the Company considers it probable that taxes will not be due. The level of opinions received from the Company's advisors and its internal assessment did not allow it to reach that conclusion on this matter. Although the Company reviews its assessments in these matters on a regular basis, the Company cannot currently determine when this matter will be finally resolved with the taxing authorities or if taxes will ultimately be paid.

The Company's federal income tax returns through fiscal year 1996 have been audited and closed. The U.S. IRS has initiated its audit of the Company's federal income tax returns for fiscal years 1997 through 1999.

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

Reconciliation of income taxes at the statutory U.S. federal income tax rate to the Company's provision for income taxes is as follows:

	2001	2000	1999
U.S. statutory rate	$ 5,577	$126,878	$101,673
State income taxes, net of federal income tax benefit	1,171	11,163	7,855
Foreign rates less than statutory rate	(4,537)	(2,968)	(3,164)
Goodwill	4,352	4,731	4,572
Other	25	(1,048)	(84)
Provision for income taxes	$ 6,588	$138,756	$110,852

At December 29, 2001, the Company had foreign net operating tax loss carryforwards of approximately $245,509 of which approximately $203,101 had no expiration date. The remaining foreign net operating tax loss carryforwards expire through the year 2011.

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

Note 9 — Transactions with Related Parties

The Company has loans receivable from certain of its executives and associates. These loans, ranging up to $500, have interest rates ranging from 0.0% to 6.75% per annum and are payable from 15 days to five years. At December 29, 2001 and December 30, 2000, the Company's loan receivable balance was $1,598 and $1,811, respectively.

Note 10 — Commitments and Contingencies

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

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.

The Company leases the majority of its facilities and certain equipment under noncancelable operating leases. Renewal and purchase options at fair values exist for a substantial portion of the leases. Rental expense for the years ended 2001, 2000, and 1999 was $105,299, $102,334, and $82,781, respectively.

Future minimum rental commitments on operating leases that have remaining noncancelable lease terms in excess of one year as of December 29, 2001 were as follows:

2002	$ 76,074
2003	63,879
2004	59,903
2005	54,736
2006	47,823
Thereafter	231,233
	$533,648

(Dollars in 000s, except per share data)

Note 11 — Segment Information

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

Financial information by geographic segments is as follows:

	As of and for the Fiscal Year ended		
	2001	2000	1999
Net sales			
United States			
Sales to unaffiliated customers	$13,507,066	$18,452,069	$16,813,414
Intergeographic sales	169,452	192,339	183,208
Europe	7,156,840	7,472,266	7,344,142
Other international	4,523,027	4,790,814	3,911,086
Eliminations of intergeographic sales	(169,452)	(192,339)	(183,208)
Total	$25,186,933	$30,715,149	$28,068,642
Income (loss) from operations			
United States	$ 84,859	$ 279,457	$ 143,496
Europe	13,642	51,104	19,118
Other international	(5,571)	22,876	37,390
Total	$ 92,930	$ 353,437	$ 200,004
Identifiable assets			
United States	$ 3,114,901	$ 4,083,399	$ 5,827,382
Europe	1,264,164	1,514,109	1,644,354
Other international	922,942	1,011,474	800,191
Total	$ 5,302,007	$ 6,608,982	$ 8,271,927
Capital expenditures			
United States	$ 59,851	$ 97,965	$ 93,059
Europe	14,598	34,839	27,192
Other international	11,989	13,300	15,009
Total	$ 86,438	$ 146,104	$ 135,260
Depreciation			
United States	$ 67,129	$ 60,608	$ 49,174
Europe	17,257	16,610	17,522
Other international	9,631	9,253	8,005
Total	$ 94,017	$ 86,471	$ 74,701
Amortization			
United States	$ 5,754	$ 5,557	$ 5,645
Europe	3,300	5,467	6,146
Other international	11,909	11,015	11,109
Total	$ 20,963	$ 22,039	$ 22,900

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

Note 12 — Stock Options and Incentive Plans

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

		Fiscal Year		
		2001	2000	1999
Net Income (Loss)	As reported	$ 6,737	$226,173	$183,419
	Pro forma	$(19,914)	$183,117	$152,789
Diluted earnings per share	As reported	$ 0.04	$ 1.52	$ 1.24
	Pro forma	$ (0.13)	$ 1.23	$ 1.03

The weighted average fair value per option granted in 2001, 2000, and 1999 was $6.66, $5.00, and $7.66, respectively. The fair value of options was estimated using the Black-Scholes option-pricing model assuming no dividends and using the following weighted average assumptions:

	Fiscal Year		
	2001	2000	1999
Risk-free interest rate	3.67%	6.30%	5.45%
Expected years until exercise	2.5 years	2.2 years	2.7 years
Expected stock volatility	68.3%	59.2%	55.5%

Rollover Stock Option Plan

Certain of the Company’s employees participated in the qualified and non-qualified stock option and stock appreciation right (“SAR”) plans of the Company’s former parent, Ingram Industries Inc. (“Industries”). In conjunction with the Company’s split-off from Industries, Industries options and SARs held by the Company’s employees and certain other Industries options, SARs and Incentive Stock Units (“ISUs”) were converted to or exchanged for Ingram Micro options (“Rollover Stock Options”). Approximately 11.0 million Rollover Stock Options were outstanding immediately following the conversion. All Rollover Stock Options were fully vested by the year 2001 and no such options expire later than 10 years from the date of grant.

Equity Incentive Plans

In 2001, the Company had three existing equity incentive plans, the 1996, 1998, and 2000 Equity Incentive Plans (collectively called “the Equity Incentive Plans”) which provide for the grant of stock based awards including incentive stock options, non-qualified stock options, restricted stock, and stock appreciation rights, among others, to key employees and members of the Company’s board of directors. Under the three plans, the Company’s board of directors authorized 47.0 million shares to be made available for grants. As of December 29, 2001, approximately 15.6 million shares were available for grants. Options granted under the Equity Incentive Plans were issued at exercise prices ranging from $7.00 to $53.56 per share and have expiration dates not longer than 10 years from the date of grant. The options granted generally vest over a period of one to five-years. In October 1999, the Company granted a total of 272,250 shares of restricted Class A Common Stock to certain executives under the 1998 Plan. These shares have no purchase price and vested ratably over a two-year period. The Company recorded unearned compensation of $3,458 as a component of stockholders’ equity. The unearned compensation was amortized and charged to operations over the vesting period. In 2001 and 2000, 1,500 and 38,000 shares, respectively, of the restricted Class A Common Stock were forfeited. In July 2001, the Company also granted a total of 55,973 shares of restricted Class A Common Stock to a board member and an executive under the 2000 Plan. These shares have no purchase price and vest ratably over a period of two to three years. The Company recorded unearned compensation of $790 as a component of stockholders’ equity. The unearned compensation is being amortized and charged to operations over the vesting period.

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

In August 2001, the human resources committee of the Company's board of directors authorized a modification of the exercise schedule to retirees under the Equity Incentive Plans. The modification extended the exercise period upon retirement (as defined in the Equity Incentive Plans) from 12 months to 60 months for outstanding options as of August 1, 2001 and for all options granted thereafter, but not to exceed the contractual life of the option. Compensation expense, if any, will be recorded upon the retirement of eligible employees and is calculated based on the excess of the fair value of the Company's stock on the modification date ($14.28 per share) over the exercise price of the modified option multiplied by the number of vested but unexercised options outstanding upon retirement. For 2001, a noncash compensation charge of $69 was recorded in the consolidated statement of income relating to this modification.

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

	Shares (000s)	Weighted Average Exercise Price
Outstanding at January 2, 1999	15,181	$ 14.85
Stock options granted during the year	7,833	18.45
Stock options exercised	(1,674)	4.42
Forfeitures	(2,297)	24.06
Outstanding at January 1, 2000	19,043	16.90
Stock options granted during the year	10,016	13.52
Stock options exercised	(1,621)	6.41
Forfeitures	(3,031)	19.01
Outstanding at December 30, 2000	24,407	15.93
Stock options granted during the year	7,412	15.21
Stock options exercised	(2,630)	7.57
Forfeitures	(2,887)	20.15
Outstanding at December 29, 2001	26,302	16.15

The following table summarizes information about stock options outstanding and exercisable at December 29, 2001.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/29/01 (000s)	Weighted-Average Remaining Life	Weighted-Average Exercise Price	Number Exercisable at 12/29/01 (000s)	Weighted-Average Exercise Price
$ 0.68-$ 3.32	957	0.7	$ 2.11	957	$ 2.11
$ 7.00	836	2.3	7.00	836	7.00
$10.63-$17.44	17,502	8.6	14.04	5,142	13.15
$18.00-$27.00	4,463	3.8	19.61	4,133	19.33
$27.06-$38.63	2,080	4.5	29.68	1,184	29.63
$41.69-$53.56	464	4.9	47.28	315	47.20
	26,302		16.15	12,567	16.34

Stock options exercisable totaled approximately 12,567,000; 10,933,000; and 7,260,000 at December 29, 2001, December 30, 2000, and January 1, 2000, respectively, at weighted average exercise prices of $16.34, $15.38, and $13.42, respectively.

Key Employee Stock Purchase Plan

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

Employee Stock Purchase Plans

In 1998, the board of directors and the Company's shareholders approved the 1998 Employee Stock Purchase Plan (the "Plan") under which 3,000,000 shares of the Company's Class A Common Stock could be sold to employees. Under the Plan, employees can elect to have between 1% and 6% of their earnings withheld to be applied to the purchase of these shares. The purchase price under the Plan is generally the lesser of the market price on the beginning or ending date of the offering periods. Under the 1998 Plan, offerings were made both in January and July of 2001 and 2000. The 2001 and 2000 offerings ended on December 31, 2001 and 2000, respectively. In January 2002 and 2001, the Company issued approximately 109,000 and 138,000, respectively, of the authorized shares and converted approximately $1,300 and $1,600, respectively, in accrued employee contributions into stockholders' equity as a result.

Employee Benefit Plans

The Company's employee benefit plans permit eligible employees to make contributions up to certain limits, which are matched by the Company at stipulated percentages. The Company's contributions charged to expense were $5,031 in 2001, $4,530 in 2000, and $4,484 in 1999.

Note 13 — Common Stock

Prior to November 6, 2001, the Company had two classes of Common Stock, consisting of 500,000,000 authorized shares of $0.01 par value Class A Common Stock and 135,000,000 authorized shares of $0.01 par value Class B Common Stock, and 25,000,000 authorized shares of $0.01 par value Preferred Stock. Class A stockholders are entitled to one vote on each matter to be voted on by the stockholders whereas Class B stockholders were entitled to ten votes on each matter to be voted on by the stockholders. The two classes of stock have the same rights in all other respects. On November 6, 2001, all outstanding shares of the Company's Class B Common Stock were automatically converted into shares of Class A Common Stock on a one-for-one basis in accordance with the terms of the Company's certificate of incorporation.

(Dollars in 000s, except per share data)

The detail of changes in the number of issued and outstanding shares of Class A Common Stock, Class B Common Stock, and Redeemable Class B Common Stock for the three year period ended December 29, 2001, is as follows:

	Common Stock		
	Class A	**Class B**	**Class B Redeemable**
January 2, 1999	66,520,715	74,343,460	1,116,250
Stock options exercised	1,673,621	—	—
Repurchase of Redeemable Class B Common Stock	—	—	(15,270)
Conversion of Class B Common Stock to Class A Common Stock	2,163,569	(2,163,569)	—
Vesting of Redeemable Class B Common Stock	—	558,125	(558,125)
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	582,362	—	—
Grant of restricted Class A Common Stock	272,250	—	—
January 1, 2000	71,212,517	72,738,016	542,855
Stock options exercised	1,620,890	—	—
Repurchase of Redeemable Class B Common Stock	—	—	(12,657)
Conversion of Class B Common Stock to Class A Common Stock	2,858,408	(2,858,408)	—
Vesting of Redeemable Class B Common Stock	—	530,198	(530,198)
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	144,300	—	—
Forfeiture of restricted Class A Common Stock	(38,000)	—	—
December 30, 2000	75,798,115	70,409,806	—
Stock options exercised	2,629,714	—	—
Repurchase of Class B Common Stock	—	(5,550)	—
Conversion of Class B Common Stock to Class A Common Stock	70,404,256	(70,404,256)	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	138,235	—	—
Grant of restricted Class A Common Stock	55,973	—	—
Forfeiture of restricted Class A Common Stock	(1,500)	—	—
December 29, 2001	149,024,793	—	—

MANAGEMENT'S STATEMENT OF FINANCIAL RESPONSIBILITY

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

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

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

/s/ KENT B. FOSTER	/s/ MICHAEL J. GRAINGER	/s/ THOMAS A. MADDEN
Kent B. Foster Chairman of the Board and Chief Executive Officer	Michael J. Grainger President and Chief Operating Officer	Thomas A. Madden Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Ingram Micro Inc. and its subsidiaries at December 29, 2001 and December 30, 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 29, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Los Angeles, California
February 14, 2002

BOARD OF DIRECTORS

KENT B. FOSTER
Chairman and Chief Executive Officer
Ingram Micro Inc.

JOHN R. INGRAM
Chairman
Ingram Distribution Holdings

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

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

DALE R. LAURANCE
President
Occidental Petroleum Corporation

GERHARD SCHULMEYER
Professor of Practice
MIT Sloan School of Management

MICHAEL T. SMITH
Former Chairman and Chief Executive Officer
Hughes Electronics Corporation

JOE B. WYATT
Chancellor Emeritus
Vanderbilt University

CORPORATE MANAGEMENT

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

MICHAEL J. GRAINGER
President and Chief Operating Officer

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

THOMAS A. MADDEN
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

JAMES E. ANDERSON, JR.
Senior Vice President, Secretary and General Counsel

DAVID M. FINLEY
Senior Vice President, Human Resources

JAMES F. RICKETTS
Corporate Vice President and Treasurer

REGIONAL MANAGEMENT

HANS T. KOPPEN
Executive Vice President and President
Ingram Micro Asia-Pacific

KEVIN M. MURAI
Executive Vice President and President
Ingram Micro North America

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

ASGER FALSTRUP
Senior Vice President and President
Ingram Micro Latin America

CORPORATE OFFICES

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

ANNUAL MEETING

The 2002 Annual Meeting of Shareowners will be held at 10 a.m. (Pacific Daylight Time), Thursday, May 30, 2002, at Ingram Micro Inc., 1600 E. St. Andrew Place, Santa Ana, CA 92705. Shareowners are cordially invited to attend.

TRANSFER AGENT AND REGISTRAR

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

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
350 South Grand Avenue, 49th Floor
Los Angeles, CA 90071
Phone: 213.356.6000

COMMON STOCK

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

Price Range of Class A Common Stock

		HIGH	LOW
Fiscal 2001	First Quarter	$16.85	$10.69
	Second Quarter	15.40	12.41
	Third Quarter	15.45	12.00
	Fourth Quarter	17.40	12.08
Fiscal 2000	First Quarter	$16.00	$10.50
	Second Quarter	21.13	13.00
	Third Quarter	20.75	13.13
	Fourth Quarter	18.38	10.19

SHAREOWNER INQUIRIES

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

Investor Relations telephone information line: 714.382.8282.

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

Additional information also is available on our Web site: *www.Ingrammicro.com/corp.*

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 26, 2002

NORTH AMERICA REGION

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

LATIN AMERICA REGION

	NAME OF SUBSIDIARY	JURISDICTION
24.	Computek Enterprises (U.S.A.) Inc. (7)	Florida
25.	Ingram Export Company Ltd.	Barbados
26.	Ingram Micro Argentina, S.A. (8)	Argentina
27.	Ingram Micro Compania de Servicios, S.A. de C.V. (9)	Mexico
28.	Ingram Micro de Costa Rica, S. de R.L. (8)	Costa Rica
29.	Ingram Micro Latin America	Cayman Islands
30.	Ingram Micro Caribbean	Cayman Islands
31.	Ingram Micro Chile, S.A. (10)	Chile
32.	Ingram Micro do Brazil Holdings Ltda. (11)	Brazil
33.	Ingram Micro Brazil Ltda (12)	Brazil
34.	Ingram Micro Peru, S.A. (13)	Peru
35.	Ingram Micro Logistics Inc. (14)	Cayman Islands
36.	CIM Ventures Inc. (15)	Cayman Islands
37.	Ingram Micro Mexico, S.A. de C.V. (9)	Mexico
38.	Export Services Inc.	California
39.	Ingram Micro Panama, S. de R.L. (8)	Panama
40.	Ingram Micro SB Holdings Inc.	Cayman Islands
41.	Ingram Micro SB Inc.	California

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 26, 2002

EUROPE REGION

	NAME OF SUBSIDIARY	JURISDICTION
42.	Ingram European Coordination Center N.V. (16)	Belgium
43.	Ingram Micro AB	Sweden
44.	Ingram Micro AS (7)	Norway
45.	Ingram Micro A/S	Denmark
46.	Ingram Micro Logistics A/S	Denmark
47.	Ingram Micro Logistics OY	Finland
48.	Ingram Micro Acquisition Gmbh	Germany
49.	Ingram Micro B.V.	The Netherlands
50.	Micro Communications Services B.V.	The Netherlands
51.	Bright Communications B.V.	The Netherlands
52.	Ingram Micro Frameworks B.V.	The Netherlands
53.	Ingram Micro Purchasing & Warehousing B.V.	The Netherlands
54.	Ingram Micro Europe AG	Switzerland
55.	Ingram Micro Holding Gmbh	Germany
56.	Ingram Micro Deutschland Gmbh	Germany
57.	Ingram Micro Components (Europe) GmbH	Germany
58.	Ingram Micro Europe GmbH	Germany
59.	Ingram Macrotron AG (96.75%)	Germany
60.	Computer Peripheral Services GmbH	Germany
61.	Future Software Gmbh (90%)	Germany (Munich)
62.	Macrotron Systems Gmbh	Germany (Munich)
63.	Macrotron CAD-CAM Systems	Germany (Munich)
64.	Macrotron Process Technologies GmbH	Germany (Munich)
65.	Macrotron (UK) Ltd.	England
66.	Ingram Macrotron Distribution Gmbh	Germany (Munich)
67.	Compu-Shack Electronic Gmbh	Germany
68.	Compu-Shack Praha s.r.o.	Czeck Republic
69.	Compushack Distribution	Germany
70.	Compushack Production	Germany
71.	Ingram Micro Hungary Ltd (17)	Hungary
72.	WSH kft	Hungary

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 26, 2002

EUROPE REGION (CONTINUED)

	NAME OF SUBSIDIARY	JURISDICTION
73.	Ingram Micro Holding Limited	United Kingdom
74.	Ingram Micro Finance Center of Excellence Ltd	United Kingdom
75.	Ingram Micro Purchasing Ltd	United Kingdom
76.	Ingram Micro (UK) Limited	United Kingdom
77.	Ingram Micro N.V. (16)	Belgium
78.	Ingram Micro OY	Finland
79.	Ingram Micro Polska Sp. z o. o.	Poland
80.	Ingram Micro Logistics AB	Sweden
81.	Ingram Micro Purchasing & Warehousing Sp. z o. o.	Poland
82.	Ingram Micro S.A.	Spain
83.	Ingram Micro Purchasing & Warehousing SA (18)	Spain
84.	Ingram Micro S.A.R.L.	France
85.	Ingram Micro Purchasing & Warehousing S.A.R.L.	France
86.	Ingram Micro S.p.A. (19)	Italy
87.	Ingram Micro Purchasing & Warehousing SRL (20)	Italy
88.	INGRAM MICRO (Portugal) Comercio Internacional & Servicos Sociedade UNIPESSOAL LDA	Portugal
89.	Ingram Micro GmbH	Austria
90.	Ingram Macrotron AG	Switzerland

EXHIBIT 21.01

INGRAM MICRO INC.,
A DELAWARE CORPORATION,
GLOBAL SUBSIDIARIES AS OF MARCH 26, 2002

ASIA-PACIFIC REGION

	NAME OF SUBSIDIARY	JURISDICTION
91.	Ingram Micro Asia Ltd (21)	Singapore
92.	Electronic Resources Pakistan Pte Ltd (7)	Singapore
93.	Electronic Resources Systems Pte Ltd (7)	Singapore
94.	Eltee Electronics Pte Ltd (7)	Singapore
95.	Erijaya Pte Ltd (60%)	Singapore
96.	Ingram Micro Australia Pty Ltd (22)	Australia
97.	Electronic Resources Australia (Qld) Pty Ltd (7)	Australia
98.	Electronic Resources Australia (Vic) Pty Ltd (7)	Australia
99.	Ingram Micro Holding (Thailand) Ltd (49%) (23)	Thailand
100.	Ingram Micro (Thailand) Ltd (99.999%) (6) (24)	Thailand
101.	Ingram Micro Hong Kong (Holding) Ltd (7)	Hong Kong
102.	Chinam Electronics Limited (7)	Hong Kong
103.	Ingram Micro (China) Ltd	Hong Kong
104.	Ingram Micro International Trading (Shanghai) Co., Ltd	China
105.	Ingram Micro India Private Limited (51%)	India
106.	Ingram Micro Malaysia Sdn Bhd	Malaysia
107.	Ingram Micro NZ Ltd (70%)	New Zealand
108.	Ingram Micro Singapore (Indo-China) Pte Ltd (60%)	Singapore
109.	Ingram Micro Singapore (South Asia) Pte Ltd (51%)	Singapore
110.	Ingram Micro Gulf Fze (7)	United Arab Emirates
111.	Ingram Micro (S.E.A.) Pte Ltd	Singapore
112.	ERIM Sdn Bhd (7)	Malaysia
113.	LT Electronics Sdn Bhd (7)	Malaysia
114.	Megawave Pte Ltd (7)	Singapore

FOOTNOTES:

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

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

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

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

(5) Ingram Micro Holdco is general partner with 0.01 interest and Ingram Micro Inc., an Ontario, Canada corporation is limited partner with 99.99 interest.

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

(7) Dormant.

(8) 99.998% owned by Ingram Micro Latin America and .002% owned by Ingram Micro Caribbean.

(9) 99.998% owned by Ingram Micro Inc. (Delaware) and .002% owned by Ingram Micro Caribbean.

FOOTNOTES (CONTINUED):

(10) 99% owned by Ingram Micro Latin America and 1% owned by Ingram Micro Caribbean.

(11) 99.999% owned by Ingram Micro Latin America and .001% owned by Ingram Micro Caribbean.

(12) 99% owned by Ingram Micro do Brazil Holdings Ltda. and 1% owned by Ingram Micro Caribbean.

(13) 99.998% owned by Ingram Micro Latin America, .001% owned by Ingram Micro Caribbean and .001% owned by Ingram Micro Inc. (Delaware).

(14) 40,000,000 voting preferred shares owned by Ingram Micro Inc. (Delaware) and 10,000,000 non-voting common shares owned by Ingram Micro SB Inc.

(15) 346,800 non-voting shares owned by Ingram Micro Logistics Inc. and 55 Class A preferred voting shares owned by Ingram Micro SB Holdings Inc.

(16) 1 share owned by Ingram Micro Delaware Inc.

(17) 65.6% owned by Ingram Micro Holding Gmbh and 34.4% owned by Compu-Shack Electronic Gmbh.

(18) 6,099 shares owned by Ingram Micro S.A. and 1 share owned by Ingram Micro N.V.

(19) 97% owned by Ingram Micro Inc. and 3% by Ingram Micro N.V.

(20) 99% owned by Ingram Micro SpA and 1% by Ingram Micro N.V.

(21) Ingram Micro Asia Holdings Inc. owns 99.998% of the issued share capital.

(22) Ingram Micro Inc. owns 99.577% of the issued share capital.

(23) 51% of shares in Ingram Micro Holding (Thailand) Ltd. are held in trust by nominee Thai shareholders on behalf of Ingram Micro Asia Ltd.

(24) Ingram Micro Inc. owns 97.991% of the issued share capital.

(25) 0.001% of shares in Ingram Mircro (Thailand) Ltd. are held in trust by nominee Thai shareholders on behalf of Ingram Micro Asia Ltd.

EXHIBIT 23.01

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-23821, 333-23823, 333-23825, 333-23827, 333-43447, 333-52807, 333-52809 and 333-39780) of Ingram Micro Inc. of our report dated February 14, 2002 relating to the financial statements, which appears in the Annual Report to Shareowners, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 14, 2002 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Los Angeles, California
March 25, 2002

EXHIBIT 23.02

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-39457 and 333-93783) of Ingram Micro Inc. of our report dated February 14, 2002 relating to the financial statements, which appears in the Annual Report to Shareowners, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 14, 2002 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Los Angeles, California
March 25, 2002

EXHIBIT 99.01

CAUTIONARY STATEMENTS FOR PURPOSES OF THE

"SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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

Our Annual Report on Form 10-K for the year ended December 29, 2001 to which this exhibit is appended, our quarterly reports on Form 10-Q, our current reports on Form 8-K, periodic press releases, as well as other public documents and statements, may contain forward-looking statements within the meaning of the Act.

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

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

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

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

We are subject to intense competition, both in the United States and internationally.

We operate in a highly competitive environment, both in the United States and internationally. The intense competition that characterizes the IT products and services distribution industry is based primarily on:

- breadth, availability and quality of product lines and services;
- price;
- terms and conditions of sale;
- credit terms and availability;
- speed and accuracy of delivery;
- ability to tailor specific solutions to customer needs;
- effectiveness of sales and marketing programs; and
- availability of technical and product information.

Our competitors include regional, national, and international distributors, as well as vendors that employ a direct sales model. In addition, when there is overcapacity in our industry, as is currently the case, our competitors may reduce their prices in response to this overcapacity. We cannot assure you that we will not lose market share in the United States or in international markets, or that we will not be forced in the future to reduce our prices in response to the actions of our competitors and thereby experience a further reduction in our gross margins.

We have initiated and continue to initiate other business activities and may face competition from companies with more experience and/or new entries in those new markets. For example, there has been an accelerated movement among transportation and logistics companies to provide fulfillment and e-commerce supply chain services. Within this arena, we face competition from major transportation and logistics suppliers such as United Parcel Service and Federal Express; express logistics companies such as PFSWeb and SubmitOrder.com; and electronic manufacturing services providers such as Solectron and Flextronics. In addition, as we enter new business areas, we may also encounter increased competition from current competitors and/or from new competitors, some of which may be our current customers or suppliers, which may impact our net sales and profitability.

We may not be able to adequately adjust our cost structure in a timely fashion in response to a decrease in demand, which may cause our profitability to suffer.

We seek to continually institute more effective operational and expense controls to reduce selling, general and administrative, or SG&A, expenses as a percentage of net sales. However, a significant portion of our SG&A expense is comprised of personnel, facilities and costs of invested capital. Historically, we have monitored and controlled the growth in operating costs in relation to overall net sales growth and continue to pursue and implement process and organizational changes to provide sustainable operating efficiencies. However, in the event of a significant downturn in net sales, as is currently the case, we may not be able to exit facilities, reduce personnel, or improve business processes, or make other significant changes to our cost structure without significant disruption to our operations or without significant termination and exit costs. Additionally, management may not be able to implement such actions, if at all, in a timely manner to offset a shortfall in net sales and gross profit. As a result, our profitability may suffer.

Our gross margins have been historically narrow, and we expect them to continue to be narrow; this magnifies the impact of variations in costs on our operating results.

As a result of intense price competition in the IT products and services distribution industry, our gross margins have historically been narrow and we expect them to continue to be narrow in the future. We receive purchase discounts and rebates from suppliers based on various factors, including sales or purchase volume and breadth of customers. These purchase discounts and rebates directly affect gross margins. Because many purchase discounts from suppliers are based on percentage increases in sales of products, it may become more difficult for us to achieve the percentage growth in sales required for larger discounts due to the current size of our net sales base. This is particularly true in an environment of declining demand for IT products and services, as is currently the case. We expect these competitive pricing pressures and the restrictive vendor terms and conditions to continue for the foreseeable future. A decrease in net sales could also negatively affect the level of volume rebates received from our suppliers.

A significant percentage of our net sales relates to products sold to us by relatively few vendors or publishers. They each have the ability to make, and have in the past already made, rapid and significantly adverse changes in their sales terms and conditions, such as reducing the amount of price protection and return rights as well as reducing the level of purchase discounts and rebates they make available to us. We expect restrictive vendor terms and conditions to continue in the foreseeable future. Our inability to pass through to our nearly 170,000 reseller customers the impact of these changes, as well as our failure to develop systems to manage ongoing supplier pass-through programs, could cause us to record inventory write-downs and could have a material negative impact on our gross margins. Our narrow gross margins magnify the impact of variations in operating costs, bad debts or interest expense on our operating results.

If the current downturn in economic conditions continues for a long period of time or worsens, it will likely have an adverse impact on our business.

The IT industry in general, and the IT products and services distribution industry in particular, have recently experienced a severe downturn in demand. This downturn has resulted in a decline in our net sales and operating results. If the current downturn continues or worsens we may experience significant operating losses and elevated levels of obsolete inventory and bad debts.

We are subject to the risk that our inventory values may decline and protective terms under vendor agreements may not adequately cover the decline in values.

The IT products industry is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory in stock to decline substantially in value or to become obsolete. It is the policy of many suppliers of IT products to offer distributors like us, who purchase directly from them, limited protection from the loss in value of inventory due to technological change or such suppliers' price reductions. For example, we can receive a credit from some suppliers for products, based upon the terms and conditions with those suppliers, in the event of a supplier price reduction. In addition, we have a limited right to return to some vendors a certain percentage of purchases. These policies are often not embodied in written agreements and are subject to the discretion of the vendors. As a result, these policies do not protect us in all cases from declines in inventory value. We cannot assure you that price protection will continue, that unforeseen new product developments will not materially adversely affect us, or that we will successfully manage our existing and future inventories.

During an economic downturn, which we are currently experiencing, it is possible that prices will decline due to an oversupply of product, and therefore, there may be greater risk of declines in inventory value. If major vendors decrease the availability of price protection to us, such a change in policy could lower our gross margins on products we sell or cause us to record inventory write-downs. We expect the restrictive vendor terms and conditions to continue for the foreseeable future. We are also exposed to inventory risk to the extent that vendor protections are not available on all products or quantities and are subject to time restrictions. In addition, vendors may become insolvent and unable to fulfill their protection obligations to us.

We have significant credit exposure to our reseller customers and negative trends in their businesses could cause us significant credit loss.

We extend credit to our reseller customers for a significant portion of our net sales. Resellers have a period of time, generally 30 to 90 days after date of invoice, to make payment. We are subject to the risk that our reseller customers will not pay for the products they have purchased. The risk that we may be unable to collect on receivables may increase if our reseller customers experience decreases in demand for their products and services or otherwise become less stable, due to adverse economic conditions. If there is a substantial deterioration in the collectibility of our receivables or if we cannot obtain credit insurance at reasonable rates or are unable to collect under existing credit insurance policies, our earnings, cash flows and our ability to utilize receivable-based financing could deteriorate.

We are dependent on key individuals in our Company, and our ability to retain our personnel.

Because of the nature of our business, which includes (but is not limited to) higher volume of transactions, business complexity, wide geographical coverage, and broad scope of products, vendors, and customers, we are dependent in large part on our ability to retain the services of our key management, finance, sales, IT, and operational personnel. Our continued success is also dependent upon our ability to retain and recruit other qualified employees, including highly skilled technical, managerial, and marketing personnel, to meet our needs. Competition for qualified personnel is intense, particularly in technical areas such as IT. In addition, we have recently announced restructuring actions designed to reduce our investment in personnel. These reductions could negatively impact our relationships with our workforce, or make hiring of other employees more difficult. We may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our business.

Changes in our processes and organizational structure, resulting from our current cost reduction efforts, involve various risks and difficulties.

Our continued pursuit and implementation of process improvements and organization changes to create cost reductions across all regions subject our business to a number of risks and difficulties which may adversely impact the benefits of such cost reductions and negatively impact our operating results including:

- diversion of management's attention to restructuring operations and personnel from daily operations;
- the inability to manage and retain key personnel and customers;
- the inability to realize cost savings due to existing systems and/or operational structures in our different geographic markets, and in our vendor and customer organizations; and
- potential adverse short-term effects on our operating results.

Integration of our acquired businesses and similar transactions involve various risks and difficulties.

We have in the past pursued, and may pursue, from time to time, acquisitions, joint ventures, and other strategic relationships to complement or expand our existing business which may adversely impact the benefits of such efforts and our business generally, including:

- diversion of management's attention to the integration of the operations and personnel of the acquired companies;
- the inability to manage and retain key personnel and customers;
- the inability to convert the acquired companies' management information systems to ours;
- potential adverse short-term effects on our operating results;
- the possibility that we could incur or acquire substantial debt in connection with the acquisitions;
- the logistical difficulties inherent in expanding into new geographic markets and business areas;
- the difficulty inherent in understanding local business practices;
- asset impairment charges resulting from acquired intangible assets; and
- the need to present a unified corporate image.

We are dependent on a variety of information systems and a failure of these systems could disrupt our business and harm our reputation and net sales.

We depend on a variety of information systems for our operations, particularly our centralized IMpulse information processing system, which supports more than 40 operational functions, including:

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

At the core of IMpulse is on-line, real-time distribution software, which supports basic order entry and processing and customers' shipments and returns. Although we have not in the past experienced material system-wide failures or downtime of IMpulse or any of our other information systems, we have experienced failures in IMpulse in certain specific geographies. Failures or significant downtime for IMpulse could prevent us from taking customer orders, printing product pick-lists, and/or shipping product. It could also prevent customers from accessing our price and product availability information. From time to time we may acquire other businesses having information systems and records, which must be converted and integrated into

IMpulse or other Ingram Micro information systems. This can be a lengthy and expensive process that results in a material diversion of resources from other operations. In addition, because IMpulse is comprised of a number of legacy, internally developed applications, it can be harder to upgrade, and may not be adaptable to commercially available software. Particularly as our needs or technology in general evolve, we may experience greater than acceptable difficulty or cost in upgrading IMpulse, or we may be required to replace IMpulse entirely.

We also rely on the Internet for a percentage of our orders and information exchanges with our customers. The Internet and individual web sites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some web sites have experienced security breakdowns. To date, our web site has not experienced any material breakdowns, disruptions or breaches in security; however, we cannot assure you that this will not occur in the future. If we were to experience a security breakdown, disruption or breach that compromised sensitive information, this could harm our relationship with our customers or vendors. Disruption of our web site or the Internet in general could impair our order processing or more generally prevent our customers and vendors from accessing information. This could cause us to lose business.

We believe that customer information systems and product ordering and delivery systems, including Internet-based systems, are becoming increasingly important in the distribution of technology products and services. As a result, we are continually enhancing our customer information systems by adding new features, including on-line ordering through the Internet. However, we cannot assure you that competitors will not develop superior customer information systems or that we will be able to meet evolving market requirements by upgrading our current systems at a reasonable cost, or at all. Our inability to develop competitive customer information systems or upgrade our current systems could cause our business and market share to suffer.

Because of the capital-intensive nature of our business, we need continued access to capital which, if not available to us, could harm our ability to operate or expand our business.

Our business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. In order to continue operating our business, we will continue to need access to capital, including debt financing. This is especially true when our business is expanding, including through acquisitions, but we still have substantial demand for capital even during periods of stagnant or declining net sales, which we are currently experiencing. The capital we require may not be available on terms acceptable to us, or at all. In this regard, our European senior revolving credit facility, totaling $500 million of availability, matures in October 2002. Our prospects, financial condition and results of operations, as well as macroeconomic factors such as fluctuations in interest rates or a general economic downturn, may restrict our ability to raise the necessary capital. We cannot assure you that we will continue to be able to raise capital in adequate amounts or on terms acceptable to us, and the failure to do so could harm our ability to operate or expand our business.

Our international operations impose risks upon our business, such as exchange rate fluctuations.

We operate, through our subsidiaries, in a number of countries outside the United States, and we expect our international net sales to increase as a percentage of total net sales in the future. Our international net sales are primarily denominated in currencies other than the U.S. dollar. Accordingly, our international operations impose risks upon our business as a result of exchange rate fluctuations. We have operations in countries, which may have a greater risk of exchange rate fluctuations. Exchange rate fluctuations may cause our international revenues to fluctuate significantly when reflected in U.S. dollar terms. In some countries outside the United States, operations are accounted for primarily on a U.S. dollar-denominated basis. In the event of an unexpected devaluation of the local currency in those countries (as occurred in Argentina in early 2002), we may experience significant foreign exchange losses. In addition, our operations may be significantly adversely affected as a result of the general economic impact of the devaluation of the local currency.

Our international operations are subject to other risks such as:

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

Rapid changes in the operating environment for IT distributors have placed significant strain on our business, and we cannot assure you of our ability to successfully manage future adverse industry trends.

Dynamic changes in the industry have resulted in new and increased responsibilities for management personnel and have placed and continue to place a significant strain upon our management, operating and financial systems, and other resources. This strain may result in disruptions to our business and decreased revenues and profitability. In addition, we may not be able to attract or retain sufficient personnel to manage our operations through such dynamic changes. Even with sufficient personnel we cannot assure you of our ability to successfully manage future adverse industry trends. Also crucial to our success in managing our operations will be our ability to achieve additional economies of scale. Our failure to achieve these additional economies of scale could harm our profitability.

We are dependent on suppliers to maintain an adequate supply of products to fulfill customer orders on a timely basis.

Our ability to obtain particular products or product lines in the required quantities and to fulfill customer orders on a timely basis is critical to our success. We generated approximately 39%, 42%, and 39%, of our net sales in fiscal 2001, 2000, and 1999, respectively, from products purchased from three vendors. In most cases, we have no guaranteed price or delivery agreements with suppliers. In certain product categories, such as systems, limited price protection or return rights offered by vendors may have a bearing on the amount of product we may be willing to stock. The IT industry experiences significant product supply shortages and customer order backlogs from time to time due to the inability of certain vendors to supply certain products on a timely basis. As a result, we have experienced, and may in the future continue to experience, short-term shortages of specific products. In addition, vendors who currently distribute their products through us may decide to distribute, or to substantially increase their existing distribution, through other distributors, their own dealer networks, or directly to resellers. In addition, in the case of software, there is the emergence of alternative means of distribution, such as site licenses and electronic distribution. If suppliers are not able to maintain an adequate supply of products to fulfill our customer orders on a timely basis or we cannot otherwise obtain particular products or a product line or suppliers substantially increase their existing distribution through other distributors, their own dealer networks, or directly to resellers, our reputation and sales may suffer.

We will record a significant non-cash charge in the first quarter of 2002 for the cumulative effects of a change in accounting principle from adoption of a new accounting standard, and future periodic assessments under this new standard may result in additional non-cash charges.

In accordance with Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“FAS 142”), we will no longer amortize goodwill or indefinite-lived intangible assets effective the beginning of fiscal 2002. Instead, these assets will be reviewed for impairment at least annually.

Impairment is based on the valuation of individual reporting units. The valuation methods used include estimated net present value of projected future cash flows of these reporting units. We are currently evaluating the effect that the adoption of FAS 142 may have on our consolidated financial position. It is expected that, as a result of the implementation of FAS 142, we will record a non-cash charge for the cumulative effect of the change in accounting principle upon adoption ranging from $260 million to $290 million, net of tax benefits ranging from $7 million to $12 million, in the first quarter of 2002.

Significant changes in use of our assets, negative industry or economic trends, significant under-performance relative to historical or projected future operating results, or a substantial decline in our stock price could result in a substantial decline in the value of our goodwill, intangible assets or other long-lived assets, which could require us to record additional impairment charges in the future.

Our quarterly results have fluctuated significantly in the past and will likely continue to do so, which may cause the market price of our securities to fluctuate.

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

- seasonal variations in the demand for our products and services, such as occurs generally during the fourth quarter due to holiday shopping;
- competitive conditions in our industry, which may impact the prices charged by our suppliers and the prices we charge resellers;
- 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 introduction by us or our competitors of new products and services offering improved features and functionality;
- 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;
- currency fluctuations in countries in which we operate; and
- general economic conditions.

Our narrow margins may magnify the impact of these factors on our operating results. We believe that you should not rely on period-to-period comparisons of our operating results as an indication of future performance. In addition, the results of any quarterly period are not indicative of results to be expected for a full fiscal year. From time to time, we have failed to meet consensus analyst earnings estimates. In future quarters, our operating results may be below the expectations of public market analysts or investors. This may cause the market price of our securities to decline.

We are dependent on third-party shipping companies for the delivery of our products.

We rely almost entirely on arrangements with third-party shipping companies for the delivery of our products. The termination of our arrangements with one or more of these third-party shipping companies, or the failure or inability of one or more of these third-party shipping companies to deliver products from suppliers to us or products from us to our reseller customers or their end-user customers, could disrupt our business and harm our reputation and net sales.