FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED APRIL 3, 1999

OR

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

FOR THE TRANSITION PERIOD FROM _________________ TO _________________

COMMISSION FILE NUMBER: 1-12203

INGRAM MICRO INC.

(Exact name of Registrant as specified in its charter)

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

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

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

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

The Registrant had 68,722,823 shares of Class A Common Stock, par value $.01 per share, and 74,364,168 shares of Class B Common Stock, par value $.01 per share, outstanding at April 3, 1999.

INGRAM MICRO INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INGRAM MICRO INC.

CONSOLIDATED BALANCE SHEET
(DOLLARS IN 000S, EXCEPT PER SHARE DATA)

	APRIL 3, 1999 (UNAUDITED)	JANUARY 2, 1999
ASSETS		
Current assets:		
Cash	$ 100,612	$ 96,682
Trade accounts receivable (less allowances of $64,470 and $55,904 at April 3, 1999 and January 2, 1999, respectively)	2,620,447	2,562,050
Inventories	2,873,321	3,094,227
Other current assets	295,822	278,591
Total current assets	5,890,202	6,031,550
Property and equipment, net	264,728	254,718
Goodwill, net	435,377	232,112
Other	216,642	215,024
Total assets	$ 6,806,949	$ 6,733,404
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,539,480	$ 3,306,045
Accrued expenses	269,661	254,627
Current maturities of long-term debt	58,974	38,978
Total current liabilities	3,868,115	3,599,650
Convertible debentures	422,966	473,475
Other long-term debt	943,809	1,208,003
Other	54,619	45,205
Total liabilities	5,289,509	5,326,333
Commitments and contingencies		
Redeemable Class B Common Stock	3,907	7,814
Stockholders' equity:		
Preferred Stock, $0.01 par value, 1,000,000 shares authorized; no shares issued and outstanding	--	--
Class A Common Stock, $0.01 par value, 265,000,000 shares authorized; 68,722,823 and 66,520,715 shares issued and outstanding at April 3, 1999 and January 2, 1999, respectively	687	665
Class B Common Stock, $0.01 par value, 135,000,000 shares authorized; 74,364,168 and 75,459,710 shares issued and outstanding (including 558,125 and 1,116,250 redeemable shares) at April 3, 1999 and January 2, 1999, respectively	738	743
Additional paid in capital	617,833	591,235
Retained earnings	853,870	811,616
Accumulated other comprehensive income (loss)	40,468	(4,914)
Unearned compensation	(63)	(88)
Total stockholders' equity	1,513,533	1,399,257
Total liabilities and stockholders' equity	$ 6,806,949	$ 6,733,404

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF INCOME
(DOLLARS IN 000S, EXCEPT PER SHARE DATA)
(UNAUDITED)

	THIRTEEN WEEKS ENDED	
	APRIL 3, 1999	APRIL 4, 1998
Net sales	$ 6,725,275	$ 5,150,088
Cost of sales	6,366,021	4,820,178
Gross profit	359,254	329,910
Expenses:		
Selling, general and administrative	267,509	213,786
Reorganization costs	6,234	--
	273,743	213,786
Income from operations	85,511	116,124
Other (income) expense:		
Interest income	(1,319)	(1,413)
Interest expense	25,224	19,272
Net foreign currency exchange loss	(324)	1,575
Other	783	2,680
	24,364	22,114
Income before income taxes	61,147	94,010
Provision for income taxes	22,671	37,474
Income before extraordinary item	38,476	56,536
Extraordinary gain on repurchase of debentures, net of $2,405 in income taxes	3,778	--
Net income	$ 42,254	$ 56,536
Basic earnings per share:		
Income before extraordinary item	$ 0.27	$ 0.41
Extraordinary gain on repurchase of debentures	0.03	--
Net income	$ 0.30	$ 0.41
Diluted earnings per share:		
Income before extraordinary item	$ 0.26	$ 0.38
Extraordinary gain on repurchase of debentures	0.03	--
Net income	$ 0.29	$ 0.38

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN 000S)
(UNAUDITED)

	THIRTEEN WEEKS ENDED	
	APRIL 3, 1999	APRIL 4, 1998
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income	$ 42,254	$ 56,536
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	21,903	15,402
Deferred income taxes	(3,832)	(1,138)
Gain on repurchase of debentures	(3,778)	--
Noncash interest charge	6,423	--
Noncash compensation charge	509	1,148
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	180,325	(165,131)
Inventories	295,863	206,658
Other current assets	(14,140)	33,400
Accounts payable	85,754	(127,887)
Accrued expenses	17,003	(8,751)
Cash provided by operating activities	628,284	10,237
CASH (USED) PROVIDED BY INVESTING ACTIVITIES:		
Purchases of property and equipment	(22,998)	(27,052)
Proceeds from sale of property and equipment	6,910	--
Acquisitions, net of cash acquired	(222,260)	--
Other	(9,261)	(4,633)
Cash used by investing activities	(247,609)	(31,685)
CASH (USED) PROVIDED BY FINANCING ACTIVITIES:		
Redemption of Redeemable Class B Common Stock	--	(335)
Exercise of stock options including tax benefits	8,152	11,696
Repurchase of convertible debentures	(50,321)	--
Repayments of debt	(8,482)	(452)
Net (repayments) borrowings under revolving credit facilities	(322,740)	22,453
Cash (used) provided by financing activities	(373,391)	33,362
Effect of exchange rate changes on cash	(3,354)	(432)
Increase in cash	3,930	11,482
Cash, beginning of period	96,682	92,212
Cash, end of period	$ 100,612	$ 103,694
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments during the period:		
Interest	$ 24,386	$ 19,038
Income taxes	12,065	13,754

See accompanying notes to these consolidated financial statements.

INGRAM MICRO INC.

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

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Ingram Micro Inc. (the "Company" or "Ingram Micro") is primarily engaged in wholesale distribution of computer-based technology products and services worldwide. The Company conducts the majority of its operations in North America, Europe, Latin America, and Asia Pacific.

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited consolidated financial statements contain all material adjustments necessary to present fairly the financial position of the Company and its wholly-owned and majority-owned subsidiaries as of April 3, 1999, their results of operations for the thirteen weeks ended April 3, 1999 and April 4, 1998 and their cash flows for the thirteen weeks ended April 3, 1999 and April 4, 1998. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the thirteen week period ended April 3, 1999 may not be indicative of the results of operations that can be expected for the full year.

NOTE 2 - EARNINGS PER SHARE

The Company has adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("FAS 128") and related interpretations. FAS 128 requires dual presentation of Basic Earnings per Share ("Basic EPS") and Diluted Earnings per Share ("Diluted EPS"). Basic EPS excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the reported period. Diluted EPS reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised using the treasury stock method or the if-converted method, where applicable.

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

	THIRTEEN WEEKS ENDED	
	APRIL 3, 1999	APRIL 4, 1998
Income before extraordinary item	$ 38,476	$ 56,536
Weighted average shares	142,755,066	137,409,171
Basic earnings per share	$ 0.27	$ 0.41
Weighted average shares including the dilutive effect of stock options (5,430,404 and 11,652,658 for the 13 weeks ended April 3, 1999 and April 4, 1998, respectively)	148,185,470	149,061,829
Diluted earnings per share	$ 0.26	$ 0.38

At April 3, 1999, there was $422,966 in Zero Coupon Convertible Senior Debentures that were convertible into 6,427,721 shares of Class A Common Stock. For the thirteen weeks ended April 3, 1999, these potential shares were excluded from the computation of Diluted EPS because their effect would be antidilutive. Additionally, there were approximately 3,118,447 and 61,455 options for the thirteen weeks ended April 3, 1999 and April 4, 1998, respectively, that were not included in the computation of Diluted EPS because the exercise price was greater than the average market price of the Class A Common Stock, thereby resulting in an antidilutive effect.

INGRAM MICRO INC.

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

NOTE 3 - COMMON STOCK

The Company has two classes of Common Stock, consisting of 265,000,000 authorized shares of $0.01 par value Class A Common Stock and 135,000,000 authorized shares of $0.01 par value Class B Common Stock, and 1,000,000 authorized shares of $0.01 par value Preferred Stock. Class A stockholders are entitled to one vote on each matter to be voted on by the stockholders whereas Class B stockholders are entitled to ten votes on each matter to be voted on by the stockholders. The two classes of stock have the same rights in all other respects. Each share of Class B Common Stock may at any time be converted to a share of Class A Common Stock; however, conversion will occur automatically on the earliest to occur of (i) November 6, 2001; (ii) the sale or transfer of such share of Class B Common Stock to any person not specifically authorized to hold such shares by the Company's Certificate of Incorporation; or (iii) the date on which the number of shares of Class B Common Stock then outstanding represents less than 25% of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding.

NOTE 4 - COMPREHENSIVE INCOME

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

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

	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	UNREALIZED GAIN ON AVAILABLE FOR SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
Balance at January 3, 1998	$(14,236)	$ --	$(14,236)
Thirteen week change	(2,407)	--	(2,407)
Balance at April 4, 1998	$(16,643)	$ --	$(16,643)

	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	UNREALIZED GAIN ON AVAILABLE FOR SALE SECURITIES	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
Balance at January 2, 1999	$(11,580)	$ 6,666	$ (4,914)
Thirteen week change	(16,282)	61,664	45,382
Balance at April 3, 1999	$(27,862)	$68,330	$ 40,468

Total comprehensive income for the thirteen weeks ended April 3, 1999 and April 4, 1998 was $87,636 and $54,129, respectively.

NOTE 5 - EXTRAORDINARY ITEM

INGRAM MICRO INC.

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

In March 1999, the Company repurchased Zero Coupon Convertible Senior Debentures with a carrying value of $56,504 as of the repurchase date for approximately $50,321 in cash. The debenture repurchase resulted in an extraordinary gain of $3,778 (net of $2,405 in income taxes).

NOTE 6 - ACQUISITION

In January 1999, the Company purchased 44,114,340 shares of Electronic Resources Ltd. ("ERL") common stock 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%. The aggregate purchase price paid in 1999 for ERL shares and warrants was approximately $232,010. Prior to 1999, the Company accounted for its investment in ERL under the equity method. Due to the purchase of ERL common stock and warrants in 1999, the Company has 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 for the thirteen weeks ended April 3, 1999. 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 purchase price, including the $71,212 paid in December 1997, over the net assets acquired of approximately $208,120 is being amortized on a straight-line basis over 30 years. The final allocation of the purchase price may vary as additional information is obtained; accordingly, the final allocations may differ from those used in the unaudited consolidated financial statements included herein.

NOTE 7 - SEGMENT INFORMATION

Effective in 1998, the Company adopted the disclosure requirements of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("FAS 131"). The Company's reportable operating segments are based on geographic location, and the measure of segment profit is income from operations.

The Company operates predominantly in a single industry segment as a wholesale distributor of computer-based technology products and services. Geographic areas in which the Company operates include the United States, Europe (Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom) and Other (Australia, Brazil, Canada, Chile, China, India, Indonesia, Malaysia, Mexico, New Zealand, Peru, Singapore, and Thailand). 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.

INGRAM MICRO INC.

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

Financial information by geographic segments is as follows:

	THIRTEEN WEEKS ENDED	
	APRIL 3, 1999	APRIL 4, 1998
NET SALES		
United States		
Sales to unaffiliated customers	$ 4,137,414	$ 3,456,087
Transfers between geographic areas	37,417	40,800
Europe	1,747,289	1,174,989
Other	840,572	519,012
Eliminations	(37,417)	(40,800)
Total	$ 6,725,275	$ 5,150,088
INCOME FROM OPERATIONS		
United States	$ 65,617	$ 91,614
Europe	10,336	19,498
Other	9,558	5,012
Total	$ 85,511	$ 116,124
IDENTIFIABLE ASSETS		
United States	$ 4,143,630	$ 3,129,405
Europe	1,721,697	1,184,139
Other	941,622	561,885
Total	$ 6,806,949	$ 4,875,429
CAPITAL EXPENDITURES		
United States	$ 20,522	$ 23,514
Europe	1,160	2,298
Other	1,316	1,240
Total	$ 22,998	$ 27,052
DEPRECIATION AND AMORTIZATION		
United States	$ 12,992	$ 10,433
Europe	4,604	2,919
Other	4,307	2,050
Total	$ 21,903	$ 15,402

NOTE 8 - REORGANIZATION COSTS

In February 1999, the Company initiated a plan primarily in the United States to streamline operations and reorganize resources to increase flexibility and service and maximize cost savings and operational efficiencies. This reorganization plan includes instituting several organizational and structural changes, including the closing of the Company's California-based consolidation center and certain other redundant locations, re-alignment of the Company's sales force and the creation of a merchandising organization that integrates purchasing, vendor sales, and product marketing functions, as well as a realignment of administrative functions and processes throughout the U.S. organization.

INGRAM MICRO INC.

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

In connection with the reorganization plan, the Company recorded a charge of $6,234 in the thirteen weeks ended April 3, 1999. This reorganization charge included $4,269 in employee termination benefits for approximately 358 employees, $1,519 for closing and consolidation of redundant facilities relating primarily to excess lease costs net of estimated sublease income, and $446 for other costs associated with the reorganization. These initiatives are expected to be largely completed by the end of 1999.

The reorganization charge and related activity are summarized as follows:

	1999 REORGANIZATION CHARGE	AMOUNTS PAID AND CHARGED AGAINST THE LIABILITY	ADJUSTMENTS	REMAINING LIABILITY AT APRIL 3, 1999
Employee termination benefits	$4,269	$2,209	$ --	$2,060
Facility costs	1,519	--	--	1,519
Other costs	446	3	--	443
Total	$6,234	$2,212	$ --	$4,022

NOTE 9 - NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"), which will become effective for the Company in fiscal 2000. FAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. The Company does not expect the adoption of FAS 133 to have a material impact on its reported consolidated financial condition or results of operations.

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

RESULTS OF OPERATIONS

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

	THIRTEEN WEEKS ENDED			
	APRIL 3, 1999		APRIL 4, 1998	
	(dollars in millions)			
Net sales by geographic region:				
United States	$4,137	61.5%	$3,456	67.1%
Europe	1,747	26.0%	1,175	22.8%
Other international	841	12.5%	519	10.1%
Total	$6,725	100.0%	$5,150	100.0%

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

	PERCENTAGE OF NET SALES THIRTEEN WEEKS ENDED	
	APRIL 3, 1999	APRIL 4, 1998
Net sales	100.0%	100.0%
Cost of sales	94.7%	93.6%
Gross profit	5.3%	6.4%
Expenses:		
SG&A expenses	4.0%	4.2%
Reorganization costs	0.0%	--
Income from operations	1.3%	2.2%
Other expense, net	0.4%	0.4%
Income before income taxes	0.9%	1.8%
Provision for income taxes	0.3%	0.7%
Income before extraordinary item	0.6%	1.1%
Extraordinary gain on repurchase of debentures, net of income taxes	0.0%	--
Net income	0.6%	1.1%

THIRTEEN WEEKS ENDED APRIL 3, 1999 COMPARED TO THIRTEEN WEEKS ENDED APRIL 4, 1998

Consolidated net sales increased 30.6% to $6.73 billion in the first quarter of 1999 from $5.15 billion in the first quarter of 1998. The increase in worldwide net sales was primarily attributable to the addition of new customers, increased sales to the existing customer base, expansion of the Company's product offerings, growth in the computer-based technology products and services industry in general, the July 1998 acquisition of Munich, Germany-based Macrotron AG ("Macrotron"), and the consolidation of Electronic Resources, Ltd ("ERL") resulting from the Company's increased ownership position in ERL ("the ERL Acquisition" - See Note 6 of Notes to Consolidated Financial Statements).

Net sales from U.S. operations increased 19.7% to $4.14 billion in the first quarter of 1999 from $3.46 billion in the first quarter of 1998 primarily due to growth of its current business. Net sales from European operations increased

48.7% to $1.75 billion in the first quarter of 1999 from $1.17 billion in the first quarter of 1998 primarily due to the July 1998 acquisition of Macrotron as well as to the overall growth in the Company's existing European operations. Other net sales increased 62.0% to $840.6 million in the first quarter of 1999 from $519.0 million in the first quarter of 1998 primarily due to the January 1999 ERL acquisition as well as growth in the Company's Canadian operations.

Gross profit, as a percentage of net sales, decreased to 5.3% in the first quarter of 1999 from 6.4% in the first quarter of 1998. The decrease was largely attributable to significant competitive pricing pressures experienced primarily in the U.S. and the larger countries in Europe. The Company expects these competitive pricing pressures to continue in the foreseeable future.

Total SG&A expenses increased 25.1% to $267.5 million in the first quarter of 1999 from $213.8 million in the first quarter of 1998, but decreased as a percentage of net sales to 3.98% in the first quarter of 1999 from 4.15% in the first quarter of 1998. The increase in SG&A expenses was attributable to the acquisitions of ERL in January 1999 and Macrotron in July 1998 as well as the increased expenses required to support the expansion of the Company's business. Expenses related to expansion consists of incremental personnel and support costs, lease expense 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 as well as continued cost-control measures.

In February 1999, the Company initiated a plan primarily in the United States to streamline operations and reorganize resources to increase flexibility and service and maximize cost savings and operational efficiencies. This reorganization plan includes instituting several organizational and structural changes, including the closing of the Company's California-based consolidation center and certain other redundant locations, re-alignment of the Company's sales force and the creation of a merchandising organization that integrates purchasing, vendor sales, and product marketing functions, as well as a realignment of administrative functions and processes throughout the U.S. organization.

In connection with the reorganization plan, the Company recorded a charge of approximately $6.2 million in the thirteen weeks ended April 3, 1999. This reorganization charge included approximately $4.3 million in employee termination benefits for approximately 358 employees, $1.5 million for closing and consolidation of redundant facilities primarily relating to excess lease costs net of estimated sublease income, and $0.4 million for other costs associated with the reorganization. The Company expects to begin to realize cost-savings from these changes in the second quarter of 1999. Based upon these changes and continued cost control measures, the Company expects its SG&A expenses to remain below 4.0% of consolidated net sales for the foreseeable future. However, any significant decline in future sales growth rates or significant changes in the business or industry in which the Company operates could impact this trend.

Income from operations, excluding reorganization costs, decreased as a percentage of net sales to 1.4% in the first quarter of 1999 from 2.3% in the first quarter of 1998. U.S. income from operations, excluding reorganization costs, as a percentage of net sales decreased to 1.7% in the first quarter of 1999 from 2.7% in the first quarter of 1998. European income from operations, excluding reorganization costs, as a percentage of net sales decreased to 0.6% in the first quarter of 1999 from 1.7% in the first quarter of 1998. The decreases in income from operations, excluding reorganization costs, as a percentage of net sales in the U.S. and Europe are primarily due to the significant decrease in gross profit as a percentage of net sales as described above. For geographic regions outside U.S. and Europe, income from operations, excluding reorganization costs, as a percentage of net sales remained constant at approximately 1.0% for the first quarters of 1999 and 1998. Income from operations, including reorganization costs, as a percentage of net sales decreased to 1.3% in the first quarter of 1999 from 2.3% in the first quarter of 1998.

Other expense, net, which consists primarily of interest expense, foreign currency exchange losses, and miscellaneous non-operating expenses, increased 10.2% to $24.4 million in the first quarter of 1999 from $22.1 million in the first quarter of 1998. Other expense, net, remained constant as a percentage of net sales at 0.4% for the first quarters of 1999 and 1998. Interest expense grew as a result of increased borrowings to finance the ERL and Macrotron acquisitions; the investment in SOFTBANK Corp ("Softbank"), Japan's largest distributor of software, peripherals and networking products; expansion of the Company's business; ongoing sales growth; and maintenance of higher accounts receivable levels. The higher accounts receivable levels are partially due to a reduction in master reseller sales as a percentage of total sales and due to changing vendor terms and conditions associated with floor plan financing arrangements of such sales. In 1999, the Company expects its interest expense to increase over comparable periods in 1998 primarily due to the factors described above. Foreign exchange losses decreased by $1.9 million in the first quarter of

1999 compared to the first quarter of 1998 primarily due to the strengthening of currencies in Latin America as compared to the U.S. dollar.

MANAGEMENT'S DISCUSSION AND ANALYSIS Continued

The provision for income taxes decreased 39.5% to $22.7 million in the first quarter of 1999 from $37.5 million in the first quarter of 1998, reflecting the 35.0% decrease in the Company's income before income taxes. The Company's effective tax rate was 37.1% in the first quarter of 1999 compared to 39.9% in the first quarter of 1998. The decrease in the effective tax rate was primarily due to tax planning in certain countries as well as the acquisition of ERL, which has a lower effective tax rate compared to the Company's overall effective tax rate.

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

QUARTERLY DATA; SEASONALITY

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The Company has financed its growth and cash needs largely through income from operations, borrowings, trade and supplier credit, the public sale of 23,200,000 shares of its Class A Common Stock at $18.00 per share in the initial public offering completed in November 1996, and the issuance of the Zero Coupon Convertible Senior Debentures due 2018 in June 1998.

Net cash provided by operating activities was $628.3 million in the first three months of 1999 as compared to $10.2 million in the first three months of 1999. The increase in cash provided by operating activities was largely attributable to the reduction of trade receivables, excluding acquisitions, for the first three months of 1999 compared to the first three months of 1998, as well as the increase in trade creditor financing of product through the increase in accounts payable, excluding acquisitions, in the first three months of 1999 compared to the first three months of 1998.

Net cash used by investing activities was $247.6 million in the first three months of 1999 compared to $31.7 million in the first three months of 1998. The increase was due to the Company's commitment to growth through acquisitions as well as the Company's expansion of warehouse and other facilities. In the first three months of 1999, the Company used approximately $222.3 million in cash, net of cash acquired, for the purchase of common stock and warrants of ERL (see Note 6 of the Notes to Consolidated Financial Statements). Mitigating the uses of cash for the first three months of 1999, the Company entered into a sale/leaseback agreement whereby the Company sold its Harrisburg, Pennsylvania, facility to a third party and received approximately $6.9 million in cash.

Net cash used by financing activities was $373.4 million in the first three months of 1999 compared to net cash provided of $33.4 million in the first three months of 1998. The increase in cash used by financing activities was due to repayments of debt under the revolving credit facilities, repayments of other debt and repurchases of convertible debentures. These repayments were made possible through the Company's management of trade debtors and trade creditors.

Acquisitions

In December 1997, the Company completed its purchase of approximately 21% of the outstanding common stock and approximately 19% of an outstanding class of warrants of ERL, a publicly traded electronic components distributor based in Singapore, for approximately $71 million. In January 1999, the Company purchased additional shares from specific shareholders, which brought the Company's total ownership to approximately 39.6%. In January and February 1999, the Company made open market purchases of ERL shares and warrants, and on February 19, 1999 completed a tender offer for the remaining outstanding shares and warrants of ERL. These additional purchases resulted in a 95% ownership of the outstanding common stock and a 95% ownership of the outstanding warrants of ERL. The combined cash consideration paid in 1999 was approximately $232 million.

Capital Resources

The Company has three credit facilities with bank syndicates providing an aggregate availability of $1.65 billion. Under the credit facilities, the Company is required to comply with certain financial covenants, including minimum tangible net worth, restrictions on funded debt and interest coverage. The credit facilities also restrict the Company's ability to pay dividends. Borrowings are subject to the satisfaction of customary conditions, including the absence of any material adverse change in the Company's business or financial condition. At April 3, 1999, the Company had $663.9 million in outstanding borrowings under the credit facilities.

The Company has an arrangement with a trust pursuant to which certain U.S. trade accounts receivable of the Company are transferred to the trust, which in turn has sold certificates representing undivided interests in the total pool of trade receivables without recourse. The trust has issued fixed-rate medium-term certificates and a variable rate certificate to support a commercial paper program. At April 3, 1999, the amount of medium-term certificates outstanding totaled $75 million and the amount of commercial paper outstanding totaled $25 million. In addition, the Company has certain other facilities relating to accounts receivable in Europe. Under these programs, the Company has sold approximately $72 million of receivables resulting in a reduction of trade accounts receivable and debt on the Company's Consolidated Balance Sheet at April 3, 1999. The Company believes that there are sufficient trade accounts receivable to support the outstanding medium-term certificates as well as the commercial paper program and European facilities.

On June 9, 1998, the Company sold $1.33 billion aggregate principal amount at maturity of its Zero Coupon Convertible Senior Debentures due 2018 in a private placement. The Company has subsequently registered the resale of these debentures with the SEC. Gross proceeds from the offering were $460.4 million. The debentures were sold at an issue price of $346.18 per $1,000 principal amount at maturity (representing a yield to maturity of 5.375% per annum), and are convertible into shares of the Company's Class A Common Stock at a rate of 5.495 shares per $1,000 principal amount at maturity, subject to adjustment under certain circumstances. In March 1999, the Company repurchased Zero Coupon Convertible Senior Debentures with a carrying value of $56.5 million as of the repurchase date for approximately $50.3 million in cash. The debenture repurchase resulted in an extraordinary gain of $3.8 million (net of $2.4 million in income taxes).

The debentures are currently convertible into approximately 6.4 million shares of the Company's Class A Common Stock. The debentures are redeemable at the option of the Company on or after June 9, 2003 at the issue price plus accrued original issue discount to the date of redemption. Each debenture is subject to repurchase at the option of the holder, as of June 9, 2001, June 9, 2003, June 9, 2008, and June 9, 2013, or if there is a Fundamental Change (as defined), at the issue price plus accrued original issue discount to the date of the redemption. In the event of a repurchase at the option of the holder (other than upon a Fundamental Change), the Company may, at its option, satisfy the redemption in cash or Class A Common Stock, or any combination thereof. In the case of any such repurchase as of June 9, 2001, the Company may elect, in lieu of the payment of cash or Class A Common Stock, to satisfy the redemption in new Zero Coupon Convertible Senior Debentures due 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS Continued

EURO CONVERSION

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

YEAR 2000 MATTERS

Introduction. The Company's Year 2000 ("Y2K") readiness issues are broad and complex. As is the case with many computer software systems, some of the Company's systems use two-digit data fields that recognize dates using the assumption that the first two digits are "19" (i.e., the number "99" is recognized as the year "1999"). Therefore, the Company's date-critical functions relating to the year 2000 and beyond, such as sales, distribution, purchasing, inventory control, merchandise planning and replenishment, facilities, and financial systems, may be severely affected unless changes are made to these systems.

State of Readiness. With the assistance of an outside consultant, the Company commenced a review of its internal information technology ("IT") systems to identify applications that are not Y2K ready and to assess the impact of the Y2K problem. The Company has developed an overall plan to modify its internal systems to be Y2K ready. In addition, the Company formed a Y2K Global Project Team to provide global oversight to the Company's Y2K readiness activities in the IT and non-IT areas, the assessment of Y2K risks in connection with third-party relationships and the development of contingency plans.

The Company's Y2K plan is divided into three major sections: IT systems, non-IT systems ("Non-IT Systems"), and Y2K interfaces with material third parties. The broad phases of the plan are generally common to all three sections. The phases consist of: (1) inventorying potential Y2K sensitive items, (2) assigning priorities to identified items, (3) assessing the Y2K readiness of items determined to be material to the Company, (4) repairing or replacing material items that are determined not to be Y2K ready ("remediation"), (5) testing material items and/or certification of Y2K readiness, i.e., validation and written confirmation that the process, activity or component can properly process a date beyond December 31, 1999 as it does earlier dates and (6) designing and implementing contingency and business continuation plans for the Company.

Please refer to "--Contingency Planning and Risks" regarding the Company's progress for its Y2K plan with respect to ERL, which became a subsidiary of the Company in February 1999.

Information Technology Systems. The Company has completed an inventory and technical assessment (with the exception of personal computers, which are assessed and remediated in a single step) of all of its global hardware, operating systems, software (including business applications, but excluding desktop software such as office tools) and electronic interfaces that were in operation by the end of December 1998 ("IT Systems") for Y2K remediation. With the exception of the Company's recently acquired German subsidiary, Macrotron, the Company has completed remediation and unit testing or upgrading/replacement of the mainframe part of its IT Systems, and anticipates that it will complete the remediation, unit testing and/or upgrading/replacement process on the balance of its IT Systems, which includes client servers and personal computers, in the second quarter of 1999. As a result of the Company's continued integration and consolidation of the Macrotron facilities, the Company anticipates that the second-quarter 1999 target date for remediation and unit testing or upgrading/replacement of Macrotron's IT Systems will be extended by two months. The Company anticipates that it will complete system and century testing and certification of Y2K readiness of all of its IT Systems in the third quarter of 1999.

The Company uses different test methodologies for different phases: (1) unit testing is used to verify that the individually changed components function properly at the unit level, (2) system/integration testing is used to verify that all changed components function as a complete system, (3) regression testing is used to verify that changes made for Y2K readiness do not impact any other functions within the IT system, and (4) century testing, i.e., simulating the transition to January 1, 2000, is used to validate that the entire IT system will function on or after such date.

With respect to desktop software on the Company's personal computers, the Company provided to its associates before the end of 1998 a list of Y2K ready versions of software. Associates were advised that if they have non-Y2K ready versions of software on their personal computers, they must request upgrades to Y2K ready versions of software. The Company is providing the necessary IT support to upgrade associates' personal computers and is periodically reminding associates to assure that the necessary upgrades occur and to make appropriate adjustments to date-sensitive databases or programs.

Non-Information Technology Systems. The Non-IT Systems consist of any device which is able to store and report date-related information, such as access control systems, elevators, escalators, conveyors and sensors; building systems; and other items containing a microprocessor or an internal clock such as hand-held computers used to assist with inventory control, electric power distribution systems and vaults. The Company has completed a global inventory and assessment of its Non-IT Systems. The Company's plan provides that by the end of the second quarter of 1999, all Non-IT Systems that are deemed business-critical will either (a) have written certifications that they are Y2K ready (e.g., confirmations from manufacturers that the product is not impacted by the Y2K date transition or will continue to operate on and after January 1, 2000 just as it did prior to such date) or (b) have been replaced and/or modified to be Y2K ready.

Y2K Interfaces with Material Third Parties. The Company has completed an inventory of third parties (including, among other things, domestic and international suppliers and vendors, financial service providers and transportation and other logistics providers) whose Y2K noncompliance could have a material adverse effect on the Company's business, financial condition or results of operations. In addition, the Company has sent questionnaires to all such third parties in order to determine their current Y2K status, tracking responses to these questionnaires and using such responses towards contingency plan development. The Company anticipates that it will have completed such assessment and inquiry by the end of the second quarter of 1999. Follow up inquiries, where appropriate, are planned throughout the remainder of 1999.

Costs to Address Y2K Readiness. The Company has incurred approximately $5.8 million to date on Y2K readiness efforts (excluding compensation and benefit costs for associates who do not work full time on the Y2K project and costs of systems upgrades that would normally have been made on a similar timetable) with respect to IT Systems and anticipates that its total expenditures will not exceed $10 million. However, such amount does not reflect costs for upgrades to servers, personal computers, communications equipment and Non-IT Systems on a global basis as a result of potential new acquisitions and/or business relationships throughout the remainder of 1999 as the scope of this cost will not be known until the Company has completed technical assessment of all of these areas. Although there are opportunity costs and some diversion of human resources to the Company's Y2K readiness efforts, management believes that no significant IT projects have been deferred or accelerated due to this effort.

Contingency Planning and Risks. The Y2K Global Project Team is responsible for the development of a global contingency plan to address the Company's at-risk business functions as a result of Y2K issues. The Company anticipates that development of such a global contingency plan will be completed in the second quarter of 1999. In the normal course of business, the Company maintains and deploys contingency plans designed to address various other potential business interruptions. For example, the Company has the capability in the United States to automatically reroute incoming telephone calls, such as from its Santa Ana (West Coast sales) facility to its Buffalo (East Coast sales) facility, and the ability to reroute warehouse shipping from one U.S. location to another location. Although these plans are not Y2K-specific, they may be applicable to address limited Y2K failures or interruption of support provided by some third parties resulting from their failure to be Y2K ready.

The Company's global IT and Non-IT operations are highly centralized in the United States. The Company's strategy with respect to Y2K readiness is to resolve its Y2K issues from a global perspective first through its U.S. operations. For example, the Company's core enterprise system, IMpulse, is based in the U.S. but operates globally. Remediation of this system is effective across the Company's entire operations. However, the Company may continue to experience risks with respect to new acquisitions where new management may not be as familiar with the Company's computer systems (although the Company strives to convert newly acquired operations to IMpulse as soon as possible), or the existing associates may not be familiar with the Company's Y2K plan. For example, the Company completed an unconditional tender offer for ERL's shares and warrants on February 19, 1999. The Company currently believes that it will complete the various stages with respect to IT Systems, Non-IT Systems and Y2K interfaces with material third parties in the ERL organization approximately two months later than the target dates set forth above. A similar extension of approximately two months of the target dates for the remediation and unit testing or upgrading/replacement of IT Systems for the Company's recently acquired Macrotron organization in Germany is anticipated.

The failure to correct a material Y2K problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failure could materially and adversely affect the Company's results of operations, liquidity and financial condition. In addition, the Company's operating results could be materially adversely affected if it were to be held responsible for the failure of any products sold by the Company to be Y2K ready despite the Company's disclaimer of product warranties and the limitation of liability contained in its sales terms and conditions.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"), which will become effective for the Company in fiscal year 2000. FAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. The Company does not expect the adoption of FAS 133 to have a material impact on its reported consolidated financial condition or results of operations.

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

The matters in this Form 10-Q that are forward-looking statements are based on current management expectations that involve certain risks, including without limitation: the potential decline as well as seasonal variations in demand for the Company's products; the potential termination of a supply agreement with a major supplier; continued pricing and margin pressures; product supply shortages; rapid product improvement and technological changes, and resulting obsolescence risks; unavailability of adequate capital; the impact on management of growth and acquisitions; foreign currency fluctuations; the failure to achieve substantial Year 2000 readiness; and reliability of information systems. For further discussion of these and other significant factors to consider in connection with forward-looking statements concerning the Company, reference is made to Exhibit 99.01 of the Company's Annual Report on Form 10-K for fiscal year ended January 2, 1999; other risks or uncertainties may be detailed from time to time in the Company's future SEC filings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

No.	Description
10.44	Agreement with Sanat K. Dutta dated April 1, 1999
27	Financial Data Schedule

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the thirteen weeks ended April 3, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INGRAM MICRO INC.

By: /s/ Michael J. Grainger

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

May 18, 1999

EXHIBIT 10.44

RETIREMENT AGREEMENT

THIS RETIREMENT AGREEMENT is entered into between Sanat K. Dutta ("Associate") and Ingram Micro Inc., a Delaware corporation ("Ingram"), in recognition of Associate's service to Ingram and in order to induce Associate to continue to provide limited services to Ingram after his retirement. In consideration of the mutual promises and agreements contained in this document, intending to be legally bound, Associate and Ingram contract and agree as follows:

1. Scheduled Retirement. Associate has informed Ingram that he intends to retire as an officer of Ingram on July 4, 1999 (the "Retirement Date"). Associate will serve as Executive Vice President and President, Ingram Micro North America until March 1, 1999 and Executive Vice President and advisor to the Office of the Chairman from March 1, 1999 until the Retirement Date. Associate will continue as a part-time employee of Ingram and advisor to the Office of the Chairman from the Retirement Date until July 4, 2000 on the terms and conditions hereinafter set forth at which time he will retire as an employee of Ingram. Associate understands and agrees that, upon his retirement as an officer of Ingram, he will no longer be an agent of Ingram or any of its Affiliates, and he will have no authority to bind Ingram or any such Affiliate or to act on behalf of Ingram or any such Affiliate. Beginning April 1, 1999 and continuing until July 4, 2000, Associate's base salary will be reduced to $1 per month.

2. Health Plan Coverage. Subject to Paragraph 12 hereof, Ingram will assist Associate in obtaining private family medical and dental insurance coverage as soon as reasonably practical and will pay directly or reimburse Associate from the inception of any such policy through July 4, 2000, for the amount by which the monthly premium attributable to such coverage exceeds the monthly cost for family coverage which Ingram charges its employees for Ingram's group coverage. Associate agrees to decline participation in Ingram's group medical and dental insurance at the time a private policy providing such coverage goes into effect unless such policy contains an applicable pre-existing coverage clause. In such event, Associate may continue to participate in Ingram's group policy on the same terms and conditions as other employees of Ingram until the earlier of the satisfaction of the pre-existing condition clause or July 4, 2000. Nothing herein shall alter Associate's rights under COBRA to acquire insurance coverage from Ingram after July 4, 2000.

3. 1999 Incentive Bonus. Subject to Paragraph 12 hereof, in March 2000, Associate will receive an incentive payment per the 1999 Executive Incentive Plan calculated on the terms of Associate's award letter for such plan, but prorated through the Retirement Date on the assumption that he has received his pre-April 1, 1999 base salary through the Retirement Date.

4. Stock Options. Subject to Paragraph 12 hereof and notwithstanding any contrary provisions in any plan or relevant agreement, Associate's currently existing stock options granted under Ingram's Rollover Stock Option Plan will continue to vest as

scheduled after the Retirement Date. Associate shall have the right to exercise all vested stock options and grants through March 1, 2001, or such earlier date as any such options or grants may expire per the terms of the underlying agreements for such options and grants. A list of all of Associate's current stock options is attached as Exhibit A hereto.

5. Key Employee Stock Purchase Plan. Subject to Paragraph 12 hereof and notwithstanding the provisions of Section 6(b)(i) of the Acquisition Agreement dated June 30, 1996 between Ingram and Associate relating to Associate's purchase of 85,000 shares of Ingram Class B Common Stock under the Ingram Key Employee Stock Purchase Plan (the "Acquisition Agreement"), Ingram shall not exercise its right to repurchase any of the Shares (as such term is defined in the Acquisition Agreement) for so long as Associate performs his obligations under this Agreement and will be permitted to exercise its repurchase rights only with respect to the Restricted Shares (as such term is defined in the Acquisition Agreement), owned by Associate, if any, as of the date of any failure by Associate to perform such obligations. Except as modified hereby, the Acquisition Agreement shall continue in full force and effect in accordance with its terms.

6. Non-disclosure. Associate acknowledges his obligation not to disclose, during or after employment, any trade secrets or proprietary and/or confidential data or records of Ingram or its Affiliates or to utilize any such information for private profit. Each of the parties hereto agrees that such party will not release, publish, announce or otherwise make available to the public in any manner whatsoever any information or announcement regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other party hereto, except as required by law or legal process, including, in the case of Ingram, filings with the Securities and Exchange Commission. Associate agrees not to communicate with, including responding to questions or inquiries presented by, the media, employees or investors of Ingram, its Affiliates or any third party relating to the terms of this Agreement, without first obtaining the prior written consent of Ingram. Notwithstanding the foregoing, Associate may make disclosure to his spouse, attorneys and financial advisors of the existence and terms of this Agreement provided that they agree to be bound by the provisions of this Paragraph 6. Each party agrees not to make statements or take any action to disparage, dissipate or negatively affect the reputation of the other with employees, customers, suppliers, competitors, vendors, stockholders or lenders of Ingram, its Affiliates or any third party.

7. Return of Property. Associate acknowledges his obligation to promptly return to Ingram all property of Ingram and its Affiliates in his possession, including without limitation all keys, credit cards, computers, office equipment, documents, files and instruction manuals on or before the Retirement Date, or earlier if Ingram so requests it.

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

a. Associate will not directly or indirectly make known to any person, firm, corporation, partnership or other entity any list, listing or other compilation, whether prepared or maintained by Associate, Ingram or any of Ingram's Affiliates, which contains information that is confidential to Ingram or any of its Affiliates about their customers ("Ingram Customers"), including but not limited to names and addresses, or, at any time on or before December 31, 2000, call on or solicit, or attempt to call on or solicit, in either case with the intent to divert business or potential business from Ingram or any of its Affiliates, any of the Ingram Customers with whom he has become acquainted during his employment with Ingram or any of its Affiliates, either for his own benefit or for the benefit of any other person, firm, corporation, partnership or other entity.

b. Through December 31, 2000, Associate will not (i) knowingly solicit, entice, or persuade any associates of Ingram or any of its Affiliates ("Ingram Associates") to leave the services of Ingram or any of its Associates for any reason, or (ii) solicit for employment, hire, or engage any Ingram Associate as an employee, independent contractor or consultant; provided, however, that Associate shall not be prohibited hereby from hiring, either himself or on behalf of his employer, an Ingram Associate who independently initiates contact with Associate for the purpose of seeking new employment.

c. Associate acknowledges that he has unique knowledge of Ingram and its Affiliates and unique knowledge of the computer and software sales and distribution industry. Based on his unique status, he agrees that through December 31, 2000, he will not be employed or hired as an employee or consultant by, or otherwise directly or indirectly provide services for, any of Tech Data, Merisel, Inacom, Pinacor, Globelle, Gates Arrow, CHS Electronics, Hallmark, Hamilton Avnet, Daisytek, Azerti, Azlan, Northamber, Tech Pacific, Synnex, and/or GE Capital Information Technology Solutions-North America, Inc., and any subsidiary or affiliate of these entities in a business or line of business conducted by any such entity which competes with any line of business conducted by Ingram or any of its Affiliates. Notwithstanding the foregoing, should Associate be employed by an entity that is not a subsidiary or affiliate of one of these entities at the time he commences such employment, but subsequently becomes a subsidiary or affiliate of, or becomes merged into, one of these entities on or before December 31, 2000, he shall not be deemed to be in breach of the provisions of this Paragraph 8.c due to such employment provided that at the time he commenced his employment there had been no public announcement of an agreement pursuant to which his employer would become a subsidiary or affiliate of, or merged into, one of these entities or discussions that could lead to such an agreement and Associate had no knowledge of the existence of any such agreement or discussions. Associate further agrees that he will not own any interest in, provide financing to, be connected with, or be a principal, partner or agent of any such competitive distributor or aggregator; provided, he may own less than 1% of the outstanding shares of any such entity whose shares are traded in the public market.

d. Subject to Associate's other commitments, upon request of Ingram or any of its Affiliates through July 4, 2000, Associate will make himself available to provide reasonable assistance to Ingram or any such Affiliate up to a maximum of 15 hours per month and will use reasonable efforts to arrange his commitments so as to make himself available for such assistance on a basis which is consistent with the requests of Ingram or any of its Affiliates. Such assistance may include telephone conversations, correspondence, attendance and participation in meetings, transfer of knowledge or information regarding operational or other issues, litigation preparation and trials. During such period, Ingram shall reimburse Associate for any out-of-pocket expenses he may incur in connection with such assistance in accordance with Ingram's reimbursement policies. After July 4, 2000, Associate shall continue to provide such assistance as requested by Ingram and, in such event, shall be compensated at a rate to be agreed upon.

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

9. Rights in Event of Breach. In the event of Associate's breach of this Agreement (excluding breach of this Agreement due to death or total disability and provided that in the event of a breach of Paragraph 8.c or 8.d, such breach shall have continued for 15 days after the sooner of Associate's discovery thereof or receipt of notice from Ingram thereof), in addition to all other rights and remedies to which Ingram may be entitled by law or in equity, Ingram shall have no obligation to make any further payments hereunder or permit any stock options to continue to vest or any vested stock options to be exercised. In the event that Ingram elects to terminate such obligations, Associate's obligations under Paragraph 8.c and 8.d also will terminate.

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

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

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

13. Right to Revoke. Associate acknowledges that he has the right to seek legal counsel, and was advised to seek such counsel, before entering into this Agreement. Associate shall have 21 days from the date on which this Agreement was delivered to him in which to execute and return this Agreement to Ingram. In the event that Associate does not execute and return this Agreement within such 21 day period, the offer contained in this Agreement shall be revoked and Ingram shall not be bound by any terms or conditions contained herein. Associate further understands he has the right to revoke this Agreement at any time within seven days of execution of this Agreement by written notice sent by certified mail and received by Ingram prior to expiration of the seventh day, whereupon this Agreement shall be null and void as of its inception.

14. Sole Remedy. Associate agrees that, in the event Ingram breaches any provision of this Agreement, his sole remedy for such breach shall be enforcement of the terms of this Agreement or, in the case of a breach of Paragraph 4 or 5 hereof, at Associate's election, recovery of any provable damages as a result of such breach.

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

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

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

18. Notices. Any notices, requests, demands and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given (a) on the date delivered if personally delivered, (b) on the third day after deposit in the U.S. mail or with a reputable air courier service, properly addressed with postage or charges prepaid, or (c) on the date transmitted by telefax if the sender receives electronic confirmation of receipt of such telefax, to the address or telefax number of Ingram or Associate, as the case may be, set forth on the signature page of this Agreement.

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

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

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

22. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the heirs of Associate and the successors and assigns of Ingram.

Executed and delivered to Associate by Ingram on March 23, 1999 and executed by Associate on the date set out below.

Notice Information:

Ingram Micro Inc.
1600 E. St. Andrew Place
Santa Ana, California 92705
Attention: Cyndy McGuire
Telephone: (714) 566-1000, ext. 22500
Facsimile: (714) 566-7733

"Ingram"

INGRAM MICRO INC.

By: /s/ JEFFREY R. RODEK

Jeffrey R. Rodek,
President and Worldwide
Chief Operating Officer

"Associate"

4/1/99
- -------
Date

By: /s/ Sanat K. Dutta

Address:

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