

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED JANUARY 3, 2004
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 1-12203

INGRAM MICRO INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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

1600 E. ST. ANDREW PLACE, SANTA ANA, CALIFORNIA 92705
(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:

Title of each class:
CLASS A COMMON STOCK,
PAR VALUE \$.01 PER SHARE

Name of each exchange on which registered:
NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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

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.

Indicate by check mark if registrant is an accelerated filer (as defined in Exchange Act Rule 12b of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of the last business day of the Registrant's most recently completed second fiscal quarter, at June 28, 2003, was \$1,348,444,593 based on the closing sale price on such date of \$11.07 per share.

The Registrant had 152,898,068 shares of Class A Common Stock, par value \$.01 per share, outstanding at February 27, 2004.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Annual Report to Shareowners for the fiscal year ended January 3, 2004 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 25, 2004 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.”

Introduction

Ingram Micro, a Fortune 100 company, is the largest sales, marketing, and logistics provider for the Information Technology (“IT”) industry worldwide. We are more than a conduit between suppliers and resellers. We create value in the IT market by extending the reach of our technology partners, capturing market share for resellers and suppliers, creating innovative solutions and providing efficient fulfillment of IT products and services. With a broad range of products and services, quick and efficient order fulfillment, and consistent accurate and on-time delivery, we create operating efficiencies for our resellers and suppliers around the world.

History

Our earliest predecessor began business in 1979 as a California corporation named Micro D, Inc. In 1985, Ingram Distribution Group, a unit of the privately held Ingram Industries Inc., acquired Software Distribution Services in Buffalo, New York, and later that year purchased Softeam, a Compton, California-based distributor. The combined company was named Ingram Software and was later renamed Ingram Computer in 1988. In 1989, Ingram merged Ingram Computer with Micro D, Inc. and renamed the combined company as Ingram Micro D. The Company officially dropped the “D” from its name on January 1, 1991. This company and its parent, Ingram Micro Holdings Inc., or Holdings, has grown through a series of acquisitions, mergers, and internal growth to encompass our current operations.

- In February 1985, the initial foundations for Ingram Micro Canada were established when the Canadian operations of Software Distribution Services, the predecessor of Ingram Computer, acquired 50 percent of Aviva Software of Toronto. In March 1988, Micro D, Inc. acquired Frantek Computer Products, Inc. of Ottawa. These companies were later combined after the merger of Micro D, Inc. and Ingram Computer in 1989 and renamed to Ingram Micro Canada with headquarters in Toronto.
- In September 1989, Ingram Micro entered the European market with the acquisition of Softeurop, a software wholesaler based in Brussels, Belgium with subsidiaries in France and The Netherlands. The Company expanded its European operations with acquisitions in the United Kingdom, Italy, Germany, Austria, Denmark, Norway, Sweden, Switzerland, Spain, and Finland from 1991 through 1998.
- In January 1993, Ingram Micro acquired a majority interest in Mexico’s largest wholesale distributor and began operations in Mexico and Central America as Ingram Dicom. The Company subsequently acquired the remaining 30 percent minority interest in November 1998 and acquired Computeck in October 1997, expanding its operations into Brazil, Chile, Peru, and Miami, Florida. Ingram Micro established an Export Division in 1998 in Miami to serve international markets in which the Company did not have a local operation.
- In 1992, Ingram Micro entered into the Asia-Pacific region with operations in Malaysia and Singapore. In November 1997, Ingram Micro acquired a minority equity investment in Electronic

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Resources Limited (“ERL”), a leading Asian computer and electronic products distributor based in Singapore. This strategic move allowed the Company to gain entry into Australia, China, Hong Kong, India, Indonesia, New Zealand, Thailand, and Vietnam. In 1999, Ingram Micro acquired 100 percent of ERL, and renamed the subsidiary Ingram Micro Asia Ltd.

- On April 29, 1996, Ingram Micro was 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.

Industry

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

- hardware 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 customer categories exist, including value-added resellers (“VARs”), corporate resellers, systems integrators, original equipment manufacturers (“OEMs”), direct marketers, Internet-based resellers, independent dealers, reseller purchasing associations, PC assemblers, and consumer electronic (“CE”) retailers. Many of our reseller customers 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, mid-market, 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 suppliers. Characteristics of the local reseller and supplier environment, as well as other factors specific to a particular country or region, have shaped the evolution of distribution models in different countries.

The IT distribution industry continues to undergo change as a result of a number of factors. As margins have narrowed on hardware and software products due to ongoing commoditization trends, suppliers and resellers have evolved from a more product focused to a more solution oriented business model. Additionally, a number of large suppliers have developed manufacturer-direct sales initiatives to duplicate the success of the direct-sales business model, which may remove distributors from their traditional role. We believe that this direct-sales model presents new partnership opportunities for distributors to provide logistics, fulfillment, marketing services, and third-party products to suppliers and reseller customers. Suppliers have also reduced the number of distribution partners in several geographic markets as they streamline their supply chains; however, we believe that suppliers continue to embrace two-tier distributors that have a global presence and are able to deliver products to market in a relatively low-cost manner. Other suppliers are pursuing strategies to outsource functions such as logistics, order management, and technical support to supply chain partners as they look to minimize costs and investments in distribution center assets and focus on their core competencies in manufacturing, product development, and/or marketing. Suppliers also outsource these functions in order to enhance their responsiveness in the supply chain, reduce their inventory carrying costs, and better respond to customer demand. Resellers continue to depend on distributors for a number of services including product availability, marketing, credit, technical support, and inventory management, including direct shipment to end-users and, in some cases, allowing end-users to directly access distributors’ inventory. These services allow resellers to reduce their inventory, staffing levels, and distribution center requirements, thereby

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lowering their financial needs and reducing their costs. Resellers also rely on distributors to complete the solutions they offer to their customers as they adjust their business models from selling products to also selling solutions. In summary, distributors continue to evolve their business models to meet suppliers' and resellers' needs through provision of fee-for-services and solution-oriented programs while remaining an efficient and low-cost means of delivery for technology hardware, software, and services.

Consolidation has also occurred among two-tier distributors due to more restrictive terms and conditions from suppliers, reductions in the number of supplier-authorized distributors, a high level of price competition among distributors, and evolving supplier business models. These conditions have driven several weaker competitors from the market or led distribution players to merge with each other. As a result of this consolidation, the two-tier channel in the United States consists mainly of three large distributors and several smaller, niche distributors. A more fragmented distribution channel characterizes markets outside the United States, which represent over half of the IT industry's sales; however, consolidation has also taken place in these markets.

A number of emerging industry trends provide new opportunities and challenges for distributors of IT products and services. The growing presence and importance of fulfillment capabilities provide distributors with new business opportunities as new categories of products, customers, and suppliers emerge. Data storage products, for example, enjoy increasing demand with the growing use of the Internet, data warehousing, e-mail, digitization of media including audio, pictures and video, and the resulting need for faster dependable data access and richer content. Increasing demand for wireless products also presents strong growth opportunities for distributors that offer a combination of wireless products and services to 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 Reach.** 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 North America, Asia-Pacific, Latin America, and a number of European countries. Our fiscal 2003 net sales were \$22.6 billion, with net sales of \$11.0 billion in North America, \$8.3 billion in Europe, \$2.3 billion in Asia-Pacific and \$1.1 billion in Latin America. We believe that the current IT industry environment favors large, financially sound distributors that are able to achieve economies of scale, have breadth of geographic coverage, and have the strongest business partner 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.

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, almost all of which are integrated by IMpulse, our global information transaction system. As of January 3, 2004, we had 48 distribution centers worldwide, had sales offices and/or Ingram Micro sales representatives in 35 countries, and sold our products and services to resellers in more than 100 countries. We offer our suppliers access to a global customer base of close to 165,000 resellers of various categories including VARs, government and education resellers, corporate resellers, direct marketers, retailers, and Internet-based resellers. Our broad geographic coverage places us close 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. We continuously evaluate and modify our geographic footprint to focus on markets that we believe provide the best opportunity for profitable growth.

- **Consistency of Service and Speed of Execution.** We are committed to helping our business partners grow and be more profitable. One of the ways we accomplish this is by providing superior customer service. We believe the services we have developed, through our understanding and fulfillment of the needs of our reseller and supplier partners, provide our customers with the tools they need to increase the efficiency of their operations, enabling them to minimize inventory levels, improve customer delivery, and enhance profitability. We consistently measure and monitor our performance using metrics such as price, competition, consistency of service, responsiveness, product knowledge, accuracy, on-time delivery, distribution center proximity, product availability and fulfillment, and credit availability.

Our commitment to superior service levels has been widely recognized throughout the IT industry. In the United States, we were named the Best Performing Distributor in 2003 by Computer Reseller News' Sourcing Study – Top 10 Preferred Sources list in five out of the eight performance categories (products, technical support, logistics excellence, credit including credit availability and financing options, as well as human factors which is defined as technical knowledge/expertise of sales representatives, relationship with sales representatives, trust, understanding of business and history, and strategic partnership). Leading manufacturers including Cisco and IBM have also recognized us as their leading distributor. Cisco has named us as the 2004 Global Distribution Partner of the Year and Americas International Partner of the Year (Latin America), recognizing us for delivering superior customer service and operational excellence. In 2003, IBM also awarded Ingram Micro as its 2002 Distributor of the Year in the Americas and Asia-Pacific regions for the xSeries category and in Europe for the IntelliStation category. In 2003, Ingram Micro Netherlands was awarded with the 2002 Distributor of the Year Award for the eighth consecutive year by Toshiba Europe and also earned the 2002 EMEA Distributor of the Year Award from IBM Personal Computing Division. Fujitsu Siemens also awarded Ingram Micro Germany with the 2002 Distributor of the Year Award.

Critical to our superior execution is our ability to provide quick and efficient order fulfillment along with consistent accurate and on-time delivery to our customers around the world. We seek to maintain sufficient quantities of product inventories to achieve favorable order fill rates while optimizing our investment in working capital. Our advanced control systems and processes enable us to provide same-day shipping for any order in the United States, Canada, and certain locations in Europe received by 5:00 p.m. local time with highly accurate shipping performance. Additionally, in the United States and several of our Latin American and European operations, we are certified or are in the process of obtaining ISO 9001:2000 certification for customer service, operations, distribution, returns, configuration centers, and logistical services.

- **Information 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 IMPulse, our on-line information system, 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 believe that in order to remain competitive, it is necessary to upgrade our information systems on a regular basis. We continually expand features and functions to increase usage and ordering from our 37 www.ingrammicro.com country/region websites. In 2003, we launched new applications that enhanced our flexibility and profitability by streamlining operations and offering new services to our customers and suppliers. Many of these applications are web-based, thus allowing our business partners to conduct business at their convenience from anywhere in the world. For example, our customers are now able to order software licenses from our leading publishers via the Internet and our suppliers can access information regarding inventory levels, point of sale data, and financial transactions on-line. Another example of our accomplishments is our recent recognition from InfoWorld 100 for our launch of the eAccounting on-line system, which utilizes technology to allow customers to access invoices and summary statements on-line. We have also developed other information systems for distribution center operations, back-office efficiency, data warehouse, and e-commerce initiatives that are integrated into IMpulse, providing a single information supply chain. In 2004, we also expect to launch several new applications that will provide our business partners with the ability to customize their interactions with Ingram Micro.

- **Excellent Product Management.** Based on a review of our major competitors' publicly available data, we believe that we offer the largest breadth of product in the IT industry. We distribute and market hundreds of thousands of IT products worldwide from over 1,400 suppliers, enabling us to offer a wide variety of products, satisfy customer requirements for product availability, and meet end-user demand for multi-supplier and multi-product IT configurations.

Our reseller customers can derive purchasing efficiencies and reduce their investment in inventory while simultaneously enhancing end-user service levels by establishing a supply relationship with us. This relationship enables resellers to meet their product inventory needs through a single point of contact rather than purchasing product inventory directly from multiple suppliers. We believe our selection of products and services positions us to provide many different solutions to complex business problems for our reseller's businesses. We continuously monitor customer demand and product category performance while striving to focus our investment on products that provide opportunities for profitable growth.

We also believe that we provide suppliers with access to a broad customer base that few can reach directly in a more cost-effective manner. With our geographic network of distribution centers and world-class product management and logistics operations, we enable our suppliers to reduce their investments in inventory. Moreover, suppliers that sell their products directly to end-users often use us as a secondary source to fulfill orders to customers that require multi-supplier product configurations.

- **Financial Strength.** Our solid financial strength makes us a business partner that suppliers and resellers can rely on for the long-term. We also provide leverage that enables them to increase the value of their operations.
 - **Strong Working Capital Management.** We have consistently demonstrated strong working capital management in difficult economic conditions. In particular, we focus on managing our investment in our accounts receivable and inventory and minimizing debt. We evaluate our investment in accounts receivable based on a days sales outstanding formula. Our days sales outstanding are calculated by dividing accounts receivable at the end of each quarter, which are adjusted to include amounts financed off-balance sheet under our accounts receivable financing programs, by our average daily net sales during the quarter. The inclusion of our off-balance sheet financing amounts related to our accounts receivable financing programs differs slightly from generally accepted accounting principles ("GAAP");

however, management believes this calculation better reflects the level of outstanding receivables with customers regardless of the form of financing we use for our operations. Inventory is measured by inventory turns, which are calculated by dividing our annualized costs of sales during the preceding quarter by our inventory at the end of that quarter.

At January 1, 2000, our days sales outstanding based on GAAP were 33 days compared to 36 days at January 3, 2004. The primary reason for this change was the reduction in the level of our off-balance sheet debt associated with our accounts receivable financing programs from \$263 million at January 1, 2000 to \$60 million at January 3, 2004. During this difficult economic period, we successfully managed our days sales outstanding, including the amounts supporting our off-balance sheet debt, to a consistent range and increased our inventory turns from 9 to 13. In an environment of lower demand for IT products, as has been the case, our ability to reduce our working capital requirements has enabled us to reduce our invested capital and debt. We reduced our on-balance sheet debt by \$980 million and reduced our off-balance sheet financing associated with our accounts receivable financing programs by approximately \$203 million during the same period. As a result, we believe we are well positioned to meet our anticipated liquidity needs.

Our financial strength and diligent asset management enable us to provide a source of working capital for credit worthy reseller customers as well as reduced credit risk to our suppliers, which we consider a distinct competitive advantage.

- **Improved Profits.** Our business process improvement and process re-engineering programs are improving profits and providing a solid foundation for growth. During the 2003 fiscal year, we continued to take actions to improve our profits such as lowering our fixed costs, making our IT costs more scalable, reducing underutilized facility space, closing unprofitable facilities, and exiting or downsizing unprofitable markets. We have outsourced management of certain portions of our North American IT infrastructure to Affiliated Computer Services, Inc. ("ACS"), which is shifting our IT fixed costs to a more scalable level and allowing faster response to changing market conditions. Additionally, we have improved our potential for profit through consolidation of various operations. For example, Austria is now served by our operations in Germany, and Finland, Norway, and Denmark are now served by our operations in Sweden. We believe our operations network is prepared to fully leverage economies of scale when or if demand improves.
- **Solid Financial Position.** Our operational excellence and strong working capital management have enabled us to weather the general slowdown in the global economy and the sluggish demand for IT products and services, however, these historical variations may not be indicative of future trends in the near term. On January 3, 2004 our debt-to-capitalization ratio was 16.4%. We have maintained the ratio on a GAAP and non-GAAP basis below 24% for eight consecutive quarters and believe we are well financed to capitalize when or if demand improves. We believe our financial strength gives us a competitive advantage as a reliable, long-term business partner for suppliers and resellers.
- **Responsiveness to Changing Market Conditions.** With our leading global reach and relationship with 165,000 resellers, we are well positioned to anticipate and respond quickly to changing conditions in the IT market.
- **Demand Generation.** We are able to fulfill demand in the IT distribution channel through the number of products, services, and programs we offer. We have increased our ability to generate this demand by better understanding market dynamics through development of

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category management teams, investing in market research, and designing targeted programs for customers. Most major suppliers recognize that certain market segments such as the SMB segment are fragmented and too costly to reach directly. These suppliers value our reach to targeted markets and we employ marketing, sales, and logistics experts that can act as adjunct resources for our suppliers' business. We work with our suppliers to develop a plan for capturing market share efficiently, allowing them to concentrate on their core competencies. We also enable our resellers to enhance customer relationships with creative sales tools and techniques, complement their own team with our certified technical support professionals, and capture market share through special marketing programs and opportunities.

- **Investing in the Future.** We are investing in our future by developing our presence in growing geographic markets such as Asia-Pacific. We are also developing targeted programs for growing product and service areas such as components, wireless, and security, as well as capturing new market opportunities in North America through our category management approach and tailored marketing programs. We also offer tailored marketing programs in various operations worldwide.

Business Strategy

We are pursuing a number of strategies to position our company as the IT distribution industry's "best way to deliver technology to the world", including the following:

- **Achieve Profitable Growth.** We continue to pursue growth opportunities by leveraging upon our core business, developing our presence in growing geographic markets, and by focusing on emerging and profitable products and services.
- **Leverage Our Core Operations.** We are continually improving our core operations by enhancing our capabilities and reducing costs to provide an efficient flow of products and services through the IT value chain. In our North American region, the operations, IT, accounts payable and product management teams worked together to develop an innovative approach to take costs out of our supply chain, while improving the product receiving process in the region's distribution centers. Leveraging our distribution management system, IM-First, we recently deployed an advanced shipment notification ("ASN") initiative with more than 40 of the region's largest suppliers including Microsoft, Targus, and NEC. ASN enables us to lower receiving process costs in our distribution centers through improved visibility, more efficient scheduling of inbound product, and reduced discrepancies at the receiving dock.

We are also enhancing our revenues through the development of tools and capabilities to identify new growth opportunities. One example is the establishment of the category management function in our North American region. This team drives incremental revenue opportunities by fostering partnerships with new manufacturers and creating best-in-breed solutions that maximize company and customer profitability. By streamlining our catalog to include the products most desired by our customers, we optimize inventory management, focus on higher margin opportunities and develop merchandising and pricing strategies that produce enhanced business results.

- **Enhance Service to Our Customers.** Our commitment to provide superior service to our customers has been widely recognized throughout the IT distribution industry. For example, we ranked first in the 2003 *VARBusiness* listing of the top 25 U.S. distributors for the sixth consecutive year. The *VARBusiness*' Distribution 25 Survey reported that Ingram Micro's 2002 revenues surpassed its nearest competitor by 40 percent and remains the industry's

largest worldwide IT distributor. We have also received a number of awards from suppliers, customers, and other third-parties, which reflect our goal to serve as the best way to deliver technology to the world. For example, Fortune Magazine ranked us No. 1 in the wholesalers (electronics and office equipment) industry on its list of America's Most Admired Companies for 2002. Fortune's annual poll of 10,000 executives, directors, and securities analysts selected us as best-in-class based on our continued innovation, management leadership, employee talent, financial soundness, use of corporate assets, long-term investment value, social responsibility, and quality of products and services.

- **Maintain High Focus on the Small-to-Medium Sized Business ("SMB") Market.** The SMB customer segment is generally one of the largest segments of the IT market in terms of revenue and typically provides higher gross margins for distributors. We believe that our distribution model, in conjunction with our channel partners, is better able to address the needs of SMB resellers and deliver superior service to a highly fragmented SMB end-user market compared to a vendor-direct sales model. We believe that our continued high focus on this growing segment will create additional revenue and profit opportunities for us as we enhance the services we offer to this segment.

In the United States, we serve our SMB resellers through a variety of programs including our VentureTech Network™ ("VTN") and SMB Alliance programs. VTN is Ingram Micro's premier solution provider organization with over 300 members across the United States. This program offers SMB resellers growth through partnering, training and education, financial services, marketing, and access to business resource partners. Our VTN reseller members provide turnkey solutions that are researched, configured, tested, installed, and proactively supported to meet the demanding requirements of customers' businesses. SMB Alliance promotes partnership for SMB VARs and offers resellers an array of benefits ranging from attractive financing packages and enhanced technical support to expanded networking opportunities and dedicated sales support. We also offer menu-driven programs to GovEd resellers through our GovEd Alliance program. Additionally, our European operations have deployed extensive web based tools that have improved pricing and availability information for SMBs, which has enhanced resellers' experience with Ingram Micro Europe in regards to purchasing and order management. We also offer marketing and credit programs targeted towards SMB resellers in a number of other markets.

- **Focus on Emerging Technologies.** 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. For example, we are offering new solutions to our customers through high-end storage, Internet Protocol ("IP") communications, security and networking products. We also offer education, training, and sales support tools to facilitate reseller enablement and success with these new technologies and applications.

Additionally, we are making adjustments to our portfolio of products and services, targeting those areas that we believe offer the most profit and growth potential. For example, consumer electronics, including digital photography and related accessories, are also a key product area served by our European operations. Another example is our entrance into the security and surveillance solutions market in the United States. We are leveraging our business strategies with customers and suppliers to combine traditional approaches to security with those for emerging digital and wireless technologies. IDC (International Data Corporation) states that IP monitoring camera shipments are expected to achieve an average growth rate of 77 percent between 2002 and 2006 and industry analysts indicate that the network camera market is one of the fastest growing segments within the security industry.

- **Focus on Targeted Vertical Markets.** In North America in 2003, we created programs to help our customers target the health care industry by identifying specific requirements to serve this vertical market and by creating solutions that meet the unique market needs. By taking existing product lines and combining them with additional products to create solutions for both the health care and financial services industries, we equip our resellers to target these segments directly and capture the growing IT sales opportunities within this and other vertical markets. We are identifying and aggregating health care specific technology solutions and services targeted at areas such as hospitals, doctor offices, assisted living centers, medical equipment providers, pharmacies, and HMOs to help meet requirements of the Health Insurance Portability and Accountability Act (“HIPAA”) and increase their productivity and general business efficiencies. To further assist in identifying the technology needs of today’s health care markets; we have also developed a comprehensive assessment tool that allows our customers to analyze their business needs for HIPAA compliance and demonstrate return on investment for IT solution offerings. Through the implementation of these and similar programs, we believe that we can increase our market share with existing customers, suppliers, and product lines.
- **Focus on Growing Geographic Markets.** We have a strong presence in India and Greater China, as well as other countries within the Asia Pacific region. India and China are among the fastest growing technology markets in the world and industry experts predict IT spending will continue to show strong growth through 2007 in these markets. According to December 2003 IDC forecasts, the IT market in India and China are expected to grow by 21% and 16% compound annual growth rates, respectively, from 2003 through 2007. We are increasing our supplier and product breadth in our Asia-Pacific region including components, systems, printers, networking storage, services, and consumer electronic products such as mobile phones. We are building an efficient infrastructure to support our long-term strategy of leadership in this region and we are committed to achieving profitable growth.
- **Service the Supply Chain Market.** We have established a dedicated team focused on delivering fee-for-service logistics offerings, which we provide under the name Ingram Micro Logistics. This division offers supply chain solutions in each region to clients who are focused on increasing supply chain efficiencies, lowering overhead costs, and maximizing profits. We also help our supply chain clients deliver products to key customers and new markets on a fee-for-service basis, leveraging our core distribution experience for over the past twenty years. In North America, Ingram Micro Logistics has particularly strong expertise in web fulfillment to consumers and the delivery of multi-unit shipments to North American retailers. Suppliers gain scale by using us to reach both distribution and direct channels. They also benefit from cost savings through our inventory consolidation. We offer a range of retail solutions to assist manufacturers in areas such as order management, customized packaging, launch program management, credit and collections, consigned inventory management, and product returns services.
- **Accelerate Financial Improvements.** We constantly strive to create the right cost structure for our business and embrace a culture of business process improvement led by the adoption of the Six Sigma methodology. We employ a disciplined approach when we review our global operations and develop initiatives designed to streamline business processes and further increase our operating efficiency.

In June 2001, we initiated a broad-based reorganization plan with detailed actions implemented primarily in North America and, to a limited extent in Europe and our other international operations, which was designed to streamline operations and reorganize resources to increase

flexibility, improve service, and generate cost savings and operational efficiencies. This program resulted in restructuring of several functions, consolidation of facilities, and reductions of workforce worldwide through June 2002.

In September 2002, we announced a comprehensive profit enhancement program, which was designed to improve operating income through enhancements in gross margin and reduction of SG&A expense. Key components of this initiative included enhancement and/or rationalization of vendor and customer programs, optimization of facilities and systems, outsourcing of certain IT infrastructure functions, geographic consolidations and administrative restructuring. For 2003 and 2002, we incurred \$31.0 million and \$107.9 million, respectively, of costs (or \$138.9 million from inception of the program through the end of fiscal 2003) related to this profit enhancement program, which is within our original announced estimate of \$140 million. These costs have consisted primarily of reorganization costs of \$13.6 million and \$62.4 million in 2003 and 2002, respectively, and other program implementation costs, or other major-program costs, charged to cost of sales of \$1.6 million 2002 and SG&A expenses of \$17.4 million and \$43.9 million in 2003 and 2002, respectively. Reorganization costs have included severance expenses, lease termination costs and other costs associated with the exit of facilities or other contracts. The other major-program costs have consisted of program management and consulting expenses, accelerated depreciation, losses on disposals of certain assets, costs related to the outsourcing of certain IT infrastructure functions, costs associated with geographic relocation, and inventory and vendor-program losses primarily associated with the exit of certain businesses.

During 2003, we incurred incremental reorganization costs of \$8.0 million and incremental other major-program costs of \$6.4 million (\$6.0 million charged to SG&A expense and \$0.4 million charged to cost of sales), which were not part of the original scope of the profit enhancement program announced in September 2002. These costs primarily related to the further consolidation of our operations in the Nordic areas of Europe and a loss on the sale of a non-core German semiconductor equipment distribution business. These actions have provided additional operating income improvements primarily in the European region.

We have realized significant benefits from the reduction in certain SG&A expenses and gross margin improvements as a result of our comprehensive profit enhancement program. Our estimated savings realized in the fourth quarter of 2003 compared to the second quarter of 2002, the quarter immediately preceding the September 2002 announcement of our profit enhancement plan, totaled approximately \$44 million (or approximately \$176 million on an annualized basis), which have had the effect of improving our operating income and offsetting competitive pricing pressures and other factors in the market compared to the second quarter of 2002. These actions are substantially complete; however, we continue to pursue business process improvements to create sustained cost reductions or operational improvements over the long term.

Some of the ongoing areas we strive to improve are described below:

- **Enhance Supplier and Reseller Programs.** Employment of Six Sigma methodology is intended to enable the success of many of the initiatives throughout the profit enhancement program, allowing us to simultaneously reduce costs while improving customer service levels. For example, in North America we have aligned our sales, marketing, and product management functions to deliver total technology solutions – both products and services – to customers and suppliers. By aligning these functions, we have been able to simplify contacts for resellers and suppliers, streamline purchasing and pricing decisions, develop more customized fee-based services, and generate greater demand. In Europe, successful completion of Six Sigma projects has reduced lost shipments and returns of damaged goods, improved order processing cycle time and matching of invoices, and simplified and standardized internal business processes within certain geographies. These business process

improvements result in enhanced service levels for our customers and suppliers with a more efficient use of resources.

- **Optimize Facilities and Systems.** We continue to evolve our traditional distribution business model to also serve as a provider of integrated technology solutions as the requirements of our infrastructure change. The distribution network and information systems are being refined to accommodate this dynamic environment. During 2002 in North America, we transferred our configuration and returns services from dedicated facilities to multi-functional distribution centers, while sub-letting excess distribution center and office space. As a result, we are now realizing the benefits of reduced inventory pools and leveraged management over multiple services. In Europe, we closed our systems assembly facility and have expanded the service areas of some distribution centers to include multiple countries. By maximizing economies of scale and leveraging our best-in-class logistics services, we expect to be better able to address the changing needs of resellers and suppliers, providing a broad array of distribution and supply chain management strategies.

From an IT perspective, we also look for ways to reduce operating expenses either within our internal IT department or within our business units through technology solutions. We continue to realize savings from our 2002 agreement with ACS through which we have outsourced management of certain components of our IT infrastructure. The contract with ACS covers most IT infrastructure functions such as mainframe, server, and wide area network operations as well as North American desktop, server and enterprise storage operations, local area network support and engineering, systems management services, internal associate help desk services and voice/PBX support and engineering. We have retained responsibility for IT strategy, architecture and worldwide application development, quality assurance, and customer and partner programs. Additionally, we invested in several new software applications to support business process improvements and cost reduction efforts such as automating portions of our back office functions related to payroll and human resources and improving our transportation systems.

- **Maintain a Profitable Geographic Footprint.** Throughout 2003, we reaped the benefits resulting from our efforts to combine our U.S. and Canadian regions. We gained efficiencies and cost reductions by centralizing certain administrative processes in generally lower cost geographies that serve a single North American region, while maintaining local customer contact in each country. This was demonstrated in the formation of regional credit and accounts payable departments to serve both the U.S. and Canada. Also from a transportation and logistics perspective, the North American integration has streamlined our internal processes and provided expected synergies, both in-house and with our partners, in relation to carrier management. Some examples of realized productivity improvements include freight audit and payment transactions, transportation systems development, claims management, and operations research. Carrier management positions were also consolidated as a result of the North American integration, reducing our costs while improving our ease of doing business with transportation and logistics partners.

We also streamlined our business in Europe by consolidating operations in the Nordic region, as well as exiting or downsizing operations in other markets. In other regions, service for Argentina and Peru was transferred to the Latin American export office in Miami while our operations in Chile were downsized and our Australian distribution and call center operations were centralized in Sydney. Furthermore, we have followed this consolidation trend to reduce other business costs such as freight, travel, office supplies, temporary labor, and marketing promotions. For example, we are concentrating our business in North America with a select group of preferred suppliers for contracted services and products to maximize

our purchasing power while enhancing the services we receive and reducing costs. We expect to pursue other consolidation opportunities around the world as part of this ongoing effort.

- **Attract, Develop and Retain the Best Associates in the IT Distribution Industry.** Even the best strategy will only succeed with the best people, so one of our most important goals is to attract, develop and retain the best associates in the IT distribution industry. Our progress is due to the creativity, tenacity, and professionalism of our company's associates. We continue to develop new ways to enhance our associates' experience and cultivate their success with Ingram Micro. We support individual growth, foster creativity, promote well-being, sponsor community involvement, and recognize the demands of work and personal life. Although our programs vary across countries, many aspects of our environment make our company attractive to potential candidates such as:
 - **Training and Development.** We offer extensive training to our associates as well as education assistance, tuition reimbursement, coaching and career development programs, and self-promotion programs. We also offer more than 1,000 on-line training programs to provide consistency across regions, as we are able to insure the same content is provided globally using the Internet. In addition, we launched a global pilot program in 2003 that expanded upon our on-line offerings by allowing managers and their team members to enroll in on-line classes developed by the Harvard Business School. An example of our achievement in training and development for our associates is our recognition among the top 20 training organizations in America by Training Magazine for the second consecutive year as we ranked 18th in the magazine's Training Top 100 list.
 - **Advancement Programs.** We offer a variety of advancement programs created to provide opportunities and leadership development. We recently expanded our organizational assessment process in North America to identify high achievers and enhanced a competency based advancement program for our North American sales, product management, marketing, finance, and distribution center associates. We also utilize evaluation tools at all levels and areas of the Company as part of the process to assess and promote the best managerial candidates within our company.
 - **Associate Retention.** We utilize a performance development process to help our associates become successful in their careers with Ingram Micro. We also use internal rotation programs to build strength and cross-functional leadership in our associates in certain regions. Our Global and Regional Awards of Excellence are granted to associates or teams that demonstrate extraordinary efforts resulting in associate value, customer value, profitable growth, shareowner value, and/or community value.

Customers

We conduct business with most of the leading resellers of IT products and services around the world including, in the United States, Amazon.com, Boise Office Solutions, Buy.com, CDW Corporation, Inc., CompuCom Systems, Inc., CompUSA Inc., Dell Inc., Insight Enterprises, Inc., Office Depot, Inc., PC Connection, Inc., SARCOM Inc., Staples, Inc., and Walmart.com. Our reseller customers outside the United States include Bechtle, Brasoftware Informática, Econocom, Mainbit, Media Markt, 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.

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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. These customers include, CompUSA, Intuit, Iomega, Microsoft, and Walmart.com in North America and Digital River, Toshiba, and Copiadux 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 and solution 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;
- direct and consumer marketers; and
- government and education resellers.

Our product management and marketing groups also promote our sales growth, create demand for our suppliers’ products and services, enable the launch of new products, 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, solutions marketing, and assistance with trade shows and other events.

We have launched specialized business units in certain geographic and product markets to serve customers with particular needs. As we enter these specialized markets, we continue to leverage our global leadership in world-class logistics, market reach, and electronic commerce tools. One example is our targeted market focus in Europe with the formation of two strategic business units that focus on specific market and customer segments. Ingram Micro Europe Components (“Components”) and Ingram Micro Networking Services™ have a pan-European scope and service reseller customers throughout Europe in all the countries where we have a presence. The Components business unit offers a one-stop shopping opportunity to small- and medium-sized resellers, PC assemblers, and OEMs, and markets a wide range of components that these customers need to assemble PC systems.

Selling Arrangements. We offer various credit terms to qualifying customers as well as prepay, credit card, and cash on delivery terms. We also offer various alternative financing solutions to our resellers based on their credit worthiness and, in some cases, the credit worthiness of their end-users to assist our resellers and their end-users in acquiring products. In limited situations and markets, we collect

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outstanding receivables on behalf of our resellers. 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. Under specific conditions, we permit our customers to return or exchange products. At the time of sale, we establish a reserve for estimated sales returns.

We have sold, and may continue to 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 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

We distribute and market hundreds of thousands of IT products worldwide from the industry's premier computer hardware suppliers, networking equipment suppliers, and software publishers worldwide. Product assortments vary by market, and the suppliers' relative contribution to our sales also varies from country to country. On a worldwide basis, our revenue mix by product category has remained relatively stable over the past several years, although it may fluctuate between and within different operating regions. Over the past several years, our product category revenues on a consolidated basis have generally been within the following ranges:

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

Networking. We define our networking category as the software and hardware that, when combined, link two or more IT systems together — regardless of their geographic proximity. We offer a variety of networking products such as communications products (IP communications, and modems), routers, switches, hubs, wireless local area networks, wireless wide area networks, network interface cards, video conferencing, network-attached storage, storage area networks, and security hardware (firewalls, intrusion detection, encryption, and appliances).

Software. We define our software category as a broad variety of applications containing computer instructions or data that can be stored electronically. We offer a variety of software products such as business application software, operating system software, entertainment software, middleware, developer software tools, and security software (firewalls, intrusion detection, and encryption).

Systems. We define our systems category as self-standing computer systems capable of functioning independently. We offer a variety of systems such as servers, desktops, portable personal computers, tablet personal computers, and personal digital assistants.

Peripherals. We define our peripherals category as all products or services that can be used in conjunction with computer systems that are not considered networking or software. We offer a variety of peripherals products including printers, scanners, displays, projectors, monitors, panels, mass storage, and tape. We also include other products and services in this category including components (processors,

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motherboards, hard drives, and memory), supplies and accessories (ink and toner supplies, paper, carrying cases, and anti-glare screens), consumer electronic products (cell phones, digital cameras, digital video disc (“DVD”) players, game consoles, and televisions), and services (such as installation services, professional services, service provider and carrier services, warranties and support, configuration and assembly, packaged services, and mobile communication service).

Suppliers

Our worldwide suppliers include leading computer hardware suppliers, networking equipment suppliers, and software publishers such as 3Com, Acer, Cisco Systems, Inc., Computer Associates, Epson, Fujitsu Siemens Computers, Hewlett-Packard, IBM, Intel, Iomega, InFocus, Lexmark, Maxtor, Microsoft, NEC-Mitsubishi, Novell, palmOne, Philips, Seagate, Sony Electronics Inc., Sprint, Symantec, Toshiba, VERITAS Software Corporation, ViewSonic Corporation, Western Digital and Xerox. We generated approximately 40%, 41% and 44% of our net sales in fiscal 2003, 2002 and 2001, respectively, from products purchased from our top three vendors. Hewlett-Packard Company, or HP, and Compaq Computer Company, which was acquired by HP in 2002, were treated for this purpose as a single combined company since the beginning of fiscal 2001 and represents more than 10% of our net sales in each of the last three years.

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 our services and the 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.

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 supplier 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, suppliers 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 supplier agreements may not adequately cover the decline in values.

Services

In addition to our broad array of products, we also offer a number of supply chain management services to our suppliers and resellers. Services related to our distribution business include: sales and marketing, customer care, financial services, and logistics. Our sales and marketing services include

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business development and outsourced marketing services, demand generation programs for suppliers and resellers, market research and business intelligence, retail merchandising, and software licensing services. Our customer care services include call center support and pre- and post-technical support. Our financial services include credit and collection management services and tailored financing programs. We also offer end-to-end supply chain services to suppliers and resellers through our Ingram Micro Logistics division which vary depending on regional requirements and can include end-to-end order management and fulfillment, retail logistics merchandizing, warehousing and storage, contract manufacturing, distribution center services, product procurement, reverse logistics, transportation management, customer care, tailored financing programs, marketing services, and other outsourcing services. We believe that our logistics services enable our customers to leverage our distribution infrastructure and better focus on their core competencies. Some of our supply chain management clients include CompUSA, Intuit, Iomega, Microsoft and Targus Group in North America and NCR and WStore in Europe.

One of the most important services we offer is the variety of ways customers can connect to our IMPulse system electronically. Customers can connect to us and access our core distribution functions such as sales, purchasing, distribution center systems, and back office functions such as accounts payable, accounts receivable, and customer service. This connectivity can be done through our website, www.ingrammicro.com, Electronic Data Interchange (“EDI”), InsideLine™ (reseller web enablement), XML (Extensible Mark-up Language), and Click2License (automated volume licensing tool). We also offer extensive reporting to our Ingram Micro Logistics clients and distribution customers covering information such as product receipts, product availability, stock status, ordering, order status, and returns.

In order to 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, transportation, and marketing services. 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 professional and technical services across North America through our Ingram Micro Service Network (“IMSN”), which serves as a collaboration and partnership platform for over 530 VAR organizations. IMSN enables VARs to expand their geographic reach and service capabilities by providing a fully managed nationwide technical support and service management solution owned and operated by Ingram Micro. IMSN is comprised of over 10,000 certified technicians in 800 North American markets throughout the United States, Canada, and Puerto Rico. Our partners work together to provide world-class IT business solutions and support to end 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.

Although services represent one of the initiatives 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 utilize a variety of platforms designed to provide the high level of scalability and performance required to manage our large and complex business operations. IMPulse is a 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. IMPulse supports over 39,000 mainframe connections (terminals, printers, PCs, and radio frequency hand-held terminals) worldwide with an internal response time of less than one

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second. Worldwide, our centralized processing system supports more than 40 operational functions including customer management, inventory management, order management, distribution center management, and accounting. 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. IMPulse allows our telesales representatives to deliver real-time information on product pricing, inventory availability, and order status to reseller customers. IMPulse is a flexible system connected to many trading partners and it gives us a means to serve many markets.

To complement our telesales, customer service, and technical support capabilities, we offer a number of different electronic products and services through which customers can reach us. These products and services include XML solutions available through our partner connectivity gateway; EDI; InsideLine; and TechNotes. In 2003, we implemented a new Partner Connectivity Gateway, which provides our customers with flexible XML solutions, and offers a comprehensive selection of customized reporting for our customers. Our worldwide EDI subsystem encompasses over 59 different applications including software licensing, carrier/shipment tracking, and electronic funds transfer. The electronic catalog provides reseller customers with access to product pricing and availability. TechNotes is a multi-manufacturer database that customers can utilize on their websites for timely and accurate product, sales, and technical information. In Europe, Asia-Pacific, and Canada, we subscribe to a data sheets service provider to enhance our data quality offering and we manage the provisioning of our own data sheets in our Latin American operations.

During 2003, we continued to enhance our website, www.ingrammicro.com, which acts to facilitate commerce among our suppliers, resellers, and their end-users. The enhancements included the acceptance of credit cards, improvements to our software license ordering system, including the ability to view and track license orders on-line, and new features to our on-line returns process. A new focus of our web offering in 2003 was to provide greater flexibility to back office functions for our resellers and supplier partners. Offerings such as the on-line viewing of supplier and reseller account statements were implemented to provide a lower cost solution for Ingram Micro and our partners while promoting increased customer satisfaction. We also added a feature to allow suppliers to create shipping labels, bar codes, and advanced shipment notifications to Ingram Micro for product being sent to our distribution centers in North America from anywhere around the world. For instance, one large supplier uses this web feature in Malaysia to properly label shipment to us and provide notification of the exact contents of the shipment.

In 2002, we completed the deployment of our next-generation operations and logistics system, IM-First, throughout our U.S. distribution network and in 2003, this system was expanded to our distribution centers in Toronto and Vancouver, Canada. This system allows our distribution centers to process orders 24 hours a day, seven days a week. IM-First leverages state-of-the-art distributed processing technology, including a wireless and paperless distribution management system. IM-First was further enhanced in 2003 to provide greater customization capabilities for our shipping documents. We implemented new printing technologies that expand the capabilities we can offer our customers. Customers can now create custom packing slips and other shipping documents to meet their specifications. In addition, our distribution center operations use extensive bar-coding and radio frequency technology for receiving and shipping, and real-time links to carriers such as United Parcel Service and Federal Express for freight processing and shipment tracking.

We employ various security measures and backup systems designed to protect against unauthorized access or use, or the failure of our information systems. Access to our information systems is controlled through the use of firewalls, passwords, virtual private networks ("VPNs"), and digital signatures. We have taken additional security measures with respect to sensitive information. Through ACS, we have disaster recovery services available from IBM Business Continuity & Recovery Services. Additionally, we have backup power sources at a number of major sites for emergency power. We have not

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experienced any material failures or downtime of IMPulse or any of our other information systems, but any significant systems failure or material downtime could prevent us from taking customer orders, picking and/or shipping product, and could also prevent our customers from accessing price and product availability information.

Global Operations

We have local sales offices and/or Ingram Micro sales representatives in various worldwide markets including in North America (the United States and Canada), Europe (Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom), Latin America (Argentina, Brazil, Chile, Mexico, Peru, and Puerto Rico), and Asia-Pacific (Australia, Bangladesh, the People's Republic of China [including Hong Kong], India, Indonesia, Malaysia, New Zealand, Pakistan, Singapore, Sri Lanka, Taiwan and Thailand). We also have contracted sales agents, parties who act on our behalf or primary supplier relationships with independent third-parties in Costa Rica, Dominican Republic, Ecuador, Guatemala, Panama, The Philippines, Poland, Trinidad/Tobago, and Vietnam. Additionally, we serve markets where we do not have an in-country presence through our various sales offices, including our general telesales operations in Santa Ana, California and Buffalo, New York and our export offices in Miami, Florida, Singapore, Germany, The Netherlands and France.

We operate internationally with distribution facilities in various locations around the world. We reduce our 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. It is our policy not to use derivative financial instruments for trading or speculative purposes, nor are we a party to leveraged derivatives.

Foreign exchange risk is managed primarily by using forward contracts to hedge receivables and payables. Currency interest rate swaps are used to hedge foreign currency denominated principal and interest payments related to intercompany loans.

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:

- speed and accuracy of delivery;
- product and services availability;
- 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;
- price; 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 Corporation, as well as specialty distributors such as United Stationers in consumables, Avnet and Arrow in industrial and enterprise products, and Douglas Stewart in educational products. A more fragmented distribution channel characterizes markets outside the United States, which represent over half of the IT industry's

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sales; however, consolidation has taken place in these markets as well. We believe that 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 Westcon/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; Memory Set in Spain; Maxdata and Also in Germany, Austria, and Switzerland; and Northamber in the United Kingdom. Other international distributors such as eSys, Arrow, Avnet and Bell Micro are strong competitors in many European countries. Hybrid reseller/distributors such as Computacentre and Specialist Computer Holdings provide additional pan-European competition. 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 Bell Micro, Deltron, Intcomex, Mexmal, MPS, Officer, and Synnex. In the Asia-Pacific market, we face competition from global, regional, and local competitors including Arrow, Digiland, ECS, Synnex, and Tech Pacific. 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 move their back-room operations to distribution partners, outsourcing and value-added services may be areas of opportunity. Examples of value-added capabilities include configuration, innovative financing programs, and order fulfillment programs. Many of our suppliers and reseller customers are looking to outsourcing partners to perform back-room operations. 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 Exel, Menlo, and UPS Supply Chain Services; electronic manufacturing services providers such as Solecron and Flextronics; and media companies such as Technicolor.

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 suppliers to remotely deliver software applications to end-users. Telephone companies also represent competition for us when they offer bundled broadband and equipment solutions directly 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 suppliers and software publishers that sell directly to reseller customers and end-users. However, we may become a business partner to these companies by providing supply chain services optimized for the IT market. Additionally, as consolidation occurs among certain reseller segments and customers gain market share and build capabilities similar to ours, certain resellers such as direct marketers can become competitors for us.

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 supplier protections are not available on all products or quantities and are subject to time restrictions. In addition, suppliers may become insolvent and unable to

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fulfill their protection obligations to us. We manage this risk through continual monitoring of existing inventory levels relative to customer demand. On an ongoing basis, we reserve for excess and obsolete inventories and write down our inventories to their estimated net realizable value based upon our forecasts of future demand and market conditions.

Historically, we have reduced the risk of decline in the value of our inventory through price protection, stock return privileges and inventory management procedures. However, over the past number of years, major PC suppliers have changed the terms and conditions of their price protection plans, resulting in increased exposure for us as a distribution partner. These changes in terms and conditions have made it more difficult for us to match our inventory levels with the price protection periods. Consequently, we bear risk that the value of the inventory we hold will decline after these price protection periods have passed. We continue to mitigate these risks by managing the amount of inventory in the channel from our suppliers to reflect the overall demand for our products.

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 purchases of inventory to take advantage of favorable terms offered by suppliers. In addition, payment terms with inventory suppliers may vary from time to time, and could result in fewer inventories being financed by suppliers 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,” the Ingram Micro logo, and “VentureTech Network.” 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 of January 3, 2004, we employed approximately 11,300 associates (as measured on a full-time equivalent basis). Certain of our operations in Europe and Latin America are subject to syndicates, collective bargaining or similar arrangements. Our success depends on the talent and dedication of our associates, and we strive to attract, develop, and retain outstanding associates. We have a process for continuously measuring the status of associate satisfaction and responding to associate priorities. We believe that our relationships with our associates are generally good.

EXECUTIVE OFFICERS OF THE COMPANY

The following table lists the executive officers of Ingram Micro as of March 1, 2004.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kent B. Foster	60	Chairman of the Board and Chief Executive Officer
Michael J. Grainger	51	President and Chief Operating Officer
Guy P. Abramo	42	Executive Vice President and Chief Strategy and Information Officer
Henri T. Koppen	61	Executive Vice President
Thomas A. Madden	50	Executive Vice President and Chief Financial Officer
Alain Monie	53	Executive Vice President and President, Ingram Micro Asia-Pacific
Kevin M. Murai	40	Executive Vice President and President, Ingram Micro North America
Gregory M.E. Spierkel	47	Executive Vice President and President, Ingram Micro Europe
Larry C. Boyd	51	Senior Vice President, Acting Secretary and Acting General Counsel
Asger Falstrup	54	Senior Vice President and President, Ingram Micro Latin America
Matthew A. Sauer	56	Senior Vice President, Human Resources
James F. Ricketts	57	Corporate Vice President and Treasurer

Kent B. Foster. Mr. Foster, age 60, 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. 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 51, 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 42, 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.

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Henri T. Koppen. Mr. Koppen, age 61, has been executive vice president since February 2002. Mr. Koppen served as executive vice president and president of Ingram Micro Asia-Pacific from February 2002 to December 2003, 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 50, 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. Mr. Madden currently serves on the board of directors of Mindspeed Technologies.

Alain Monie. Mr. Monie, age 53, became our executive vice president and president of Ingram Micro Asia-Pacific in January 2003. He joined Ingram Micro as executive vice president in January 2003. Previously, Mr. Monie was an international executive consultant with aerospace and defense corporations from September 2002 to January 2003. Mr. Monie also served as president of the Latin American division of Honeywell International from January 2000 to August 2002. He joined Honeywell following its merger with Allied Signal Inc., where he built a 17-year career on three continents, progressing from a regional sales manager to head of Asia-Pacific operations from October 1997 to December 1999.

Kevin M. Murai. Mr. Murai, age 40, 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 47, 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.

Larry C. Boyd. Mr. Boyd, age 51, became our senior vice president, acting secretary and acting general counsel in February 2004. He previously served as senior vice president, legal services, for Ingram Micro North America from January 2000 to January 2004. Prior to joining Ingram Micro, he was a partner with the law firm of Gibson, Dunn & Crutcher from January 1985 to December 1999.

Asger Falstrup. Mr. Falstrup, age 54, 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.

Matthew A. Sauer. Mr. Sauer, age 56, has been our senior vice president of human resources since February 2003. He joined Ingram Micro in October 1996 as vice president of human resources and was promoted in September 1999 to corporate vice president of human resources strategies and processes.

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James F. Ricketts. Mr. Ricketts, age 57, 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 products, 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, including but not limited to, management’s expectations for process improvement; competition; revenues, expenses and other operating results or ratios; economic conditions; liquidity; capital requirements; and exchange rate fluctuations. In evaluating our business, readers should carefully consider the important factors discussed in “Cautionary Statements for the Purpose of the ‘Safe Harbor’ Provisions of the Private Securities Litigation Reform Act of 1995” included in Exhibit 99.01 to our Annual Report on Form 10-K for the fiscal year ended January 3, 2004. We disclaim any duty to update any forward-looking statements. A summary of these factors is as follows:

- (1) Intense competition, regionally and internationally, including competition from alternative business models, such as manufacturer-to-end-user selling, which may lead to reduced prices, lower sales or reduced sales growth, lower gross margins, extended payment terms with customers, increased capital investment and interest costs, bad debt risks and product supply shortages.
- (2) Significant changes in supplier terms, such as higher thresholds on sales volume before distributors may qualify for discounts and/or rebates, the overall reduction in the amount of incentives available, reduction or termination of price protection, return levels, or other inventory management programs, or reductions in payment terms, may adversely impact our results of operations or financial condition. Additionally, termination of a supply or services agreement with a major supplier or product supply shortages may adversely impact our results of operations.
- (3) A significant portion of our 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 our profitability.
- (4) An interruption or failure of our information systems or subversion of access or other system controls may result in a significant loss of business, assets, or competitive information.
- (5) If there is a downturn in economic conditions for an extended period of time, it will likely have an adverse impact on our business.
- (6) We may experience loss of business from one or more significant customers, and 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. Increased losses, if any, may not be covered by credit insurance or we may not be able to obtain credit insurance at reasonable rates or at all.

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- (7) Rapid product improvement and technological change resulting in inventory obsolescence or changes in demand may result in a decline in value of a portion of our inventory.
- (8) Delays or failure to achieve the benefits of process or organizational changes we may implement in the business may adversely impact our results of operations.
- (9) Future terrorist or military actions could result in disruption to our operations or loss of assets, in certain markets or globally.
- (10) The loss of a key executive officer or other key employees, or changes affecting the work force such as government regulations, collective bargaining agreements or the limited availability of qualified personnel, could disrupt operations or increase our cost structure.
- (11) Changes in our credit rating or other market factors may increase our interest expense or other costs of capital, or capital may not be available to us on acceptable terms to fund our working capital needs.
- (12) Devaluation of a foreign currency, adverse governmental controls or actions, political or economic instability, or other disruption of a foreign market, may adversely impact our operations in that country or globally.
- (13) Our failure to attract new sources of profitable business from expansion of products or services or entry into new markets could negatively impact our future operating results.
- (14) Our failure to adequately adapt to industry changes and to manage potential growth and/or contractions could negatively impact our future operating results
- (15) Integration of our acquired businesses and similar transactions involve various risks and difficulties. Our operations may be adversely impacted by an acquisition that (i) is not suited for us, (ii) is improperly executed, or (iii) substantially increases our debt.
- (16) Future periodic assessments required by current or new accounting standards relating to long-lived assets, goodwill and other intangible assets may result in additional non-cash charges.
- (17) Seasonal variations in the demand for products and services, as well as the introduction of new products, may cause variations in our quarterly results.
- (18) The failure of certain shipping companies to deliver product to us, or from us to our customers, may adversely impact our results of operations.

We operate our global business in a continually changing environment that involves numerous risks and uncertainties. Future events that may not have been anticipated or discussed here could adversely affect our business, financial condition, results of operations or cash flows.

Reference is made to Exhibit 99.01 hereto for additional discussion of the foregoing factors, as well as additional factors, which may affect our actual results and cause such results to differ materially from those expressed or implied in forward-looking statements. We also make available, free of charge through our website, www.ingrammicro.com, annual, quarterly, and current reports (and amendments thereto) as soon as reasonably practicable after our electronic filing with the Securities and Exchange Commission.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Santa Ana, California. We support our global operations through an extensive sales office and distribution network throughout North America, Europe, Latin America, and Asia-Pacific. As of January 3, 2004, we operated 48 distribution centers worldwide. Additionally, we serve markets where we do not have an in-country presence through various sales offices, including from Santa Ana, California; Buffalo, New York; Miami, Florida; Singapore; and certain countries in Europe.

As of January 3, 2004, we leased substantially all our facilities on varying terms. We do not anticipate any material difficulties with the renewal of any of our leases when they expire or in securing replacement facilities on commercially reasonable terms. We also own several facilities, the most significant of which are our office/distribution facilities in Straubing, Germany, Santiago, Chile, and Singapore.

As previously described, since June of 2001, as a result of our broad-based restructuring programs and our profit enhancement programs, we have closed several of our facilities and may close more, consolidating operations in other existing facilities. See “Item 1. BUSINESS – Business Strategy — Reduce Costs and Enhance Profitability through Continuous Business Process Improvements” above.

ITEM 3. LEGAL PROCEEDINGS

On July 14, 2000, we filed a complaint in Orange County Superior Court against The BigStore.com, a customer that had defaulted on over \$3.2 million of debt owed to us, for breach of contract and nonpayment, and also against two individuals to collect on their individual guarantees of The BigStore’s debt to us. On July 31, 2000, we filed an involuntary bankruptcy petition in the United States Bankruptcy Court in Santa Ana, California against The BigStore. In September 2000, The BigStore consented to the conversion of the involuntary bankruptcy to a Chapter 11 proceeding, and also filed a cross-complaint against us in the superior court action. The cross-complaint alleged 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 alleged that we had deliberately and wrongfully driven The BigStore out of business in order to benefit other of our customers who competed with The BigStore. The cross-complaint prayed for \$50 million in compensatory damages in addition to punitive damages. The individual guarantors also filed their own cross-complaints against us that asked for unspecified damages and for rescission or cancellation of their guarantees of The BigStore’s debt. The BigStore’s cross-complaint was removed to Federal bankruptcy court. We filed answers to the various cross-complaints, denying any liability. In the bankruptcy court our motions for summary judgment against the BigStore’s claims were granted, judgment was entered in our favor, and that judgment is now final. In the superior court action, our motion to strike the guarantors’ demand for jury trial on their claims relating to the enforceability of the guaranties was granted in December 2002. The state court has also entered an order striking the cross-complaint of one of the guarantors and granting us judgment in our favor on his guarantee in the amount of approximately \$3.5 million. Trial on the remaining claims between the remaining guarantor and us is scheduled for April 2004.

During 2002 and 2003, one of our Latin American subsidiaries was audited by the Brazilian taxing authorities in relation to certain commercial taxes. As a result of this audit, the subsidiary received an assessment for approximately \$9 million, including interest and penalties, alleging these commercial taxes were not properly remitted for the period January 2002 through September 2002. The Brazilian taxing authorities may make similar claims for periods subsequent to September 2002. It is management’s opinion, based upon the opinions of outside legal advisors, that we have valid defenses related to this

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matter. Although we are vigorously pursuing administrative and judicial action to challenge the assessment, no assurance can be given as to the ultimate outcome. An unfavorable resolution of this matter is not expected to have a material impact on our financial condition, but depending upon the time period and amounts involved it may have a material negative effect on our results of operations.

ITEM 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 February 27, 2004, there were 613 holders of record of our Class A Common Stock. We believe that there are approximately 25,000 beneficial holders of our Class A Common Stock.

Information as to our quarterly stock prices is included on the inside back cover of our 2003 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 our Class A Common Stock is traded is included on the inside back cover of our 2003 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. We have not declared nor paid any dividends on our Common Stock in the preceding two fiscal years. We currently intend to retain future earnings to finance the growth and development of our business and, therefore, do not anticipate declaring or paying cash dividends on our 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 our financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deems relevant. In addition, certain of our debt facilities contain restrictions on the declaration and payment of dividends.

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Equity Compensation Plan Information. The following table provides information, as of January 3, 2004, with respect to equity compensation plans under which equity securities of our company are authorized for issuance, aggregated as follows: (i) all compensation plans previously approved by our shareowners and (ii) all compensation plans not previously approved by our shareowners.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareowners	<u>37,933,500</u>	<u>\$15.12</u>	<u>22,827,745</u>
Equity compensation plans not approved by shareowners	<u>None</u>	<u>None</u>	<u>None</u>
TOTAL	<u><u>37,933,500</u></u>	<u><u>\$15.12</u></u>	<u><u>22,827,745</u></u>

ITEM 6. SELECTED FINANCIAL DATA

The selected financial information of Ingram Micro for the five year period ended January 3, 2004 is included on page 18 of our 2003 Annual Report to Shareowners, which is included as part of Exhibit 13.01 and is incorporated in 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 34 of our 2003 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 32 through 33 of our 2003 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

Our consolidated financial statements are included on pages 35 through 61 of our 2003 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 15 below.

A financial statement schedule for our business, and report thereon, are included on pages 34 and 35, respectively, of this Annual Report on Form 10-K. Reference is made to the Index to Financial Statements in Item 15 below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

ITEM 9A. CONTROLS AND PROCEDURES

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

PART 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, under the caption "EXECUTIVE OFFICERS OF THE COMPANY", because we will not furnish such information in our definitive Proxy Statement prepared in accordance with Schedule 14A.

The Notice and Proxy Statement for the 2004 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, 13 and 14).

PART IV**ITEM 15. 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 March 11, 2004, all appearing on pages 35 through 63 in the 2003 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 2003 Annual Report to Shareowners is not deemed filed as part of this Annual Report on Form 10-K.

	Page No. In Annual Report to Shareowners
Index to Financial Information	17
Consolidated Balance Sheet at January 3, 2004 and December 28, 2002	35
Consolidated Statement of Income for the years ended January 3, 2004, December 28, 2002 and December 29, 2001	36
Consolidated Statement of Stockholders' Equity for the years ended January 3, 2004, December 28, 2002 and December 29, 2001	37
Consolidated Statement of Cash Flows for the years ended January 3, 2004, December 28, 2002 and December 29, 2001	38
Notes to Consolidated Financial Statements	39
Report of Independent Auditors	63

Pages 18 through 63 and the inside back cover page of the 2003 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 Report of Independent Auditors, 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

Financial Statement Schedule II — Valuation and Qualifying Accounts.
Report of Independent Auditors on Financial Statement Schedule

3. List of Exhibits

Exhibit No.	Exhibit
3.01	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 Company dated as of May 30, 2002 (incorporated by reference to Exhibit 3.02 to the Company's Quarterly Report on Form 10-Q for the fiscal period ended June 28, 2002 (the "2002 Q3 10-Q"))
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	Ingram Micro Inc. 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.09 to the IPO S-1)
10.02	Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to the IPO S-1)
10.03	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)
10.04	Ingram Micro Inc. 1998 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to the 1998 10-K)
10.05	Ingram Micro Inc. 2000 Equity Incentive Plan (incorporated by reference to Exhibit 99.01 to the Company's Registration Statement on Form S-8 (File No. 333-39780))
10.06	Ingram Micro Inc. 2003 Equity Incentive Plan
10.07	Ingram Micro Inc. Executive Incentive Plan (incorporated by reference to Exhibit 10.44 to the 2002 Q3 10-Q)
10.08	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"))
10.09	Board Representation Agreement dated as of November 6, 1996 (incorporated by reference to Exhibit 10.15 to the Thrift Plan S-1)
10.10	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)

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Exhibit No.	Exhibit
10.11	Amendment No. 2 to the Board Representation Agreement dated as of March 12, 2002 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2001 ("the "2001 10-K"))
10.12	Amendment No. 3 to the Board Representation Agreement dated as of Mary 30, 2002 (incorporated by reference to Exhibit 10.43 to the 2002 Q3 10-Q)
10.13	Thrift Plan Liquidity Agreement dated as of November 6, 1996 among the Company and the Ingram Thrift Plan (incorporated by reference to Exhibit 10.16 to the Thrift Plan S-1)
10.14	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)
10.15	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)
10.16	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)
10.17	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)
10.18	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"))
10.19	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)
10.20	Executive Retention Agreement with Michael J. Grainger, dated January 31, 2000 (incorporated by reference to Exhibit 10.48 to the 1999 10-K)
10.21	Executive Retention Agreement with Kevin M. Murai, dated January 31, 2000 (incorporated by reference to Exhibit 10.49 to the 1999 10-K)
10.22	Executive Retention Agreement with Gregory M.E. Spierkel, dated January 31, 2000 (incorporated by reference to Exhibit 10.50 to the 1999 10-K)
10.23	Executive Retention Agreement with Henri T. Koppen, dated January 31, 2000 (incorporated by reference to Exhibit 10.51 to the 1999 10-K)
10.24	Executive Retention Agreement with Guy P. Abramo, dated January 31, 2000 (incorporated by reference to Exhibit 10.52 to the 1999 10-K)
10.25	Executive Retention Agreement with James E. Anderson, Jr., dated January 31, 2000 (incorporated by reference to Exhibit 10.53 to the 1999 10-K)

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Exhibit No.	Exhibit
10.26	Executive Retention Agreement with David M. Finley, dated January 31, 2000 (incorporated by reference to Exhibit 10.54 to the 1999 10-K)
10.27	Employment Agreement with Kent B. Foster, dated March 6, 2000 (incorporated by reference to Exhibit 10.55 to the 1999 10-K)
10.28	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)
10.29	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)
10.30	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)
10.31	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)
10.32	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)
10.33	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)
10.34	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”))
10.35	Executive Retention Plan Agreement with Guy P. Abramo (incorporated by reference to Exhibit 10.02 to the Q2 2001 10-Q)
10.36	Executive Retention Plan Agreement with Kevin M. Murai (incorporated by reference to Exhibit 10.03 to the Q2 2001 10-Q)
10.37	Executive Retention Plan Agreement with Gregory M.E. Spierkel (incorporated by reference to Exhibit 10.04 to the Q2 2001 10-Q)
10.38	US\$150,000,000 Credit Agreement dated as of December 13, 2002 among the Company, as Initial Borrower and Guarantor, Ingram European Coordination Center N.V., as Initial Borrower, certain financial institutions as the Lenders, ABN AMRO Bank N.V., as the Syndication Agent for the Lenders and The Bank of Nova Scotia, as the Administrative Agent for the Lenders (the “2002 Credit Agreement”) (incorporated by reference to Exhibit 10.41 to the Form 10-K for the fiscal year ended December 28, 2002 (the “2002 10-K”))

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Exhibit No.	Exhibit
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31.2	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1	Certification by Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act
32.2	Certification by Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act
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

We filed a Current Report on Form 8-K, Items 7 and 12, on October 30, 2003 in connection with the issuance of a press release announcing financial results for the third quarter and nine months ended September 29, 2003.

INGRAM MICRO INC.
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at Beginning of year	Charged to costs and expenses	Deductions	Other(*)	Balance at end of year
Allowance for doubtful accounts receivable and sales returns:					
2003	\$89,889	\$54,096	(\$56,046)	\$3,674	\$91,613
2002	79,927	50,765	(46,415)	5,612	89,889
2001	96,994	58,960	(75,090)	(937)	79,927

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

**REPORT OF INDEPENDENT AUDITORS
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 March 11, 2004, appearing in the 2003 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 15(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
March 11, 2004

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/ Larry C. Boyd*

Larry C. Boyd
Senior Vice President and Acting
Secretary and Acting General Counsel

March 18, 2004

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
<u><i>/s/ Kent B. Foster</i></u> Kent B. Foster	Chairman and Chief Executive Officer (Principal Executive Officer)	March 18, 2004
<u><i>/s/ Thomas A. Madden</i></u> Thomas A. Madden	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 18, 2004
<u><i>/s/ John R. Ingram</i></u> John R. Ingram	Director	March 18, 2004
<u><i>/s/ Martha R. Ingram</i></u> Martha R. Ingram	Director	March 18, 2004
<u><i>/s/ Orrin H. Ingram II</i></u> Orrin H. Ingram II	Director	March 18, 2004
<u><i>/s/ Dale R. Laurance</i></u> Dale R. Laurance	Director	March 18, 2004
<u><i>/s/ Gerhard Schulmeyer</i></u> Gerhard Schulmeyer	Director	March 18, 2004
<u><i>/s/ Michael T. Smith</i></u> Michael T. Smith	Director	March 18, 2004
<u><i>/s/ Joe B. Wyatt</i></u> Joe B. Wyatt	Director	March 18, 2004

EXHIBIT INDEX

Exhibit No.	Exhibit
3.01	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 Company dated as of May 30, 2002 (incorporated by reference to Exhibit 3.02 to the Company's Quarterly Report on Form 10-Q for the fiscal period ended June 28, 2002 (the "2002 Q3 10-Q"))
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	Ingram Micro Inc. 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.09 to the IPO S-1)
10.02	Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to the IPO S-1)
10.03	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)
10.04	Ingram Micro Inc. 1998 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to the 1998 10-K)
10.05	Ingram Micro Inc. 2000 Equity Incentive Plan (incorporated by reference to Exhibit 99.01 to the Company's Registration Statement on Form S-8 (File No. 333-39780))
10.06	Ingram Micro Inc. 2003 Equity Incentive Plan
10.07	Ingram Micro Inc. Executive Incentive Plan (incorporated by reference to Exhibit 10.44 to the 2002 Q3 10-Q)
10.08	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"))
10.09	Board Representation Agreement dated as of November 6, 1996 (incorporated by reference to Exhibit 10.15 to the Thrift Plan S-1)
10.10	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)

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Exhibit No.	Exhibit
10.11	Amendment No. 2 to the Board Representation Agreement dated as of March 12, 2002 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2001 ("the "2001 10-K"))
10.12	Amendment No. 3 to the Board Representation Agreement dated as of Mary 30, 2002 (incorporated by reference to Exhibit 10.43 to the 2002 Q3 10-Q)
10.13	Thrift Plan Liquidity Agreement dated as of November 6, 1996 among the Company and the Ingram Thrift Plan (incorporated by reference to Exhibit 10.16 to the Thrift Plan S-1)
10.14	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)
10.15	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)
10.16	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)
10.17	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)
10.18	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"))
10.19	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)
10.20	Executive Retention Agreement with Michael J. Grainger, dated January 31, 2000 (incorporated by reference to Exhibit 10.48 to the 1999 10-K)
10.21	Executive Retention Agreement with Kevin M. Murai, dated January 31, 2000 (incorporated by reference to Exhibit 10.49 to the 1999 10-K)
10.22	Executive Retention Agreement with Gregory M.E. Spierkel, dated January 31, 2000 (incorporated by reference to Exhibit 10.50 to the 1999 10-K)
10.23	Executive Retention Agreement with Henri T. Koppen, dated January 31, 2000 (incorporated by reference to Exhibit 10.51 to the 1999 10-K)
10.24	Executive Retention Agreement with Guy P. Abramo, dated January 31, 2000 (incorporated by reference to Exhibit 10.52 to the 1999 10-K)
10.25	Executive Retention Agreement with James E. Anderson, Jr., dated January 31, 2000 (incorporated by reference to Exhibit 10.53 to the 1999 10-K)

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Exhibit No.	Exhibit
10.26	Executive Retention Agreement with David M. Finley, dated January 31, 2000 (incorporated by reference to Exhibit 10.54 to the 1999 10-K)
10.27	Employment Agreement with Kent B. Foster, dated March 6, 2000 (incorporated by reference to Exhibit 10.55 to the 1999 10-K)
10.28	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)
10.29	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)
10.30	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)
10.31	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)
10.32	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)
10.33	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)
10.34	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”))
10.35	Executive Retention Plan Agreement with Guy P. Abramo (incorporated by reference to Exhibit 10.02 to the Q2 2001 10-Q)
10.36	Executive Retention Plan Agreement with Kevin M. Murai (incorporated by reference to Exhibit 10.03 to the Q2 2001 10-Q)
10.37	Executive Retention Plan Agreement with Gregory M.E. Spierkel (incorporated by reference to Exhibit 10.04 to the Q2 2001 10-Q)
10.38	US\$150,000,000 Credit Agreement dated as of December 13, 2002 among the Company, as Initial Borrower and Guarantor, Ingram European Coordination Center N.V., as Initial Borrower, certain financial institutions as the Lenders, ABN AMRO Bank N.V., as the Syndication Agent for the Lenders and The Bank of Nova Scotia, as the Administrative Agent for the Lenders (the “2002 Credit Agreement”) (incorporated by reference to Exhibit 10.41 to the Form 10-K for the fiscal year ended December 28, 2002 (the “2002 10-K”))

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INGRAM MICRO INC.

2003 EQUITY INCENTIVE PLAN

SECTION 1. Purpose. The purposes of the Ingram Micro Inc. 2003 Equity Incentive Plan are to promote the interests of Ingram Micro Inc. and its shareowners by (i) attracting and retaining exceptional members of the Board, executive personnel and other key employees of Ingram Micro and its Affiliates, as defined below; (ii) motivating such employees and Board members by means of performance-related incentives to achieve longer-range performance goals; and (iii) enabling such employees and Board members to participate in the long-term growth and financial success of Ingram Micro.

SECTION 2. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

"AFFILIATE" means (i) any entity that is, directly or indirectly, controlled by Ingram Micro and (ii) any other entity in which Ingram Micro has a significant equity interest or which has a significant equity interest in Ingram Micro, in either case as determined by the Committee.

"AWARD" means any Option, Stock Appreciation Right, Restricted Stock Award, Performance Award or Other Stock-Based Award.

"AWARD AGREEMENT" means any written agreement, contract, or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

"BOARD" means the Board of Directors of Ingram Micro.

"CAUSE" means any of: (i) any willful act or omission by a Participant constituting dishonesty, fraud or other malfeasance, which in any such case is demonstrably injurious to the financial condition or business reputation of Ingram Micro or any of its Affiliates; (ii) a Participant's commission of a felony or crime of moral turpitude under the laws of the United States or any state thereof or any other jurisdiction in which Ingram Micro or any of its Affiliates conducts business; and (iii) any willful violation by a Participant of any of Ingram Micro's policies of which such Participant has been given prior notice and which violation is demonstrably detrimental to the best interests of Ingram Micro or any of its Affiliates.

For purposes of this definition, no act or failure to act will be deemed "willful" unless effected by a Participant not in good faith and without a reasonable belief that such action or failure to act was in or not opposed to the best interests of Ingram Micro and its Affiliates.

"CODE" means the United States Internal Revenue Code of 1986, as amended from time to time and the rules and regulations promulgated thereunder.

"COMMITTEE" means a committee of the Board designated by the Board to administer the Plan and composed of not less than the minimum number of persons from time to time required by Rule 16b-3, each of whom, to the extent necessary to comply with Rule 16b-3 and Section 162(m) of the Code, is a "Non-Employee Director" within the meaning of Rule 16b-3 and an "Outside Director" as determined under Section 162(m) of the Code. Until otherwise determined by the Board, the Human Resources Committee or any successor or replacement thereof designated by the Board shall be the Committee under the Plan.

"DESIGNATED AWARD" has the meaning accorded such term in Section 11(c) of the Plan.

"DISABILITY" shall have the meaning determined from time to time by the Committee.

"EMPLOYEE" means an employee of Ingram Micro or any Affiliate and any member of the Board.

"EXCHANGE ACT" means the United States Securities Exchange Act of 1934, as amended.

"EXECUTIVE OFFICER" means, at any time, an individual who is an executive officer of Ingram Micro within the meaning of Exchange Act Rule 3b-7 or who is an officer of Ingram Micro within the meaning of Exchange Act Rule 16a-1(f).

"EXTENDED DATE" has the meaning accorded such term in Section 11(a) of the Plan.

"FAIR MARKET VALUE" means with respect to the Shares, as of any given date or dates, the reported closing price of a share of such class of common stock on such exchange or market as is the principal trading market for such class of common stock as reported in the Wall Street Journal or such other publication selected by the Committee. If such class of common stock is not traded on an exchange or principal trading market on such date, the fair market value of a Share shall be determined by the Committee in good faith taking into account as appropriate recent sales of the Shares, recent valuations of the Shares, the lack of liquidity of the Shares, the fact that the Shares may represent a minority interest and such other factors as the Committee shall in its discretion deem relevant or appropriate.

"INCENTIVE STOCK OPTION" means a right to purchase Shares from Ingram Micro that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

"INGRAM MICRO" means Ingram Micro Inc., a Delaware corporation, together with any successor thereto.

"NON-QUALIFIED STOCK OPTION" means a right to purchase Shares from Ingram Micro that is granted under Section 6 of the Plan and that is not intended to be an Incentive Stock Option.

"NOTICE/TERMINATION" has the meaning accorded such term in Section 11(a) of the Plan.

"OPTION" means an Incentive Stock Option or a Non-Qualified Stock Option.

"OTHER STOCK-BASED AWARD" means any right granted under Section 10 of the Plan.

"PARTICIPANT" means any Employee selected by the Committee to receive an Award under the Plan (and to the extent applicable, any heirs or legal representatives thereof).

"PERFORMANCE AWARD" means any right granted under Section 9 of the Plan.

"PERSON" means any individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

"PLAN" means this Ingram Micro Inc. 2003 Equity Incentive Plan.

"PRIOR PLANS" mean the Ingram Micro Inc. 2000 Equity Incentive Plan, the Ingram Micro Inc. 1998 Equity Incentive Plan, and the Ingram Micro Inc. 1996 Equity Incentive Plan.

"RESTRICTED STOCK" means any Shares granted under Section 8 of the Plan.

"RESTRICTED STOCK UNIT" means any unit granted under Section 8 of the Plan.

"RETIREMENT" shall have the meaning determined from time to time by the Committee and shall mean initially termination of employment other than by reason of death, Disability or Cause if on the termination date the Participant is at least 50 years of age and has at least 5 years of service with Ingram Micro and its Affiliates.

"RULE 16b-3" means Rule 16b-3 as promulgated and interpreted by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

"SEC" means the United States Securities and Exchange Commission or any successor thereto.

"SHARES" means shares of Class A common stock, \$.01 par value, of Ingram Micro or such other securities as may be designated by the Committee from time to time.

"STOCK APPRECIATION RIGHT" means any right granted under Section 7 of the Plan.

"SUB-PLAN" means any sub-plan or sub-plans adopted by the Committee under Section 14(q) of the Plan.

"SUBSTITUTE AWARDS" means Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by Ingram Micro or with which Ingram Micro combines.

"SUCCESSORS" has the meaning accorded such term in Section 11(a) of the Plan.

SECTION 3. Administration.

(a) Authority of Committee. The Plan shall be administered by the Committee. Subject to the terms of the Plan, applicable law and contractual restrictions affecting Ingram Micro, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to: designate Participants; determine the type or types of Awards to be granted to an eligible Employee; determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; determine the terms and conditions of any Award and Award Agreement; determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and adopt and administer one or more Sub-Plans. The Committee may, in its sole discretion, delegate to one or more Executive Officers the power to make Awards under the plan provided that at the time of such grant no recipient of such Awards shall be an Executive Officer. Without limiting the foregoing, the Committee may impose such conditions with respect to the exercise and/or settlement of any Awards, including without limitation, any relating to the application of Federal or state securities laws or the laws, rules or regulations of any jurisdiction outside the United States, as it may deem necessary or advisable.

(b) Committee Discretion Binding. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including Ingram Micro, any Affiliate, any Participant, any holder or beneficiary of any Award, any shareholder and any Employee.

SECTION 4. Shares Available for Awards.

(a) Shares Available. Subject to adjustment as provided in Section 4(b) and 4(c), the number of Shares with respect to which Awards may be granted under the Plan and all Sub-Plans shall be 20,000,000, plus Shares authorized for issuance and not issued under the Prior Plans. If, after the effective date of the Plan, any Shares covered by an Award granted under the Plan or to which such an Award relates, are forfeited, or if such an Award is settled for cash or otherwise terminates or is canceled without the delivery of Shares, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares with respect to which Awards may be granted, to the extent of any such settlement, forfeiture, termination or cancellation, shall, in the calendar year in which such settlement, forfeiture, termination or cancellation occurs, again become Shares with respect to which Awards may be granted unless any dividends have been paid thereon prior to such settlement, forfeiture, termination or cancellation. Notwithstanding the foregoing and subject to adjustment as provided in Section 4(b), (i) no Employee of Ingram Micro may receive Awards under the Plan in any calendar year that relate to more than 2,000,000 Shares and (ii) no more than 8,000,000 Shares may be issued under the Plan in connection with Awards other than Options or Stock Appreciation Rights; and (iii) no more than 1,000,000 Shares may be issued under the Plan in connection with Awards other than Options or Stock Appreciation Rights that contain either (A) no restrictions, (B) restrictions of less than one year relating to Performance Awards, or (C)

restrictions based solely on continuous employment or services of less than three years (except, in any such cases where termination of employment occurs by reason of death, Retirement, or Disability, or where the Shares are granted in lieu of earned compensation).

(b) Adjustments. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split,

reorganization, reclassification, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of Ingram Micro, issuance of warrants or other rights to purchase Shares or other securities of Ingram Micro, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number of Shares of Ingram Micro (or number and kind of other securities or property) with respect to which Awards may thereafter be granted, the number of Shares or other securities of Ingram Micro (or number and kind of other securities or property) subject to outstanding Awards, and the grant or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, in each case, that except to the extent deemed desirable by the Committee, no such adjustment of Awards (i) of Incentive Stock Options shall be authorized to the extent that such authority would cause the Plan to violate Section 422(b)(1) of the Code, as from time to time amended, or (ii) with respect to any Award would be inconsistent with the Plan's meeting the requirements of Section 162(m) of the Code, as from time to time amended.

(c) Substitute Awards. Any Shares underlying Substitute Awards shall not, except in the case of Shares with respect to which Substitute Awards are granted to Employees who are officers or directors of Ingram Micro for purposes of Section 16 of the Exchange Act or any successor section thereto, be counted against the Shares available for Awards under the Plan.

(d) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

SECTION 5. Eligibility. Any Employee, including any officer or employee-director of Ingram Micro or any Affiliate, and any member of the Board, shall be eligible to be designated a Participant.

SECTION 6. Stock Options.

(a) Grant. Subject to the provisions of the Plan and contractual restrictions affecting Ingram Micro, the Committee shall have sole and complete authority to determine the Employees to whom Options shall be granted, the number of Shares to be covered by each Option, the option price therefore and the conditions and limitations applicable to the exercise of the Option. The Committee shall have the authority to grant Incentive Stock Options, or to grant Non-Qualified Stock Options, or to grant both types of options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code, as from time to time amended, and any regulations implementing such statute.

(b) Exercise Price. The Committee in its sole discretion shall establish the exercise price at the time each Option is granted; provided, however, that except in connection with (i) Substitute Awards and (ii) adjustment of outstanding Options pursuant to Section 4(b), the per share exercise price of an Option shall not be less than the Fair Market Value of a Share on the date of grant.

(c) Exercise. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter.

(d) Payment. No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the option price therefore is received by Ingram Micro. Such payment may be made: in cash; in Shares already owned for at least six months by a Participant (the value of such Shares shall be their Fair Market Value on the date of exercise); by a combination of cash and such Shares; if approved by the Committee, in accordance with a cashless exercise program under which either, if so instructed by a Participant, Shares may be issued directly to such Participant's broker or dealer upon receipt of the purchase price in cash from the broker or dealer, or Shares may be issued by Ingram Micro to such Participant's broker or dealer in consideration of such broker's or dealer's irrevocable commitment to pay to Ingram Micro that portion of the proceeds from the sale of such Shares that is equal to the exercise price of the Option(s) relating to such Shares; or in such other manner as permitted by the Committee at the time of grant or thereafter.

SECTION 7. Stock Appreciation Rights.

(a) Grant. Subject to the provisions of the Plan and contractual restrictions affecting Ingram Micro, the Committee shall have sole and complete authority to determine the Employees to whom Stock Appreciation Rights shall be granted, the number of Shares to be covered by each Stock Appreciation Right Award, the grant price thereof and the conditions and limitations applicable to the exercise thereof; provided, however, that except in connection with (i) Substitute Awards and (ii) adjustment of outstanding Stock Appreciation Rights pursuant to Section 4(b), the per share grant price of a Stock Appreciation Right shall not be less than the Fair Market Value of a Share on the date of grant. Stock Appreciation Rights may be granted in tandem with another Award, in addition to another Award, or freestanding and unrelated to another Award. Stock Appreciation Rights granted in tandem with or in addition to an Award may be granted either at the same time as the Award or at a later time. Stock Appreciation Rights shall have a grant price as determined by the Committee on the date of grant.

(b) Exercise and Payment. A Stock Appreciation Right shall entitle a Participant to receive an amount equal to the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the grant price thereof. The Committee shall determine whether a Stock Appreciation Right shall be settled in cash, Shares or a combination of cash and Shares.

(c) Other Terms and Conditions. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine, at or after the grant of a Stock Appreciation Right, the term, methods of exercise, methods and form of settlement, and any other terms and conditions of any Stock Appreciation Right. Any such determination by the Committee may be changed by the Committee from time to time and may govern the exercise of Stock Appreciation Rights granted or exercised prior to such determination as well as Stock Appreciation Rights granted or exercised thereafter. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it shall deem appropriate.

SECTION 8. Restricted Stock and Restricted Stock Units.

(a) Grant. Subject to the provisions of the Plan and contractual provisions affecting Ingram Micro, the Committee shall have sole and complete authority to determine the Employees to whom Shares of Restricted Stock and Restricted Stock Units shall be granted, the number of Shares of Restricted Stock and/or the number of Restricted Stock Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Stock and Restricted Stock Units may be forfeited to Ingram Micro, and the other terms and conditions of such Awards.

(b) Payment. Each Restricted Stock Unit shall have a value equal to the Fair Market Value of a Share. Restricted Stock Units shall be paid in cash, Shares, other securities, or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement.

(c) Dividends and Distributions. Dividends and other distributions paid on or in respect of any Shares of Restricted Stock may be paid directly to a Participant, or may be reinvested in additional Shares of Restricted Stock or in additional Restricted Stock Units, as determined by the Committee in its sole discretion.

SECTION 9. Performance Awards.

(a) Grant. Subject to the provisions of the Plan and contractual provisions affecting Ingram Micro, the Committee shall have sole and complete authority to determine the Employees who shall receive a "Performance Award", which shall consist of a right which is denominated in cash or Shares, valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and payable at such time and in such form as the Committee shall determine.

(b) Terms and Conditions. Subject to the terms of the Plan, any contractual provisions affecting Ingram Micro and any applicable Award Agreement, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award.

(c) Payment of Performance Awards. Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with procedures established by the Committee, on a deferred basis.

SECTION 10. Other Stock-based Awards. The Committee shall have authority to grant to eligible Employees an "Other Stock-Based Award", which shall consist of any right which is not an Award described in Sections 6 through 9 above and which is an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan; provided that any such rights must comply with applicable law, and to the extent deemed desirable by the Committee, with Rule 16b-3 and the requirements of Section 162(m) of the Code. Subject to the terms of the Plan, any contractual provisions affecting Ingram Micro and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award.

SECTION 11. Termination or Suspension of Employment or Service.

The following provisions shall apply in the event of a Participant's termination of employment or service unless the Committee shall have provided otherwise, either at the time of the grant of the Award or thereafter.

(a) Non-Qualified Stock Options and Stock Appreciation Rights.

(i) Termination of Employment or Service.

(A) Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated for any reason other than death, Disability, Retirement, or Cause, such a Participant's right to exercise any Non-Qualified Stock Option or Stock Appreciation Right shall terminate, and such Option or Stock Appreciation Right shall expire, on the earlier of (x) the 90th day (or, if later, on the 15th day following the end of any Ingram Micro-imposed restrictions in effect during such 90 day period on such Participant's ability to engage in transactions involving Shares (such 15th day, the "EXTENDED DATE")) following such termination of employment or service or (y) the date such Option or Stock Appreciation Right would have expired had it not been for the termination of employment or services. A Participant shall have the right to exercise such Option or Stock Appreciation Right prior to such expiration to the extent it was exercisable at the date of such termination of employment or service and shall not have been exercised. Any time spent by a Participant in the status of "leave without pay" shall extend the period otherwise required for purposes of determining the extent to which any such Award or portion thereof has vested or otherwise become exercisable or nonforfeitable.

(B) Notwithstanding any of the provisions of Section 11(a)(i)(A), in respect of a Participant employed outside the United States, such Participant's right to exercise any Non-Qualified Stock Option and Stock Appreciation Rights shall terminate, and such Option or Stock Appreciation Right shall expire and lapse, on the earlier of (x) the 90th day (or, if later, the Extended Date) following the first to occur of (1) the time such Participant's employer gives notice to a Participant of termination of Participant's employment, or (2) such Participant gives notice to such Participant's employer to terminate Participant's employment, or (3) if no such notice is given, on the date Participant's employment is terminated (whichever the first to occur of (1), (2) or (3) collectively, "NOTICE/TERMINATION") or (y) the date such Option or Stock Appreciation Right would have expired had it not been for the Notice/Termination. A Participant shall have the right to exercise such Option or Stock Appreciation Right prior to such expiration to the extent it was exercisable at the date of Notice/Termination and shall not have been exercised. Any such Participant shall not be entitled and, by applying for or accepting the grant of any Non-Qualified Stock Option or Stock Appreciation Right, shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or damages for breach of contract or otherwise howsoever, to any sum or other benefit to compensate for the loss of any rights under the Plan.

(C) If a Participant's employment with Ingram Micro or its Affiliates is terminated for Cause, all Non-Qualified Stock Options and Stock Appreciation Rights held by such Participant shall expire and terminate on the date of such termination.

(ii) Death. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of death all then non-exercisable Non-Qualified Stock Options and Stock Appreciation Rights held by such Participant shall be immediately exercisable and the Participant's executors, administrators, successors, heirs, distributees, devisees or legatees, as appropriate, (collectively, "SUCCESSORS") shall have the right to exercise any Non-Qualified Stock Option or Stock Appreciation Right during the one year period following such termination of employment or service, but in no event shall such Option or Stock Appreciation Right be exercisable later than the date the Option or Stock Appreciation Right would have expired had it not been for the termination of such employment or service.

(iii) Disability. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of Disability, all then non-exercisable Non-Qualified Stock Options and Stock Appreciation Rights held by such Participant shall continue to vest pursuant to the vesting schedule in effect on the date of Disability and such Participant shall have the right to exercise such Non-Qualified Stock Option or Stock Appreciation Right through the one year period following the last vesting date, but in no event shall such Option or Stock Appreciation Right be exercisable later than the date the Option or Stock Appreciation Right would have expired had it not been for the termination of such employment or service. If a Participant dies while under a Disability, such Participant's rights with respect to such Option or Stock Appreciation Right shall be determined under Clause (ii) above.

(iv) Retirement. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of Retirement, a Participant shall have the right to exercise any Non-Qualified Stock Option or Stock Appreciation Right exercisable on the Retirement date during the five year period following such termination of employment or service, but in no event shall such option be exercisable later than the date the Option or Stock Appreciation Right would have expired had it not been for the termination of such employment or service.

(v) Acceleration or Extension of Exercisability. Notwithstanding the foregoing, the Committee may, in its discretion, provide at any time that an Option or Stock Appreciation Right granted to a Participant may vest at a date earlier than that set forth above, that an Option or Stock Appreciation Right granted to a Participant may terminate at a date later than that set forth above, provided such date shall not be beyond the date the Option or Stock Appreciation Right would have expired had it not been for the termination of a Participant's employment or service, and that an Option or Stock Appreciation Right may become immediately exercisable when it finds that such acceleration would be in the best interests of Ingram Micro.

(b) Incentive Stock Options and Related Stock Appreciation Rights.

(i) Termination of Employment or Service.

(A) Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated for any reason other than death, Disability, Retirement, or Cause, such Participant's right to exercise any Incentive Stock Option or related Stock Appreciation Right shall terminate, and such Option or related Stock Appreciation Right shall expire, on the earlier of (x) the ninetieth day (or, if later, on the Extended Date, in which case such Option shall be deemed a Non-Qualified Stock Option) following such termination of employment or service or (y) the date such Option or related Stock Appreciation Right would have expired had it not been for the termination of employment or services. A Participant shall have the right to exercise such Option or related Stock Appreciation Right prior to such expiration to the extent it was exercisable at the date of such termination of employment or service and shall not have been exercised.

(B) Notwithstanding any of the provisions of Section 11(b)(i)(A), in respect of a Participant employed outside the United States, such Participant's right to exercise any Incentive Stock Option and related Stock Appreciation Rights shall terminate and such Option and related Stock Appreciation Right shall expire and lapse, on the earlier of (x) the ninetieth day (or, if later, on the Extended

Date, in which case such Option will be deemed a Non-Qualified Stock Option) following Notice/Termination or (y) the date such Option and related Stock Appreciation Right would have expired had it not been for the Notice/Termination. A

Participant shall have the right to exercise such Option and related Stock Appreciation Right prior to such expiration to the extent it was exercisable at the date of Notice/Termination and shall not have been exercised. Any such Participant shall not be entitled, and by applying for or accepting the grant of any Incentive Stock Option, whether or not in conjunction with a Stock Appreciation Right, shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or damages for breach of contract or otherwise howsoever to any sum or other benefit to compensate for the loss of any rights under the Plan.

(C) If a Participant's employment with Ingram Micro or its Affiliates is terminated for Cause, all Incentive Stock Options and Related Stock Appreciation Rights held by such Participant shall expire and terminate on the date of such termination.

(ii) Death, Disability or Retirement. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of death, Disability or Retirement, such Participant or his Successors (if employment or service is terminated by death) shall have the right to exercise any exercisable Incentive Stock Option or related Stock Appreciation Right during the 90 day period following such termination of employment or service, but in no event shall such option or right be exercisable later than the date the Incentive Stock Option or related Stock Appreciation Right would have expired had it not been for the termination of such employment or services. To the extent such Incentive Stock Option or related Stock Appreciation Right is not exercised prior to the termination of such 90 day period, the unexercised balance of such Option automatically will be deemed a Non-Qualified Stock Option, and such Option and related Stock Appreciation Right will vest and be exercisable as provided in Section 11(a)(ii), (iii) or (iv) hereof, as the case may be, but in no event shall such Option or related Stock Appreciation Right be exercisable later than the date the Option or related Stock Appreciation Right would have expired had it not been for the termination of such employment or service, provided that in the event that a Participant dies in such 90-day period the Option will continue to be an Incentive Stock Option to the extent provided by Section 421 or Section 422 of the Code, or any successor provision, and any regulations promulgated thereunder.

(iii) Acceleration or Extension of Exercisability. Notwithstanding the foregoing, the Committee may, in its discretion, provide at any time that an Option and related Stock Appreciation Right granted to a Participant may vest at a date earlier than that set forth above, that an Option and related Stock Appreciation Right granted to a Participant may terminate at a date later than that set forth above, provided such date shall not be beyond the date the Option and related Stock Appreciation Right would have expired had it not been for the termination of such Participant's employment or service, and that an Option and related Stock Appreciation Right may become immediately exercisable when it finds that such acceleration would be in the best interests of Ingram Micro.

(c) Restricted Stock, Restricted Stock Units, Performance Awards, Other Stock-Based Awards.

(i) Termination of Employment or Service.

(A) Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated for any reason other than death, Disability, or Retirement, all shares of Restricted Stock still subject to restriction shall be forfeited by such Participant and reacquired by Ingram Micro at the price (if any) paid by such Participant for such Restricted Stock and such Participant's rights to Restricted Stock Units, Performance Awards and Other Stock-Based Awards (collectively, "Designated Awards") shall terminate and such Designated Awards shall expire. In cases of special circumstances, the Committee may, in its sole discretion, when it finds that a waiver would be in the best interests of Ingram Micro, waive in whole or in part any or all remaining restrictions with respect to such Participant's shares of Restricted Stock or cause any Designated Awards to be fully or partially vested. Any time spent by a Participant in the status of "leave without pay" shall extend the period otherwise required for purposes of determining the extent to which any such Award or portion thereof has vested or otherwise become exercisable or nonforfeitable.

(B) Notwithstanding anything in Section 11(c)(i)(A), in respect of a Participant employed outside the United States, except to the extent (if any) provided in the Plan in the case of termination of such

Participant's employment by reason of death, Disability, or Retirement, any rights of such Participant relating to Restricted Stock and any Designated Awards shall lapse and no longer be capable of exercise at the date of Notice/Termination. Any such Participant shall not be entitled and, by applying for or accepting any such Award or accepting the same he shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or damages for breach of contract or otherwise howsoever, to any sum or other benefit to compensate for the loss of any rights under the Plan.

(ii) Death. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of death all shares of Restricted Stock and all Designated Awards held by such Participant shall be immediately vested and any applicable restrictions thereon shall immediately be terminated.

(iii) Disability. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of Disability, all shares of Restricted Stock and all Designated Awards held by such Participant shall continue to vest pursuant to the vesting schedule in effect on the date of Disability. Such Participant shall have the right to exercise any such Designated Award through the one year period following the last vesting date, but in no event shall such Designated Award be exercisable later than the date the Designated Award would have expired had it not been for the termination of such employment or service. If a Participant dies while under a Disability, such Participant's rights with respect to such Designated Award shall be determined under Clause (ii) above.

(iv) Retirement. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if a Participant's employment or service with Ingram Micro or its Affiliates is terminated by reason of Retirement, all shares of Restricted Stock still subject to restriction shall be forfeited by such Participant and reacquired by Ingram Micro at the price, if any, paid by such Participant for such Restricted Stock, and such Participant shall have the right to exercise any Designated Awards exercisable on the Retirement date during the five year period following such termination of employment or service, but in no event shall such Designated Award be exercisable later than the date the Designated Award would have expired had it not been for the termination of such employment or service.

(d) Except as the Committee may otherwise determine, for purposes hereof any termination of a Participant's employment or service for any reason shall occur on the date such Participant ceases to perform services for Ingram Micro or any Affiliate without regard to whether such Participant continues thereafter to receive any compensatory payments therefrom or is paid salary thereby in lieu of notice of termination or, with respect to a member of the Board who is not also an employee of Ingram Micro or any Affiliate, the date such Participant is no longer a member of the Board.

SECTION 12. Merger. In the event of a merger of Ingram Micro with or into another corporation, each outstanding Award may be assumed or an equivalent award may be substituted by such successor corporation or a parent or subsidiary of such successor corporation. If, in such event, an Award is not assumed or substituted, the Award shall terminate as of the date of the closing of the merger. For the purposes of this paragraph, the Award shall be considered assumed if, following the merger, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger, the consideration (whether stock, cash, or other securities or property) received in the merger by holders of Shares for each Share held on the effective date of the transaction (and if the holders are offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares). If such consideration received in the merger is not solely common stock of the successor corporation or its parent, the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to the Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Shares in the merger.

SECTION 13. Amendment and Termination.

(a) Amendments to the Plan. The Board may terminate or discontinue the Plan at any time and the Board or the Committee may amend or alter the Plan or any portion thereof at any time; provided that no such amendment, alteration,

discontinuation or termination shall be made without shareholder approval if such approval is necessary

to comply with any tax or regulatory requirement or to comply with the listing or other requirements of any relevant exchange, including for these purposes any approval requirement which is a prerequisite for exemptive relief from Section 16(b) of the Exchange Act or Section 162(m) of the Code, for which or with which the Board or the Committee deems it necessary or desirable to qualify or comply; provided, however, that any amendment to the Plan shall be submitted to Ingram Micro's shareowners for approval not later than the earliest annual meeting for which the record date is after the date of such Board action if such amendment would:

(i) materially increase the number of Shares reserved for issuance and delivery under Section 4(a) of the Plan;

(ii) increase the per-person annual limits under Section 4(a) of the Plan;

(iii) increase the number of Shares that may be issued and delivered under the Plan in connection with awards other than Options and Stock Appreciation Rights under Section 4(a) of the Plan;

(iv) except to the extent provided in Section 4(b), increase the number of Shares which may be issued in connection with Awards described in Section 4(a)(iii) of the Plan;

(v) permit unrestricted Shares to be granted other than in lieu of such payments under the Plan or other incentive plans and programs of Ingram Micro and its Affiliates;

(vi) amend or replace previously granted Options in a transaction that constitutes a "repricing," as such term is used in Instruction 3 to Item 402(b)(2)(iv) of Regulation S-K, as promulgated by the Securities and Exchange Commission; or

(vii) amend any of the terms and conditions of this Section 13(a).

(b) Amendments to Awards. Subject to the terms of the Plan and applicable law, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, the Committee may not waive, shorten or terminate any restriction period imposed on Awards other than Options or Stock Appreciation Rights except (i) in the event of death, Retirement or Disability of the Participant, holder or beneficiary of such Award or (ii) upon a change of control of Ingram Micro, as determined by the Committee.

(c) Cancellation. Any provision of this Plan or any Award Agreement to the contrary notwithstanding, the Committee may cause any Award granted hereunder to be canceled in consideration of a cash payment or alternative Award made to the holder of such canceled Award equal in value to the Fair Market Value of such canceled Award.

SECTION 14. General Provisions.

(a) Dividend Equivalents. In the sole and complete discretion of the Committee, an Award, whether made as an Other Stock-Based Award under Section 10 or as an Award granted pursuant to Sections 6 through 9 hereof, may provide a Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis.

(b) Nontransferability.

(i) Except as provided in subsection (ii) below, no Award shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant, except by will or the laws of descent and distribution.

(ii) Notwithstanding subsection (i) above, the Committee may determine that an Award may be transferred by a Participant to one or more members of a Participant's immediate family, to a partnership of which the only partners are members of a Participant's immediate family, or to a trust established by a Participant for the benefit of one or more members of a Participant's immediate family. For this purpose, immediate family means a Participant's spouse, parents, children, grandchildren and the spouses of such parents, children and grandchildren. A transferee described in this

subsection (ii) may not further transfer an Award. A trust described in this subsection (ii) may not be amended to benefit any Person other than a member of a Participant's immediate family. An Award transferred pursuant to this subsection shall remain subject to the provisions of the Plan, including, but not limited to, the provisions of Section 11 relating to the effect on the

Award of the death, Retirement or termination of employment of a Participant, and shall be subject to such other rules as the Committee shall determine.

(c) No Rights to Awards. No Employee, Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Employees, Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each recipient.

(d) Share Certificates. All certificates for Shares or other securities of Ingram Micro or any Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the SEC or any stock exchange upon which such Shares or other securities are then listed and any applicable Federal, state or foreign laws or rules or regulations, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(e) Withholding. A Participant may be required to pay to Ingram Micro or any Affiliate, and Ingram Micro or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of Ingram Micro or such Affiliate to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Awards to defray or offset any tax arising from any such grant, lapse, vesting, or exercise of any Award.

(f) Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement which shall be delivered to a Participant and shall specify the terms and conditions of the Award and any rules applicable thereto.

(g) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent Ingram Micro or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted stock, Shares and other types of Awards provided for hereunder (subject to shareholder approval if such approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(h) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ or service of Ingram Micro or any Affiliate. Further, Ingram Micro or an Affiliate may at any time dismiss a Participant from employment or service, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(i) Rights as a Shareowner. Subject to the provisions of the applicable Award, no Participant or holder or beneficiary of any Award shall have any rights as a shareowner with respect to any Shares to be issued under the Plan until he or she has become the registered holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Stock hereunder, the applicable Award shall specify if and to what extent a Participant shall not be entitled to the rights of a shareowner in respect of such Restricted Stock.

(j) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware.

(k) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(l) Other Laws. The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation, whether domestic

or foreign, or entitle Ingram Micro to recover any amounts under Section 16(b) of the Exchange Act, and any payment tendered to Ingram Micro by a

Participant in connection therewith shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of Ingram Micro, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the Federal securities laws and any other laws, whether domestic or foreign, to which such offer, if made, would be subject.

(m) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between Ingram Micro or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from Ingram Micro or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of Ingram Micro or any Affiliate.

(n) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash or other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(o) Transfer Restrictions. Shares acquired hereunder may not be sold, assigned, transferred, pledged or otherwise disposed of, except as provided in the Plan or the applicable Award Agreement.

(p) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(q) Sub-Plans. Subject to the terms hereof, the Committee may from time to time adopt one or more Sub-Plans and grant Awards thereunder as it shall deem necessary or appropriate in its sole discretion in order that Awards may comply with the laws, rules or regulations of any jurisdiction; provided, however, that neither the terms of any Sub-Plan nor Awards thereunder shall be inconsistent with the Plan.

SECTION 15. Term of the Plan.

(a) Effective Date. The Plan shall be effective as of May 7, 2003, subject to approval by the shareowners of Ingram Micro. Awards may be granted hereunder prior to such shareowner approval subject in all cases, however, to such approval.

(b) Expiration Date. No Award shall be granted under the Plan after May 6, 2013. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the authority for grant of new Awards hereunder has been exhausted.

AMENDMENT NO. 1
TO
AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT

Dated as of October 24, 2003

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT (this "Amendment") is entered into as of October 24, 2003 by and between INGRAM FUNDING, INC., a Delaware corporation (the "Company") and INGRAM MICRO INC., a Delaware corporation ("Ingram Micro"). Capitalized terms used in this Amendment which are not otherwise defined herein shall have the meanings given such terms in the Amended and Restated Receivables Sale Agreement referred to below or the "Pooling Agreement" defined therein.

RECITALS:

WHEREAS, the Company and Ingram Micro, in its capacities as seller and servicer, are parties to an Amended and Restated Receivables Sale Agreement dated as of March 8, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "Receivables Sale Agreement"); and

WHEREAS, the Company and Ingram Micro have agreed to amend the Receivables Sale Agreement on the terms and conditions set forth herein and in the Receivables Sale Agreement;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Ingram Micro hereby agree as follows.

1. Amendment to Receivables Sale Agreement. Effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Receivables Sale Agreement is amended to replace Schedule 3 thereto with Schedule 3 attached hereto.

2. Conditions of Effectiveness of this Amendment. This Amendment shall become effective as of the date hereof (the "Effective Date") when, and only when, the Agent shall have received each of the following:

(a) counterparts of this Amendment duly executed by the Company, Ingram Micro and the Agent;

(b) evidence satisfactory to the Agent that the Rating Agency Condition is satisfied; and

(c) such other documents, instruments and agreements as the Agent may reasonably request.

3. Representations and Warranties.

3.1 Upon the effectiveness of this Amendment, the Company and Ingram Micro each (a) hereby reaffirms in all material respects all covenants, representations and warranties made by it in the Receivables Sale Agreement and each other Transaction Document to the extent the same are not amended hereby and except to the extent the same expressly relates solely to an earlier date, (b) agrees that all such covenants, representations and warranties shall be deemed to have been re-made as of the Effective Date of this Amendment and (c) represents and warrants that, as of the Effective Date of this Amendment and after giving effect hereto, no Early Amortization Event, Servicer Default, or event which with the giving of notice or passage of time, or both, would constitute an Early Amortization Event or Servicer Default has occurred and is continuing.

3.2 The Company and Ingram Micro hereby represent and warrant that this Amendment and the Receivables Sale Agreement, as amended hereby, constitute legal, valid and binding obligations of such Person (to the extent a party thereto) and are enforceable against such Person in accordance with their respective terms.

4. Reference to and Effect on Transaction Documents.

4.1 Upon the effectiveness of this Amendment, each reference to the Receivables Sale Agreement in any of the Transaction Documents shall mean and be a reference to the Receivables Sale Agreement as amended hereby.

4.2 Except as specifically set forth above, the Receivables Sale Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

4.3 The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Company or the Agent, nor constitute a waiver of any provision of any of the Transaction Documents, or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

6. Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

7. Entire Agreement. This Amendment, taken together with the Receivables Sale Agreement and all of the other Transaction Documents, embodies the entire agreement and understanding of the parties hereto and supersedes all prior agreements and understandings, written and oral, relating to the subject matter hereof.

8. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

IN WITNESS WHEREOF, this Amendment No. 1 has been duly executed as of the day and year first above written.

INGRAM FUNDING INC.

By: /s/ James F. Ricketts

Name: James F. Ricketts
Title: Treasurer

INGRAM MICRO INC.

By:/s/ James F. Ricketts

Name: James F. Ricketts
Title: Corporate Vice President & Treasurer

Signature Page
to
Amendment No.1
to
Amended and Restated Receivables Sale Agreement

Acknowledged and agreed to:

GENERAL ELECTRIC CAPITAL
CORPORATION, as Agent

By: /s/ Howard Bailey

Name: Howard Bailey
Title: Duly Authorized Signatory

JPMORGAN CHASE BANK, not in its individual
capacity but solely as Trustee

By: /s/ Joseph M. Costantino

Name: Joseph M. Costantino
Title: Trust Officer

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, as Class A Certificateholder

By: Prudential Investment Management, Inc., as
Investment Advisor

By: /s/ Michael J. Bozzo

Name: Michael J. Bozzo
Title: Vice President

AMBAC ASSURANCE CORPORATION, as Insurer

By: /s/ Nicholas G. Goumas

Name: Nicholas G. Goumas
Title: Managing Director

Signature Page
to
Amendment No.1
to
Amended and Restated Receivables Sale Agreement

LOCKBOX AGREEMENT

October 24, 2003

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110

Attention:

Ladies and Gentlemen:

Ingram Funding Inc., a Delaware corporation (the "Company"), has agreed to purchase certain receivables (the "Receivables") from Ingram Micro Inc. and certain other sellers (the "Sellers"), and in their capacity as servicers pursuant to the Transaction Documents, (the "Servicers") pursuant to the Amended and Restated Receivables Sale Agreement, dated as of March 8, 2000 (as amended, supplemented or otherwise modified from time to time, the "Receivables Sale Agreement"), among the Sellers, the Servicer and the Company. The Company has in turn assigned the Receivables to a master trust (the "Master Trust") pursuant to an Amended and Restated Pooling Agreement, dated as of March 8, 2000 (as amended, supplemented or otherwise modified from time to time, the "Pooling Agreement"), among the Company, Ingram Micro Inc., as master servicer (the "Master Servicer") and The Chase Manhattan Bank, a New York banking corporation, as trustee (the "Trustee" or "Secured Party"). The Receivables are serviced pursuant to the terms of an Amended and Restated Servicing Agreement dated as of March 8, 2000 (as the same may be amended, supplemented or otherwise modified from time to time, the "Servicing Agreement"; and, collectively with the Pooling Agreement, the "Pooling and Servicing Agreements") among the Company, the Master Servicer and the Trustee. Capitalized terms used herein but not defined herein shall have the meanings assigned to such terms in the Pooling Agreement.

Pursuant to the terms of the Pooling and Servicing Agreements and except as otherwise provided therein, (i) the Servicer party hereto has agreed to instruct all Obligor under the Receivables originated by it as Seller to make all payments in respect of such Receivables to a blocked deposit account (each, a "Lockbox Account") designated by such Servicer to such Obligor and (ii) the Company has agreed to grant a security interest in its right, title and interest in each Lockbox Account and all funds and other evidences of payment held therein to the Secured Party. Furthermore, the Company, such Servicer and the Secured Party have agreed, pursuant to the Pooling and Servicing Agreements, that the Servicer shall enter into an agreement with each bank maintaining a Lockbox Account, and hereby request that Fleet National Bank, a national banking association organized under the laws of the United States and having a principal place of business at 100 Federal Street, Boston, Massachusetts (the "Lockbox Bank") act, and the Lockbox Bank hereby agrees to act, as a lockbox deposit bank for the Company with respect to the Lockbox Account. This Letter Agreement defines certain rights and obligations with respect to the appointment of the Lockbox Bank.

Accordingly, the Company, the Servicer party hereto and the Lockbox Bank agree as follows:

Reference is made to the Lockbox Account (Account No. 9429282435), including each of the lockboxes related thereto (collectively, the "Specified Account"), maintained with you by the Servicer party hereto. Such Servicer hereby transfers the Specified Account to the Company and hereafter the Specified Account shall be in the name of the Company and maintained by the Lockbox Bank for the benefit of the Company and the Secured Party, as set forth herein. All funds and other evidences of payment received by the Lockbox Bank in its capacity as Lockbox Bank shall be deposited in the Specified Account. Such payments shall not be commingled with other funds. All funds and other evidences of payment at any time on deposit in the Specified Account shall be held by the Lockbox Bank for application strictly in accordance with the terms of this Letter Agreement. The Lockbox Bank agrees to give the Secured Party, the Company and the Servicer party hereto, prompt notice if the Specified Account shall become subject to any writ, judgment, warrant of attachment, execution or similar process. Except as otherwise provided in this letter agreement and except to the extent inconsistent with any term or provision of this Letter Agreement, the Account shall be governed by the Lockbox Bank's standard terms and conditions applicable to such accounts, as amended from time to time, a copy of which is attached hereto as Exhibit A, and the Lockbox Bank is hereby authorized to follow its usual operating procedures in connection with the Specified Account and payments to the Specified Account are to be processed in accordance with the standard procedures currently in effect. All service, administrative, maintenance and other related charges and fees with respect to the Specified Account shall continue to be payable by us as under the arrangements currently in effect. Nothing contained in this Letter Agreement shall prevent the Lockbox Bank from complying with any legal process or other order of a court of competent jurisdiction affecting funds in the Specified Account.

The Secured Party shall have sole and exclusive dominion over and control of the Specified Account and all Collections and other property from time to time deposited therein, shall have the sole right of withdrawal from the Specified Account and except as otherwise provided below and in the Pooling Agreement, shall have the sole right as information agent to advise the Lockbox Bank as to the payment instructions pertaining to transfers from the Specified Account. Each of the Company and the Servicer acknowledge and agree that it shall not have any dominion over or control of the Specified Account or any Collections or other property from time to time deposited therein including any right to withdraw or utilize any funds or other evidences of payment on deposit in the Specified Account, other than the right to authorize transfers to the Collection Account as set forth herein and pursuant to the terms of the Pooling and Servicing Agreements. The Lockbox Bank shall automatically, by 3:00 p.m., eastern standard time, at least as often as once each day that is a business day for the Lockbox Bank and for the Trustee, transfer, by means of the Automated Clearing House System, all available funds on deposit in the Specified Account, including all funds transferred from Obligors on or before the end of the preceding day, along with, subject to the next succeeding sentence, all remittance advisements and payment invoices on deposit therein, to the Collection Account provided such funds constitute good and clear monies. The Lockbox Bank acknowledges that, until it receives written instructions from the Secured Party to the contrary, the Lockbox Bank shall return to the Company, upon the Company's reasonable request therefor, any remittance advisements and payment invoices deposited into the Specified Account.

Deposited checks with respect to the Specified Account returned to the Lockbox Bank for any reason will be charged against the Specified Account. Nothing contained in the previous sentence shall be construed to prejudice other rights of the Lockbox Bank, which rights include the right of recourse against the Company for any overdrafts or other service, administrative, maintenance and other related expenses and/or fees with respect to the Specified Account. In addition, if sufficient collected and available funds do not exist in the Specified Account to cover the Account charges, service, administrative, maintenance and other related expenses and/or fees with respect to the Specified Account, you may charge any other of the Company's accounts at the Lockbox Bank. The provisions of this paragraph shall survive the Termination of this Agreement.

The Secured Party is authorized to receive mail delivered to the Lockbox Bank with respect to the Specified Account and the Company has filed a form of standing delivery order with the United States Postal Service authorizing the Secured Party to receive mail delivered to the Lockbox Bank with respect to the Specified Account.

The Company shall utilize one of Lockbox Bank's online transaction reporting systems, or a comparable online monitoring system of another bank, to monitor, on a daily basis, transactions posting against the Account and immediately notify the Lockbox Bank of any errors, discrepancies and/or irregularities, such notice to take place no later than the time frames specified in the following table (unless a longer period is required by applicable law) after the transaction containing or reflecting an error, discrepancy and/or irregularity becomes available for viewing online:

Type of Transaction	Notification Period
Disputed ACH Transactions	Within 24 hours of transaction posting to account
Paid Check Transactions	- Deposit Only Account
Analysis/Service Fees Disputes	Within 30 days of receipt of Analysis Statement
All other errors, discrepancies and/or irregularities	Within 30 days of transaction posting to account

Except to the extent otherwise required by applicable law, failure by the Company to notify the Lockbox Bank of errors, discrepancies and/or irregularities within the time frame indicated shall relieve the Lockbox Bank of any and all liability associated with or arising from such errors, discrepancies and/or irregularities.

The Lockbox Bank may also furnish the Secured Party (upon its request) with statements, in the form and manner typical for the Lockbox Bank, of amounts of deposits in, and amounts transferred to the Collection Account from, the Specified Account pursuant to any reasonable request of the Secured Party but in any event not less frequently than monthly and such other information relating to the Specified Account at such time as shall be reasonably requested by the Secured Party.

For purposes of this Letter Agreement any officer of the Secured Party shall be authorized to act, and to give instructions and notice, on behalf of the Secured Party hereunder. The Lockbox Bank may rely and shall be protected in acting or refraining from acting upon any communication (including but not limited to electronically confirmed facsimiles of communications) reasonably believed by it to be genuine and to have been signed, delivered or presented by the proper party or parties or any officer of the Secured Party.

The fees for the services of the Lockbox Bank shall be mutually agreed upon between the Company and the Lockbox Bank and paid by the Company. Neither the Secured Party nor any investor in the Master Trust shall have any responsibility or liability for the payment of any such fee.

The Lockbox Bank may perform any of its duties hereunder by or through its officers, employees or agents and shall be entitled to rely upon the advice of counsel as to its duties. The Lockbox Bank shall not be liable to the Secured Party, the Servicer party hereto or the Company for any action taken or omitted to be taken by it in good faith, nor shall the Lockbox Bank be responsible to the Secured Party, such Servicer or the Company for the consequences of any oversight or error of judgment or be answerable to the Secured Party for the same, unless such action, omission, oversight or error of judgment shall happen through the Lockbox Bank's gross negligence or willful misconduct.

The Company hereby agrees to indemnify and hold harmless the Lockbox Bank, and it's directors, officers, employees, agents and affiliates (collectively, the "FLEET PARTIES") from and against, any and all claims, demands, liabilities, actions, causes of action, losses, setoff, recoupment and expenses (including, without limitation, attorneys' fees and court costs), both legal and equitable, associated with, or connected to the Specified Account and the services performed by the Lockbox Bank under this Agreement (collectively, the "COVERED ITEMS"); provided that the Fleet Parties have not been proven to have engaged in willful misconduct or gross negligence. This paragraph shall survive the termination of this Agreement.

Furthermore, the duties and obligations of Lockbox Bank hereunder shall be determined solely by the express provisions of this Letter Agreement. The Lockbox Bank shall not be liable except for the performance of its duties and obligations specifically set forth in this Agreement, and no implied covenants or obligations on the part of the Lockbox Bank shall be read into this Letter Agreement. In the event of a conflict between the terms and provisions of this Letter Agreement, and the terms and provisions of any lockbox or other agreement relating to the Specified Account, lockbox, or cash management services, the terms of this Letter Agreement shall control but only to the extent necessary to resolve such conflict.

The Lockbox Bank hereby represents and warrants that (a) it is a banking corporation duly organized, validly existing and in good standing under the laws of Massachusetts and has full corporate power and authority under such law to execute, deliver and perform its obligations under this Agreement and (b) the execution, delivery and performance of this Agreement by the Lockbox Bank have been duly and effectively authorized by all necessary corporate action and this Agreement has been duly executed and delivered by the Lockbox Bank and constitutes a valid and binding obligation of the Lockbox Bank enforceable in accordance with its terms. Each of the Company and the Secured Party and the servicers, represents and warrants to the Lockbox Bank and the other parties that (i) this Letter Agreement constitutes a legal and valid, binding obligation of such party, enforceable in accordance with its terms; (ii) the performance of its obligations under this Letter Agreement and the consummation of the transactions contemplated hereunder do not constitute or result in a breach of its certificate or articles of incorporation, by-laws or partnership agreement, as applicable, or the provisions of any material contract to which it is a party or by which it is bound or (iii) result in the violation of any law, regulation, judgment, decree or governmental order applicable to it; and (iv) all approvals and authorizations required to permit the execution, delivery, performance and consummation of this Letter Agreement and the transactions contemplated hereunder have been obtained.

The Company and the Secured Party agree that, in performing the services under this Letter Agreement, the Lockbox Bank will be acting as an independent contractor and not as an employer, employee, partner or agent of the Company or Secured Party. Furthermore, nothing contained in this Letter Agreement shall create any agency, fiduciary, joint venture or partnership relationship between the Lockbox Bank, the Company and/or the Secured Party and/or any servicer.

The Lockbox Bank may resign at any time as Lockbox Bank hereunder by delivery to the Secured Party and the Company of written notice of resignation not less than 30 days prior to the effective date of such resignation. The Company may close the Specified Account at any time by delivery of a written notice to the Lockbox Bank and the Secured Party at the addresses appearing below. If the Company shall refuse any demand by the Secured Party to close the Specified Account in the event (i) an Early Amortization Event shall occur and be continuing or (ii) there has been a failure by the Lockbox Bank to perform any of its material obligations hereunder and such failure could adversely affect the Lockbox Bank or Secured Party's interest in any Receivable or the Secured Party's rights, or ability to exercise any remedies, under this Letter Agreement or the Pooling and Servicing Agreements, then the Secured Party may close the Specified Account at any time by delivery of notice to the Lockbox Bank and the Company at the addresses appearing below. This Letter Agreement shall terminate upon receipt of such written notice of closing, or delivery of such notice of resignation, except that the Lockbox Bank shall immediately transfer to the Collection Account, or any other account designated by the Secured Party all available funds or, subject to the Company's reasonable request to retain such items, any remittance advisements or payment invoices, if any, then on deposit in, or otherwise to the credit of, the Specified Account and deliver any available funds or such remittance advisements or payment invoices relating to the Receivables received by the Lockbox Bank after such notice directly to the Collection Account or any other account designated by the Secured Party.

All notices and communications hereunder shall be in writing (except where telephonic instructions or notices are authorized herein) and shall be deemed to have been received and shall be effective on the day on which delivered (including delivery by telex):

The Lockbox Bank shall not assign or transfer any of its rights or obligations hereunder (other than to the Secured Party) without the prior written consent of the Secured Party. Notwithstanding anything herein to the contrary, upon the succession of the Master

Servicer to the Servicer party hereto in accordance with and under the Servicing Agreement, the Master Servicer shall succeed to, and be substituted for, and may exercise every right and power of, the Servicer party hereto under this Letter Agreement with the same effect as if the Master Servicer had been named as the Servicer party hereto. This Letter Agreement may be amended only by a written instrument executed by the Company, the Master Servicer, the Servicer party hereto, the Secured Party and the Lockbox Bank, acting by their representative officers thereunto duly authorized. Except with respect to the amount of its fees payable hereunder, the Lockbox Bank hereby unconditionally and irrevocably waives (so long as the Pooling and Servicing Agreements are in effect) any rights of setoff or banker's lien against, or to otherwise deduct from, any funds or other evidences of payment held in any Specified Account for any indebtedness or other claim owed by the Company or the Master Servicer or any Servicer to the Lockbox Bank.

The parties hereto agree that this Letter Agreement shall constitute an "authenticated record" for purposes of, and the Company hereby grants and confers upon the Secured Party "control" of the Specified Account as contemplated in, Section 9-104 (and similar related provisions) of Article 9 of the Uniform Commercial Code as from time to time in effect in New York (the "UCC"). The Bank hereby represents and warrants that it is a "bank" and that the Specified Account is a "deposit account", as such terms are defined in Section 9-102 (and similar related provisions) of the UCC.

THIS LETTER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST OR REMEDIES HEREUNDER IN RESPECT OF ANY RECEIVABLE MAY BE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN NEW YORK.

This Letter Agreement (i) shall inure to the benefit of, and be binding upon, the Company, the Master Servicer, the Servicer party hereto, the Secured Party, the Lockbox Bank and their respective successors and assigns and (ii) may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Letter Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart of this Letter Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Letter Agreement to be executed by their duly authorized officers as of the date first above written.

Very truly yours,

INGRAM FUNDING INC.

By: /s/ James F. Ricketts

Name: James F. Ricketts
Title: Treasurer

INGRAM MICRO INC., as Master Servicer

By: /s/ James F. Ricketts

Name: James F. Ricketts
Title: Corporate Vice President & Treasurer

Agreed to and accepted:

FLEET NATIONAL BANK, as Lockbox Bank

By: /s/ Joan Kiekhaefer

Name: Joan Kiekhaefer
Title: Managing Director

Acknowledged:

JPMORGAN CHASE BANK, not in its individual capacity but solely as Secured Party

By: /s/ Joseph M. Costantino

Name: Joseph M. Costantino
Title: Trust Officer

October 3, 2003

Hans Koppen
EVP IM/President Asia-Pacific

Dear Hans:

As we previously discussed, at the October 14, 2003 meeting of the Human Resources Committee of the Board of Directors, I will seek approval to increase your award payment under the 2001 Executive Retention Plan from \$1.7 million to \$2.5 million.

If approved by the Committee, you will receive payment of this award provided you are employed by Ingram Micro Inc., or one of its Affiliates, on March 1, 2006 and have been continuously employed by Ingram Micro Inc., or one or more of its Affiliates throughout such period.

In addition, I will ask the Committee to approve an acceleration of this award payment if you have not been appointed to the position of Executive Vice President and President, Ingram Micro Europe on or before January 1, 2005.

If the above confirms your understanding of our agreement and it is your intention to stay with Ingram Micro Inc. and not resign from the company for "Good Reason" on or before December 7, 2003, please sign where indicated below and return to me.

I have also included a summary of benefits for your review, which you would be eligible to receive under the 2000 Executive Retention Agreement, should you resign for "Good Reason" prior to December 7, 2003.

The Board and I appreciate the many contributions you have made to the Company and look forward to your continuing contributions in the years ahead.

Best regards,

Kent B. Foster
Chairman & Chief Executive Officer

Agreed:

Hans Koppen
Executive VP & President, Asia Pacific

Date

2003 EXECUTIVE RETENTION AGREEMENT

2003 EXECUTIVE RETENTION AGREEMENT ("Agreement") dated as of December 19, 2003 (the "Effective Date") by and between Ingram Micro Inc., a Delaware corporation (the "Company"), and **MICHAEL J. GRAINGER** ("Executive").

WHEREAS, Executive is presently employed by the Company in a key management capacity; and

WHEREAS, Executive and the Company have previously entered into a 2000 Executive Retention Agreement dated as of January 31, 2000 (including all modifications thereto, the "2000 Agreement"); and

WHEREAS, Executive desires, and the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders, to terminate the 2000 Agreement and to enter into this Agreement on the terms set forth below.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration including, but not limited to, Executive's continuing employment with the Company, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1
TERM OF AGREEMENT

Section 1.01. *Term.* The term of this Agreement shall commence on the Effective Date and shall terminate as follows: (i) if Executive is elected to the position of Chief Executive Officer of the Company ("CEO") when Kent Foster ceases to be CEO for any reason, then this Agreement shall terminate upon the Executive's election as CEO and (ii) if Executive is not elected to the position of CEO at such time and if Executive does not timely give notice pursuant to Section 2.01 below that Executive is terminating his employment with the Company, then this Agreement shall terminate as of the close of business on the fifth (5th) business day after the Company's public announcement of the election of another person as CEO. Upon the termination of this Agreement pursuant to clause (i) of the preceding sentence, Executive shall then have the same benefits as the Company's other senior executives as outlined in the Company's Executive Officer Severance Policy as it may be amended from time to time.

Section 1.02. *Termination of 2000 Agreement.* The 2000 Agreement shall terminate immediately upon the execution of this Agreement by Executive and the Company.

ARTICLE 2
CERTAIN EVENTS

Section 2.01. *Right to Certain Benefits.* Executive shall be entitled to receive the Severance Benefits set forth in Article 3 below, upon (i) the termination of Executive's employment by the Company for any reason other than for Cause, prior to the termination of this Agreement as provided in Section 1.01, (ii) the Company's election of someone other than Executive to the position of CEO upon Kent Foster's ceasing to be CEO for any reason if, within five (5) business days of the Company's public announcement of such other person's election as

CEO, Executive gives notice to the Company of Executive's decision to terminate his employment with the Company upon such date as may be selected by the Company which is not later than sixty (60) days from the date Executive gives such notice to the Company, or (iii) Executive's voluntary termination of his employment for Good Reason (A) within ninety (90) days after the event constituting Good Reason or (B) prior to the termination of this Agreement as provided in Section 1.01, whichever is earlier.

ARTICLE 3 SEVERANCE BENEFITS

Section 3.01. *Benefits.* Subject to Executive's execution of an agreement in substantially the form set forth as Exhibit A hereto, with such changes in the competitor companies named therein as the Board shall reasonably determine (the "Release"), and except to the extent provided in Section 6.07 and Section 6.09 of this Agreement, Executive shall be entitled to the benefits set forth below in this Article 3 (the "Severance Benefits") solely upon any of the events set forth in Section 2.01 above.

Section 3.02. *Severance Pay.* For each month of the Continuation Period (as defined below), Executive shall receive severance pay ("Severance Pay") equal to one-twelfth (1/12) of the sum of (a) Executive's annual Base Salary at its highest annual rate during the one-year period immediately prior to the Continuation Period and (b) Executive's annual target bonus opportunity for the year in which his employment terminates. The Severance Pay shall be paid to Executive in accordance with the Company's normal pay dates and payroll practices as in effect through the Continuation Period. As used herein, "Continuation Period" means the period, commencing with the termination of Executive's employment, equal to six (6) months plus one (1) month for each full year and any partial year of Executive's employment with the Company, measured from the date Executive was hired by the Company's former parent corporation.

Section 3.03. *Annual Bonus.* After Executive's actual annual bonus is determined for the year in which the Continuation Period begins, Executive shall receive an amount in cash equal to such actual annual bonus, if any, prorated on a daily basis based on the number of days of Executive's active employment during such year. Such bonus shall be calculated and paid on the same basis, and at the same time and in the same manner, as such annual bonus payments are made to actively employed executive officers of the Company.

Section 3.04. *Long-Term Cash Incentive Award Program.* Executive's participation in the 2002-2004 and 2003-2005 cycles under the Company's Executive Long-Term Cash Incentive Award Program, as well as any subsequent cycles, shall cease effective as of the beginning of the Continuation Period. Award payments under such program, if any, shall be prorated based on the number of full months of Executive's active employment during the cycle in question and calculated based on the actual Company achievement versus the peer group at the end of each cycle. Such award payments shall be made following the close of each cycle at the same time and in the same manner as such award payments are made to actively employed participants in such program.

Section 3.05. *Health Coverage.*

(a) The Company shall provide continued medical, dental and vision insurance coverage, to the same extent as provided for other executives of the Company generally, for Executive and his enrolled dependents through the Continuation Period. Executive shall pay the same percentage of the total expense or specific amounts, as the case may be, for these coverages as Executive was paying immediately prior to the beginning of the Continuation Period.

(b) At the end of the Continuation Period, Executive may elect to participate in the Company's Executive Retiree Medical Plan (the "Retiree Plan"). Under the terms of the Retiree Plan, Executive and his eligible dependents may continue to participate in the Company-sponsored medical plans until Executive attains age 65 or becomes eligible for Medicare, whichever occurs first. Executive shall be responsible for payment of one hundred percent (100%) of the applicable monthly insurance premium for such coverage under the Retiree Plan.

(c) During the Continuation Period, the Company shall reimburse Executive for the documented costs, including laboratory and test fees, of annual physical examinations (not to exceed one annually) in an amount not to exceed one thousand five hundred dollars (\$1,500) per examination.

Section 3.06. *Equity-Based Compensation.*

(a) Executive's unvested stock options, restricted stock awards and other stock-based incentive compensation awards (if any) granted under the Company's equity-based compensation plans shall continue to vest through the Continuation Period.

(b) Executive has attained age 50 and has more than five (5) years of service with the Company, and, therefore, his vested stock options, including such options (or portions thereof) as vest during the Continuation Period, shall be exercisable by him for five (5) years from the beginning of the Continuation Period, except that if any such option would otherwise terminate sooner, such option shall not be exercisable after its termination date. Otherwise, Executive's vested options shall be exercisable according to their terms.

Section 3.07. *Retirement Plans.*

(a) Executive's right to have contributions allocated to his account in the Company's 401(k) Investment Savings Plan (the "401(k) Plan") shall cease effective with the beginning of the Continuation Period. Executive shall be entitled to leave such account invested in the 401(k) Plan or roll it over to an IRA or another employer's qualified plan.

(b) Executive shall be entitled to continue to participate in the Company's Supplemental Investment Savings Plan throughout the Continuation Period up to the full amount of employee contributions permitted; *provided, however*, that the Company's matching contribution under such plan shall cease effective with the beginning of the Continuation Period. Executive's account balance under such plan shall be distributed to him in accordance with his distribution election form, on file with the Company.

ARTICLE 4 CERTAIN TAX REIMBURSEMENT PAYMENTS

Section 4.01. *Gross-up Payment.* If any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with the Company or plan of the Company, including but not limited to stock options and other long-term incentives (in the aggregate "Total Payments") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled under this paragraph to an additional amount (the "Gross-Up Payment") such that after payment by Executive of all of Executive's applicable Federal, state and local taxes, including any Excise Tax, imposed upon such additional amount, Executive shall retain an amount equal to the Excise Tax imposed on the Total Payments. For purposes of this Section 4.01, Executive's applicable Federal, state and local taxes shall be computed at the

maximum marginal rates, taking into account the effect of any loss of personal exemptions resulting from receipt of the Gross-Up Payment.

Section 4.02. *Determinations*. All determinations required to be made under this Article 4, including whether a Gross-Up Payment is required under Section 4.01, and the assumptions to be used in determining the Gross-Up Payment, shall be made by PricewaterhouseCoopers LLP, or such other firm as the Company may designate in writing (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and Executive within twenty (20) business days of the receipt of notice from Executive that he has become entitled to the Severance Benefits pursuant to Section 2.01, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Person effecting the change in control of the Company or is otherwise unavailable, Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

Section 4.03. *Subsequent Redeterminations*. Executive agrees (unless requested otherwise by the Company) to use reasonable efforts to contest in good faith any subsequent determination by the Internal Revenue Service that Executive owes an amount of Excise Tax greater than the amount determined pursuant to Section 4.02; *provided*, that Executive shall be entitled to reimbursement by the Company of all fees and expenses reasonably incurred by Executive in contesting such determination. In the event the Internal Revenue Service or any court of competent jurisdiction determines that Executive owes an amount of Excise Tax that is either greater or less than the amount previously taken into account and paid under this Article 4, the Company shall promptly pay to Executive, or Executive shall promptly repay to the Company, as the case may be, the amount of such excess or shortfall. In the case of any payment that the Company is required to make to Executive pursuant to the preceding sentence (a "Later Payment"), the Company shall also pay to Executive an additional amount such that after payment by Executive of all of Executive's applicable Federal, state and local taxes, including any interest and penalties assessed by any taxing authority, on such additional amount, Executive shall retain an amount equal to the total of Executive's applicable Federal, state and local taxes, including any interest and penalties assessed by any taxing authority, arising due to the Later Payment. In the case of any repayment of Excise Tax that Executive is required to make to the Company pursuant to the second sentence of this Section 4.03, Executive shall also repay to the Company the amount of any additional payment received by Executive from the Company in respect of applicable Federal, state and local taxes on such repaid Excise Tax, to the extent Executive is entitled to a refund of (or has not yet paid) such Federal, state or local taxes.

ARTICLE 5 SUCCESSORS AND ASSIGNMENTS

Section 5.01. *Successors*. The Company shall require any successor (whether by reason of a change in control, direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Section 5.02. *Assignment by Executive*. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die or become disabled while any amount is owed but unpaid to Executive hereunder, all such amounts, unless otherwise provided herein, shall be paid to Executive's devisee, legatee, legal guardian or other designee, or if there is no such designee, to Executive's estate. Executive's rights hereunder shall not otherwise be assignable.

ARTICLE 6
MISCELLANEOUS

Section 6.01. *Notices.* Any notice required to be delivered hereunder shall be in writing and shall be addressed if to the Company, to:

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, California 92705
Attn: General Counsel;

if to Executive, to Executive's last known address as reflected on the books and records of the Company

or such other address as such party may hereafter specify for the purpose by written notice to the other party hereto. Any such notice shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 6.02. *Legal Fees and Expenses.* Executive shall pay the first twenty-five thousand dollars (\$25,000) of all legal expenses, including attorney fees, he reasonably incurs as a result of (i) the Company's refusal to provide Severance Benefits or other amounts payable in accordance herewith upon an event set forth in Section 2.01, (ii) the Company's (or any third party's) contesting the validity, enforceability, or interpretation of the Agreement, (iii) any conflict between the parties pertaining to this Agreement, or (iv) Executive's pursuing any claim under Section 6.15; *provided, however*, that if Executive is the prevailing party in any claim or dispute with respect to clauses (i), (ii), (iii) or (iv) of this Section 6.02, Executive shall be entitled to reimbursement from the Company for the amount of such expenses and fees in excess of twenty-five thousand dollars (\$25,000) reasonably incurred by him that he actually paid and for which he was not previously reimbursed.

Section 6.03. *Arbitration.* Executive and the Company each shall have the right and option to elect (in lieu of litigation) to have any dispute or controversy arising under or in connection with this Agreement settled by arbitration, conducted before a panel of three arbitrators sitting in a location selected by Executive within fifty (50) miles from the location of Executive's principal place of employment with the Company, in accordance with the rules of the American Arbitration Association then in effect. Executive's or the Company's election to arbitrate, as herein provided, and the decision of the arbitrators in that proceeding, shall be binding on the Company and Executive. Judgment may be entered on the award of the arbitrator in any court having jurisdiction. In connection with any such arbitration, the arbitrators' fees and expenses shall be divided equally between the parties and each party shall otherwise bear its own fees and expenses; *provided, however*, that Executive shall pay the first twenty-five thousand dollars (\$25,000) of Executive's reasonably incurred fees and expenses (including his share of arbitrators' fees and expenses divided between the parties); and *provided, further*, that if Executive is the prevailing party in any matter arbitrated under this Section 6.03, Executive shall be entitled to reimbursement from the Company for the amount of such expenses and fees in excess of twenty-five thousand dollars (\$25,000) reasonably incurred by him as he actually paid and for which he was not previously reimbursed.

Section 6.04. *Unfunded Agreement.* The obligations of the Company under this Agreement represent an unsecured, unfunded promise to pay benefits to Executive and/or

Executive's beneficiaries, and shall not entitle Executive or such beneficiaries to a preferential claim to any asset of the Company.

Section 6.05. *Non-Exclusivity of Benefits.* Unless specifically provided herein, neither the provisions of this Agreement nor the benefits provided hereunder shall reduce any amounts otherwise payable, or in any way diminish Executive's rights as an employee of the Company, whether existing now or hereafter, under any compensation and/or benefit plans (qualified or nonqualified), programs, policies, or practices provided by the Company, for which Executive may qualify. Vested benefits or other amounts which Executive is otherwise entitled to receive under any plan, policy, practice, or program of the Company (i.e., including, but not limited to, vested benefits under any qualified or nonqualified retirement plan), at or subsequent to the date of termination of Executive's employment shall be payable in accordance with such plan, policy, practice, or program except as expressly modified by this Agreement.

Section 6.06. *Employment Status.* Nothing herein contained shall interfere with the Company's right to terminate Executive's employment with the Company at any time, with or without Cause, subject to the Company's obligation to provide such Severance Benefits and other amounts as may be required hereunder.

Section 6.07. *Mitigation.*

(a) In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor, except as provided below, shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of employment by another employer.

(b) Notwithstanding any other provision of this Agreement to the contrary, including, without limitation, Section 6.07(a), in the event that Executive's employment with the Company is terminated so as to entitle him to receive the Severance Benefits described in Article 3 of this Agreement, and if following such termination of employment Executive is subsequently employed by any party or becomes self-employed where, in either case, Executive becomes eligible to receive Base Salary and an annual bonus opportunity comparable in the aggregate to such compensation Executive received from the Company immediately prior to such termination, then all cash payments pursuant to Section 3.02 shall automatically cease on the first of the month immediately following the month in which Executive becomes entitled to such compensation; *provided, however*, that no other Severance Benefits shall be affected or reduced nor shall the period of time during which any of Executive's equity-based awards may vest or be exercised as provided in Section 3.06 be affected or reduced.

Section 6.08. *No Set-Off.* The Company's obligations to make all payments and honor all commitments under this Agreement shall be absolute and unconditional and, except as provided in Section 6.09, shall not be affected by any circumstances including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against Executive.

Section 6.09. *Entire Agreement.* This Agreement represents the entire agreement between the Executive and the Company and its affiliates with respect to Executive's employment and/or severance rights, and supersedes all prior discussions, negotiations, and agreements concerning such rights, including, but not limited to, any prior severance agreement made between Executive and the Company; *provided, however*, that any amounts payable to Executive hereunder shall be reduced by any amounts paid to Executive as required by any applicable local law in connection with any termination of Executive's employment.

Section 6.10. *Tax Withholding.* Notwithstanding anything in this Agreement to the contrary, the Company shall withhold from any amounts payable under this Agreement all Federal, state, city, or other taxes as are legally required to be withheld.

Section 6.11. *Waiver of Rights.* The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

Section 6.12. *Severability.* In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

Section 6.13. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to principles of conflict of laws.

Section 6.14. *Counterparts.* This Agreement may be signed in several counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

Section 6.15. *Claim Review Procedure.* If Executive is denied benefits under this Agreement, Executive may request, in writing, a review of the denial by the Company or its designee within sixty (60) days of receiving written notice of the denial. The Company shall respond in writing to a written request for review within ninety (90) days of receipt of such request. Neither the claim procedure set forth in this Section 6.15 nor Executive's failure to adhere to such procedure shall diminish Executive's right to enforce this Agreement through legal action, including arbitration as provided in Section 6.03.

Section 6.16. *Indemnification.* The Company shall indemnify Executive (and Executive's legal representatives or other successors) to the fullest extent permitted by the Certificate of Incorporation and By-Laws of the Company, as in effect at such time or on the Effective Date, or by the terms of any indemnification agreement between the Company and Executive, whichever affords or afforded greater protection to Executive, and Executive shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers (and to the extent the Company maintains such an insurance policy or policies, Executive shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company officer or director), against all costs, charges and expenses whatsoever incurred or sustained by Executive or Executive's legal representatives at the time such costs, charges and expenses are incurred or sustained, in connection with any action, suit or proceeding to which Executive (or Executive's legal representatives or other successors) may be made a party by reason of Executive's being or having been a director, officer or employee of the Company or any Subsidiary of the Company or Executive's serving or having served any other enterprise as a director, officer, employee or fiduciary at the request of the Company.

ARTICLE 7 DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below.

“**Accounting Firm**” has the meaning set forth in Section 4.02 hereof.

“**Base Salary**” means, at any time, the then-regular annual rate of pay which Executive is receiving as annual salary.

“**Board**” has the meaning set forth in the third Recital of this Agreement.

“**Cause**” means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate material act or failure to act by Executive (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which act or inaction is not remedied within fifteen business days of written notice from the Company;

(b) Executive’s gross negligence in the performance of Executive’s duties hereunder; or

(c) Executive’s conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for the reasons set forth in clause (a) or (b) of this definition unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (and after reasonable notice to Executive an opportunity for Executive, together with Executive’s counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of conduct set forth above in such clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

“**CEO**” has the meaning set forth in Section 1.01 hereof.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company**” has the meaning set forth in the introductory paragraph of this Agreement.

“**Continuation Period**” has the meaning set forth in Section 3.02 hereof.

“**Effective Date**” has the meaning set forth in the introductory paragraph of this Agreement.

“**Excise Tax**” has the meaning set forth in Section 4.01 hereof.

“**Executive**” has the meaning set forth in the introductory paragraph of this Agreement.

“**401(k) Plan**” has the meaning set forth in Section 3.07(a) hereof.

“**Good Reason**” means, without Executive’s express written consent, the occurrence of any one or more of the following:

(a) a reduction in Executive’s then-existing authorities, duties, responsibilities and status as an officer of the Company, excluding any designated acting or temporary authorities, duties, responsibilities and status; *provided, however*, an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by Executive shall not constitute Good Reason;

(b) the Company's requiring Executive to be based at a location in excess of thirty-five (35) miles from Executive's then-existing principal job location or office; except for required travel on the Company's business to an extent consistent with Executive's business travel obligations;

(c) reduction by the Company of Executive's Base Salary or total annual target compensation from the highest level at any time in the year prior to such reduction by more than 10%;

(d) the failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which Executive receives benefits substantially similar, in the aggregate, to his benefits under such programs immediately prior to the Effective Date (other than pursuant to an equivalent reduction in such benefits of the Company's other senior executives).

"Gross-Up Payment" has the meaning set forth in Section 4.01 hereof.

"Later Payment" has the meaning set forth in Section 4.03 hereof.

"Person" means an individual, corporation, partnership, association, trust or any other entity or organization.

"Release" has the meaning set forth in Section 3.01 hereof.

"Retiree Plan" has the meaning set forth in Section 3.05(b) hereof.

"Severance Benefits" has the meaning set forth in Section 3.01 hereof.

"Severance Pay" has the meaning set forth in Section 3.02 hereof.

"Subsidiary" of the Company means any other Person of which securities or other ownership interests having voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by the Company.

"Total Payments" has the meaning set forth in Section 4.01 hereof.

"2000 Agreement" has the meaning set forth in the second Recital of this Agreement.

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

EXECUTIVE

Ingram Micro Inc.

By: _____

Name: _____

Title: _____

Michael J. Grainger

SEPARATION AGREEMENT

This Separation Agreement (this "Agreement") is made and entered into as of January 30, 2004 by and between Ingram Micro Inc., a Delaware corporation (the "Company"), and JAMES E. ANDERSON, JR. ("Executive") (the Company and Executive hereinafter referred to together as the "Parties").

WHEREAS, the Parties have heretofore entered into that certain Executive Retention Agreement between the Parties dated as of January 31, 2000, as amended, attached as Exhibit A hereto (as modified by this Agreement, the "Retention Agreement").

WHEREAS, the Parties have agreed that Executive shall terminate his employment with the Company on January 31, 2004 and that such termination shall constitute a "Constructive Event" within the meaning of the Retention Agreement.

WHEREAS, the purpose of this Agreement is to confirm the agreed upon terms, conditions and arrangements concerning the termination of Executive's employment with the Company.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and agreements herein contained, the sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Resignation. Effective as of January 31, 2004 (the "Effective Date"), and subject to Executive's not revoking the Release (as defined below), (a) Executive agrees to resign all of his positions with the Company and the Company agrees to accept Executive's resignation from such positions, and (b) each of the Parties agrees to execute and deliver to the other a Release (the "Release") in the form attached hereto as Exhibit B.

2. Separation Payments.

(a) Subject to all of the terms and conditions of the Retention Agreement and any other applicable benefit or compensation plans or arrangements of the Company in which the Executive is a participant, the Company agrees to make the payments and to provide the benefits to Executive as set forth in this Section 2; *provided, however*, that no payments or benefits shall be paid or provided pursuant to Section 2(d) or (e), below, sooner than eight (8) days after the date on which Executive executes and delivers the Release.

(b) On the Effective Date, the Company shall pay Executive, in accordance with Section 2.04(b)(i) of the Retention Agreement, Executive's "Accrued Compensation" (as defined in Section 2.03(a) of the Retention Agreement) through and including the Effective Date; *provided, however*, that the Company shall reimburse Executive for his unreimbursed business expenses as soon as practicable after submission

by Executive of proper documentation in accordance with the Company's policy with respect to reimbursement of such expenses.

(c) The Company shall provide to Executive, in accordance with Section 2.04(b)(ii) of the Retention Agreement, Executive's "Accrued Benefits" (as defined in Section 2.03(a) of the Retention Agreement) through and including the Effective Date.

(d) Subject to Executive's not revoking the Release, the Company shall pay Executive, in accordance with Section 2.04(b)(iii) of the Retention Agreement, in equal installments at the times and in accordance with the applicable Company payroll system, over a period of nineteen (19) months measured from the Effective Date, the sum of Executive's "Basic Termination Benefit," "Bonus Amount" and "Basic Bonus Amount" (each as defined in Section 2.04(a)(iii), 2.03(b)(ii) and 2.03(c), respectively, of the Retention Agreement). Notwithstanding any interpretation of the Retention Agreement to the contrary, the Parties agree that this sum shall be one million sixty-five thousand six hundred forty- three dollars (\$1,065,643.00). For purposes of this Agreement, notwithstanding any interpretation of the Retention Agreement to the contrary, the Parties agree further that the "Payment Period" pursuant to the Retention Agreement and this Agreement shall extend for nineteen (19) months from the Effective Date through August 31, 2005.

(e) Subject to Executive's not revoking the Release, the Company shall provide to Executive, in accordance with Section 2.04(b)(iv) of the Retention Agreement, Executive's "Additional Benefits" (as defined in Section 2.03(d) of the Retention Agreement and as may be modified below) through and in respect of the "Payment Period" (as set forth in Section 2(d) above). Notwithstanding any interpretation of the Retention Agreement to the contrary, the Parties agree that such Additional Benefits shall consist solely of the following:

(i) Executive's continued participation under the Company's medical care and dental plans (or any successor medical or dental plans adopted by the Company) in which Executive participates as in effect immediately prior to the Effective Date (subject to changes in coverage levels applicable to all employees generally covered by such plans), if he elects to receive continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), for the applicable period under COBRA commencing with the Effective Date; *provided, however*, that if Executive elects such coverage, the Company shall provide such coverage at the Company's expense during the Payment Period (whether or not such period exceeds the period of COBRA "continuation coverage" (within the meaning of Section 4980B(f)(2) of the Internal Revenue Code of 1986, as amended)), and Executive shall be eligible after the Payment Period to participate in the Company's Executive Retiree Medical Plan or any successor retiree medical plan of the Company, as in effect from time to time (the "Retiree Plan"), at his own expense and in accordance with the terms and conditions of such retiree medical plan. Under the terms of the Retiree Plan as of the Effective Date hereof, subject to any amendment or termination of the Retiree Plan, Executive and his eligible dependents may continue to participate in the

Company-sponsored medical plans until Executive attains age 65 or becomes eligible for Medicare, whichever occurs first. Executive shall be responsible for payment of one hundred percent (100%) of the applicable monthly insurance premium for such coverage under the Retiree Plan;

(ii) reimbursement of the documented costs, including laboratory and test fees, of annual physical examinations (not to exceed one annually) for Executive in an amount not to exceed one thousand five hundred dollars (\$1,500) per examination;

(iii) Executive's participation in the Company's Supplemental Investment Savings Plan (the "Supplemental Plan") during the Payment Period up to the full amount of employee contributions permitted; *provided, however*, that the Company shall not be required to make any matching contributions with respect to Executive's contributions during the Payment Period; and *provided, further*, that Executive's account balance under the Supplemental Plan shall be distributed to him, in forty (40) equal quarterly installments beginning in the fourth calendar quarter of 2005; and

(iv) continued vesting, during the Payment Period, of outstanding stock options granted to Executive prior to the Effective Date pursuant to the Company's "Stock Plans" (as defined in Section 2.02(b)(i) of the Retention Agreement). A summary of the status of Executive's stock options as of January 15, 2004 is attached hereto as Exhibit C.

3. Stock Option Exercises. Executive has attained age 50 and has more than five (5) years of service with the Company, and, therefore, Executive's outstanding vested stock options granted to him prior to the Effective Date pursuant to the Company's "Stock Plans" (as defined in Section 2.02(b)(i) of the Retention Agreement), including such options (or portions thereof) as vest during the Payment Period, shall be exercisable by him for five (5) years from the Effective Date hereof, except that if any such option would otherwise terminate sooner, such option shall not be exercisable after its termination date. Otherwise, Executive's outstanding vested stock options shall be exercisable according to their terms.

4. 401(k) Plan. Executive's right to have contributions allocated to his account in the Company's 401(k) Investment Savings Plan (the "401(k) Plan") shall cease effective with the Effective Date. Executive shall be entitled to leave such account invested in the 401(k) Plan or roll it over to an individual retirement account or another employer's qualified plan.

5. Long Term Incentive Plan.

(a) With respect to the Company's 2002 Long-Term Executive Cash Incentive Award Program, as amended from time to time (the "2002 Cash Program"), Executive shall receive a payment equal to thirty-six thirty-sixths (36/36) of the final calculated payout amount, if any, attributable to Executive's award under the 2002 Cash Program, calculated based on the Company's actual achievement compared with the Company's peer group at the end of the 2002 Cash Program cycle, in accordance with the

terms and conditions of the 2002 Cash Program. Such payment shall be (i) made in accordance with the applicable Company payroll system at or about the same time as the Company makes payments to other participants in the 2002 Cash Program and (ii) in full satisfaction of any and all amounts payable to Executive under the 2002 Cash Program.

(b) With respect to the Company's 2003 Long-Term Executive Cash Incentive Award Program, as amended from time to time (the "2003 Cash Program"), Executive shall continue to participate in the 2003 Cash Program during the Payment Period as if he were an actively employed participant in the 2003 Cash Program. Accordingly, Executive shall receive a payment equal to thirty-two thirty-sixths (32/36) of the final calculated payout amount, if any, attributable to Executive's award under the 2003 Cash Program, calculated based on the Company's actual achievement compared with the Company's peer group at the end of the 2003 Cash Program cycle, in accordance with the terms and conditions of the 2003 Cash Program. Such payment shall be (i) made in accordance with the applicable Company payroll system at or about the same time as the Company makes payments to other participants in the 2003 Cash Program and (ii) in full satisfaction of any and all amounts payable to Executive under the 2003 Cash Program.

(c) Executive shall not be entitled to participate in the Company's 2004 Long-Term Executive Cash Incentive Award Program.

6. 2003 Bonus. Executive shall receive one hundred percent (100%) of his target incentive award under the Company's 2003 Executive Incentive Award Program (the "Bonus Program"), regardless of the Company's actual achievement under the terms and conditions of the Bonus Program. Such payment shall be (a) made at or about the same time and in the same manner as the Company makes payments to other participants in the Bonus Program and (b) in full satisfaction of any and all amounts payable to Executive under the Bonus Program.

7. Deferred 2003 Retention Payment. In accordance with Executive's currently effective election under the Retention Payment Deferral Agreement between the Executive and the Company dated as of December 16, 2002 (the "Deferral Agreement"), Executive shall receive payment of his "Deferred Account Balance" (within the meaning of the Deferral Agreement), in forty (40) equal quarterly installments beginning on January 31, 2006.

8. Loan Forgiveness. As required by the Promissory Note between Executive and the Company dated as of February 12, 2002 (the "Note") and the "2002 Letter" (as defined in the Note), the Company agrees to forgive, upon Executive's termination of employment pursuant hereto for "Good Reason" within the meaning of the Retention Agreement, any and all then outstanding principal and accrued interest on the loan (the "Loan") represented by the Note. Further as required by the Note and the 2002 Letter, the Company shall "gross up" the taxable portion of the Loan, when it is forgiven, at a Federal tax rate of 38.6%, a California tax rate of 9.3% and a FICA/Medicare tax rate of 1.45%, or the highest applicable tax rates for Executive's income bracket at that time, by contributing such grossed up amount to the applicable tax authorities on Executive's behalf.

9. Survival of Retention Agreement; Entire Agreement. This Agreement is intended to modify the Retention Agreement only insofar as the terms and conditions of this Agreement require. In all other respects, the Retention Agreement shall remain in effect in accordance with its terms. This Agreement and the Retention Agreement (as modified by this Agreement) constitute and are intended to constitute the entire agreement of the Parties concerning the subject matter hereof and thereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any Party hereto, except as specifically set forth herein. All prior discussions and negotiations with respect to the subject matter hereof and thereof are superseded by this Agreement and by the Retention Agreement (as modified by this Agreement).

10. Successors. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective principals, partners, officers, directors, shareholders, employees, trustees, trust beneficiaries, agents, independent contractors and the successors, assigns, heirs, executors, administrators and representatives of each of the foregoing.

11. Further Assurances. The Parties shall, from time to time, promptly execute and deliver such further instruments, documents and papers and perform such further acts as may be necessary or proper to carry out and effect the terms of this Agreement.

12. Headings. Headings in this Agreement are for convenience and reference only and shall not be used to construe its provisions.

13. Governing Law. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties. This Agreement and all provisions hereof shall be governed by and construed under the laws of the State of California without regard to the choice of law rules thereof.

14. Modification; Waiver. This Agreement may not be modified or terminated orally and no modification, termination or waiver shall be valid unless in writing and signed by all of the Parties. No waiver of any breach of any provision of this Agreement shall be deemed to be a waiver of any other breach of this Agreement or any of its provisions.

15. Voluntary Execution of Agreement. Executive understands and agrees that he is receiving the amounts and benefits described in this Agreement as consideration for his execution of this Agreement and fulfillment of the covenants and promises contained herein, including without limitation his execution and nonrevocation of the Release. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of either Party. Executive acknowledges that he has had the opportunity to be represented and advised by legal counsel concerning the terms and conditions of this Agreement and his execution of it.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute but one and the same agreement.

17. Severability. If any provision of this Agreement, or the application thereof, is for any reason held to any extent to be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the Parties hereto. The Parties further agree to replace such

void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision and to execute any amendment, consent or agreement deemed necessary or desirable by the Company to effect such replacement.

[Signature Page Follows]

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

EXECUTIVE

Ingram Micro Inc.

James E. Anderson, Jr.

By: _____
Name:
Title:

S-1

Dated August 14, 2003
as amended and restated on December 29, 2003

between

BNP PARIBAS BANK N.V.
as Transferee

and

INGRAM MICRO DISTRIBUTION GMBH
as Originator

and

COMPU-SHACK-ELECTRONIC GMBH
as Originator

and

INGRAM MICRO HOLDING GMBH
as Depositor

GERMAN MASTER RECEIVABLES TRANSFER AND SERVICING AGREEMENT

HENGELER MUELLER

RECHTSANWÄLTE

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THIS AGREEMENT originally made on August 14, 2003 is hereby amended and restated on December 29, 2003.

BETWEEN:

1. (a) **INGRAM MICRO DISTRIBUTION GMBH**, a German limited liability company (*Gesellschaft mit beschränkter Haftung*), having its registered offices at Heisenbergbogen 3, 85609 Aschheim, Germany, registered in the commercial registry of the Lower Local Court (*Amtsgericht*) München under registration number HRB 76025;
- (b) **COMPU-SHACK-ELECTRONIC GMBH**, a German limited liability company (*Gesellschaft mit beschränkter Haftung*), having its registered offices at 56564 Neuwied, Ringstraße 56-58, Germany, registered in the commercial registry of the Lower Local Court (*Amtsgericht*) Neuwied under registration number HRB 1470;

(each of the parties listed under 1(a) and (b), hereinafter referred to as the “**Originator**” and collectively, the “**Originators**”).

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

NOW, THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

WHEREAS:

- (A) The Originators’ business consists of the distribution, sale and purchase of hardware and software products, the importation and exportation of such products and any other activity in connection with the distribution of such materials.
- (B) The Originators have agreed to a securitization program of five (5) years with respect to certain Receivables originated by them.
- (C) Due to the affiliation of the Originators to the Ingram Micro Group, the Transferee has accepted the offer made to it by the Originators to purchase, from time to time, Receivables under the terms and subject to the conditions set forth in this Agreement, provided in particular that:
 - the payment of such Receivables by the Debtors will be secured by means of a Subordinated Deposit made by the Depositor in favor of the Transferee;
 - the Debtor Payments will be paid to the Collection Accounts;
 - the wire transfer of Debtor Payments, the payment of Equivalent Payments and Retransfer Payments and the payment of the Total Fees and Expenses to the Transferee will be guaranteed by Ingram Micro Inc.; and
 - the various fees payable to the Transferee in connection with the financing granted by it to

the Originators, will be based upon the refinancing costs of Eliopée Limited, named as Issuer of Reference in the area of the securitization of receivables and other financial assets.

PART I. DEFINITIONS - INTERPRETATION

1. Definitions

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

2. Interpretation

- A. Parts and Clauses headings (including paragraphs headings) and the table of contents have been inserted exclusively to facilitate referral and shall not be used to interpret this Agreement.
- B. In this Agreement, unless the context otherwise requires:
- (a) a “**Part**” or “**Clause**” or “**Schedule**” is a reference to a part, clause or schedule to this Agreement, and references to the Agreement include its whereas and Schedules; references to the “Parties” refer to the Originators, to the Depositor and to the Transferee.
 - (b) words in the plural shall cover the singular and *vice versa*;
 - (c) unless otherwise stipulated, reference to the time of the day refers to the time in Paris, France;
 - (d) references to a month shall mean:
 - a period starting on a given day in a calendar month and ending on the numerically corresponding day in the next calendar month; or
 - if the corresponding day is not a Business Day, a period ending on the first Business Day following the corresponding day unless such following day falls in the next calendar month, in which case the period shall end on the Business Day immediately preceding the corresponding day; or
 - if the period starts on the last Business Day of a calendar month, or if there is no numerically corresponding day in the next calendar month, a period ending on the last Business Day of the next calendar month;
 - (e) reference to a person includes its successors, transferees and assignees;
 - (f) reference to a document means that document as novated, amended or supplemented.

PART II. PURPOSE - TERM – CONDITIONS PRECEDENT**3. Purpose**

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

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

4. Effective Date - Termination

- A. This Agreement shall become effective on the date on which all the conditions precedent set forth in Clause 5 shall have been satisfied (the “**Effective Date**”).
- B. This Agreement shall terminate on the earlier of (the “**Agreement Termination Date**”):
 - (i) the Redemption Date; or
 - (ii) the sixth Transaction Date following the Final Transfer Date.
- C. The date upon which (i) no more transfer of receivables may be made under this Agreement and (ii) the Transferee’s Commitment is terminated (the “**Final Transfer Date**”) shall be the first Transaction Date which shall occur during the 61st month following the Initial Transfer Date. The Final Transfer Date shall be advanced under the conditions set forth under Clauses 10.1 A (b), 41.1, 41.2, 41.3 (D), 45 (C) and 46 (C)(ii), or postponed by mutual consent of the Parties pursuant to the conditions set forth under Clause 4 (D).
- D. The Parties may agree to extend the Final Transfer Date (and, accordingly, the Agreement Termination Date) by entering, to that effect, into an amendment to this Agreement. In this case, the new Final Transfer Date and the new Agreement Termination Date shall be the dates as mutually agreed between the Parties.
- E. Notwithstanding the Agreement Termination Date, and for so long as there remains a Transferred Receivable which has not either been paid in full or become an Irrecoverable Receivable: (i) all of the representations, warranties, covenants and obligations of the Originators to the Transferee; (ii) all of the obligations of the Transferee with respect to Release of the Deposits and (iii) the provisions of Clause 25.2, shall remain in full force and effect.

5. Conditions Precedent

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

- (a) from each of the Originator and the Depositor, a copy of its Articles of Association (*Satzung*), certified as actual version thereof by its duly authorized representative;
- (b) from each Originator and the Depositor, an original copy of the excerpt of the commercial registry (*Handelsregister*) not older than 30 days prior to the date of this Agreement;
- (c) from each Originator and the Depositor, a copy, certified to be true by its duly authorized representative, of its annual non-consolidated accounts for the fiscal year 2001 and the original annual non-consolidated accounts for the fiscal year 2002 as published and certified by its statutory auditors together with the respective unqualified auditor's opinion relating thereto, and the related corporate resolutions approving such accounts;
- (d) from each Originator and the Depositor, a certificate from one of its managing directors (*Geschäftsführer*) in the form of Schedule 12A, representing that:
 - between the closing date of its audited accounts for the fiscal year 2002 and the execution date of this Agreement, no event has occurred which could constitute a Material Adverse Effect;
 - it is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments has occurred in relation to it;
 - there exists no provision currently in force and which has not been removed (with respect to any contract or agreement which is binding on it or to which it is a party) which could impede the execution of this Agreement or the performance of any of its obligations by it hereunder; in particular there exists no (i) provision limiting the transfer of its receivables or (ii) negative pledge clauses;
- (e) from each Originator, a certificate from its statutory auditors, issued in the form of Schedule 11A;
- (f) from each Originator and the Depositor, a list of the names of the individuals authorized to act on behalf of it under this Agreement and a specimen signature of each;
- (g) from each Originator and the Depositor the corporate resolutions authorizing it to enter into and execute this Agreement;
- (h) the Transferee or any of its agent shall have conducted a due diligence of each of the Originators, satisfactory in particular as regards origination, management and collections of the Receivables;
- (i) the Originators shall have demonstrated their ability to provide monthly historical data regarding the Receivables;
- (j) the Transferee shall have received from the Originators a historical monthly analysis of the credit notes and other dilution (and any other relevant risk factors in relation to the Receivables);
- (k) the Originators shall have demonstrated their ability to provide a reporting Statement on the Receivables twice a month;
- (l) the Transferee shall have received a legal opinion from Hengeler Mueller as legal advisor to the Transferee in form and substance satisfactory to the Transferee regarding (i) that the transfer of the Receivables will constitute a legal true sale of such Receivables and (ii) each Originator's and the Depositor's capacity and authority to enter into this Agreement;
- (m) each of the US Guarantees shall have been issued in the form as set out in Schedule 16 by the Guarantor in favor of the Transferee, BNP Paribas acting as its agent, and the Transferee shall

have received a certified copy of the last audited consolidated financial statements of the Guarantor for the fiscal year 2002 and a certificate signed by a duly authorized representative of the Guarantor representing that: (1) between the closing date of the above mentioned accounts for the fiscal year 2002 and the execution date of this Agreement, no Material Adverse Effect has occurred; and (2) the Guarantor is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments has occurred in relation to it;

- (n) the Transferee shall have received from the Guarantor an in-house legal opinion in form and substance satisfactory to the Transferee regarding (i) the capacity and authority of the Guarantor to enter into each of the US Guarantees and (ii) the validity and legality of each of the US Guarantees; and
- (o) from each Originator, a certificate signed by one of its managing directors (*Geschäftsführer*) and its senior in-house lawyer in the form of Schedule 15 regarding its collection authority with respect to receivables which are subject to Extended Retention of Title Clauses (*verlängerter Eigentumsvorbehalt*).

PART III. TRANSFER OF RECEIVABLES

6. Transferable Receivables

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

- (i) the Receivable exists, is not an Irrecoverable Receivable and has not been paid in full;
- (ii) the Receivable originates from a contract entered into between an Originator and an Eligible Debtor and constitutes for both parties a Commercial Contract;
- (iii) the underlying Commercial Contract is valid and enforceable against the relevant Debtor in accordance with its terms and fully performed by the respective Originator;
- (iv) the underlying Commercial Contract is governed by German Law;
- (v) the amount of the Receivable invoiced by the relevant Originator to the respective Debtor is inclusive of value-added tax in compliance with applicable tax laws;
- (vi) the Receivable is evidenced by an Invoice, duly recorded in the relevant Statement or Portfolio File; and
- (vii) the Receivable is denominated in Euros, payable to the relevant Originator by the relevant Debtor and such Debtor is requested to pay any amount due in relation to such Receivable into the Collection Account.

7. Eligible Receivables

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

- (i) the Debtor of such Transferred Receivable is an Eligible Debtor;

- (ii) the Transferred Receivable is neither an Unpaid Receivable nor an Irrecoverable Receivable nor a Disputed Receivable;
 - (iii) the date upon which the Transferred Receivable is due and payable, which is stated on the Invoice, is no later than thirty (30) calendar days following the Final Transfer Date;
 - (iv) the date upon which the Transferred Receivable is due and payable, which is stated on the Invoice, is no later than sixty (60) calendar days following the related Transaction Date except for Proreserv in which case the Transferred Receivable is due and payable no later than one hundred forty (140) calendar days following the date of Invoice;
 - (v) the Transferred Receivable has been managed since its creation and is managed at the given date by the relevant Originator, in accordance with the Management Procedures and the applicable statutes and regulations in force at any relevant time;
 - (vi) the Transferred Receivable is not subject to any defense, counterclaim or set-off right;
 - (vii) the Transferred Receivable is identified in a Statement and Portfolio Files which strictly conform with the form of Statement and Portfolio Files attached as Schedule 3 ;
 - (viii) the Transferred Receivable is legally and beneficially solely owned by the relevant Originator free from any adverse claims in favor of any person (including, without limitation, has not been, in part or in whole, pledged, mortgaged, charged, assigned, discounted, subrogated or seized or attached or transferred in any way) and is otherwise free and clear of any Extended Retention of Title Clause (*verlängerter Eigentumsvorbehalt*), subject to Clause (B) below, and of any liens or other encumbrances exercisable against the relevant Originator or the Transferee;
 - (ix) the Transferred Receivable can be segregated and identified for ownership purposes on the Transfer Date thereof and on any day after such Transfer Date;
 - (x) the Transferred Receivable constitutes an unconditional and irrevocable obligation of the relevant Eligible Debtor to pay the full sums of the amounts stated on the due date therefor; and
 - (xi) the Transferred Receivable is enforceable (*durchsetzbar*), non-litigious (*nicht einredebehaftet*) and assignable (*abtretbar*).
- B. Any Receivable being affected by an Extended Retention of Title Clause shall be an Eligible Receivable if it meets in addition to the requirements set forth under Clause 7(A) the following conditions:
- (i) the sale of the relevant Receivable to the Transferee must be characterised as legal true sale for German civil and insolvency law purposes;
 - (ii) the relevant Originator has been granted the authorization to collect the Billing Amount of such Receivable by the relevant supplier, this authorization shall be express and the relevant Originator shall not have been notified by such supplier of the withdrawal of such authorisation;
 - (iii) the Purchase Price paid by the Transferee for the Receivable shall at least be equal to the purchase price due by each Originator to the relevant supplier for the items that are the subject of such Receivable;
 - (iv) the assignment by the relevant Originator of the Receivable to the Transferee is made at the same time as the payment of the Purchase Price of such Receivable;
 - (v) the purchase and the acquisition of the relevant Receivable by the Transferee is not

structured in a way that would prejudice the interests of the relevant supplier; and

- (vi) the relevant Originator is not in a state of financial crisis as such term may be defined in the respective Extended Retention of Title Clause.

8. Eligible Debtors

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

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

9. Conditions of Transfer

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

- (i) the Representations and Warranties are accurate;
- (ii) a Statement and the related Portfolio Files have been notified to the Transferee on the Information Date related to the Initial Transfer Date or such Transfer Date, respectively and all data contained in such Statement and in such Portfolio Files are consistent with each other;
- (iii) (A) with respect to the Initial Transfer Date, the Deposits have been duly made as provided for in Clause 31, and (B) with respect to each Transfer Date, the Deposits have been adjusted according to the provisions of Clauses 32 and 33, respectively;
- (iv) each Originator has delivered, on an annual basis, a certificate from its statutory auditors, issued in the form of Schedule 11 together with the respective unqualified auditor's opinion relating thereto;
- (v) each of the Originators and the Depositor has, on a monthly basis, a certificate from one of its managing directors (*Geschäftsführer*) in the form of Schedule 12B, representing that:
 - between the closing date of its non-audited accounts for the fiscal year 2002 and the execution date of this Agreement, no event has occurred which could constitute a Material Adverse Effect;
 - it is not under administration, insolvency, bankruptcy, dissolution, receivership or winding

up and no stoppage of payments has occurred in relation to it;

- there exists no provision currently in force and which has not been removed (with respect to any contract or agreement which is binding on it or to which it is a party) which could impede the execution of this Agreement or the performance of any of its obligations by it hereunder; in particular there exists no (i) provision limiting the transfer of its receivables or (ii) negative pledge clauses;
- (vi) each Originator has delivered an Offer to the Transferee pursuant to Clause 10.1 and, as regards any Transfer Date other than the Initial Transfer Date, the relevant Debtor Payments, received during the last Collection Period preceding such Transfer Date, have been credited to the Transferee's Account and the relevant Retransfer Payments and the Equivalent Payments due in respect of such Collection Period have been paid to the Transferee's Account;
- (vii) the Transfer Date occurs within the Replenishment Period;
- (viii) the transfer of Transferable Receivables and the corresponding payment of the Purchase Price to be made on the relevant Transfer Date do not contravene any statute or regulation in force;
- (ix) no Event of Default or Potential Event of Default has occurred or is existing and continuing on the Transfer Date, and the transfer of the Transferable Receivables, as well as the corresponding payment of the Purchase Price to be made on the relevant Transfer Date, do not constitute a Potential Event of Default or an Event of Default;
- (x) the Collection Accounts Pledge Agreement has been entered into between each Originator as pledgor, and the Transferee as pledgee, and continues to exist and constitutes a valid and enforceable pledge in favor of the Transferee;
- (xi) the Data Protection Trust Agreement has been entered into between each Originator, the Transferee and the Data Protection Trustee and continues to exist and constitutes a valid and enforceable obligation of each Originator regarding the transmission of personal data with respect to the Debtors in favor of the Data Protection Trustee;
- (xii) on the Initial Transfer Date only, (A) the Transferee shall have received a confirmation by the Rating Agency of the current rating of the Issuer of Reference's programs in a form satisfactory to the Transferee, (B) the Originators have agreed with the Transferee which of the dates appearing in the timetable attached as Schedule 5 shall be deemed the first Transfer Date for the purposes of this Agreement;
- (xiii) on or before the Initial Transfer Date or each subsequent Transfer Date, the Transferee shall have been able to fund its Transferee's Commitment up to an amount at least equal to the amount of the Financing to be provided on the Initial Transfer Date or on each such subsequent Transfer Date; and
- (xiv) the Transferee shall have confirmed that the liquidity facility relating to a securitisation transaction arranged for one French company of the Ingram Micro Group has been syndicated or that the Transferee considers such syndication no longer desirable.

10. Transfer of Receivables

10.1 Offer to Transfer

- A. On any Information Date during the Replenishment Period, each Originator may make an offer (each, an "**Offer**") to sell and assign to the Transferee one or more Transferable Receivable(s),

together with any ancillary rights of such Transferable Receivable(s) and any related security for the Purchase Price in accordance with this Agreement, subject to Clause 9, provided that:

- (a) on or after the Final Transfer Date, the Transferee shall no longer be authorized to purchase any Transferable Receivable;
- (b) in the event that any of the Originators does not make an Offer on two consecutive Information Dates, the Final Transfer Date shall be deemed to have occurred on the last of these two Information Dates; and
- (c) no Offer shall be deemed to be made by an Originator for the Transfer Date relating to such Information Date if no Transferable Receivable originated during the Collection Period immediately preceding such Information Date is reported in the relevant Statement and Portfolio Files notified to the Transferee on such Information Date.

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

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

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

10.2 Financing Conditions

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

10.3 Acceptance of Offer; Purchase Price

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

10.4 Transfer of Title

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

- (a) if the related security is governed by Gentian law and the transfer of possession (*Besitzübergabe*) is necessary for the transfer of title, such transfer of possession shall be substituted as follows:

- if the relevant Originator holds direct possession (*unmittelbarer Besitz*) in respect of the related security, such Originator shall hold such related security in custody for the Transferee free of charge;
 - if the relevant Originator holds indirect possession (*mittelbarer Besitz*) in respect of the related security or is entitled to claim surrender of the related security from a third party for any other reason, such Originator hereby assigns any claim to surrender (*Herausgabeanspruch*) the related security to the Transferee who hereby accepts such assignment;
- (b) if the related security is governed by the laws of any other jurisdiction, sub-clause (a) above shall apply *mutatis mutandis*.

10.5 Transfer Procedures

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

11. Warranties of Compliance

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

PART IV. INFORMATION – PROGRAM MANAGEMENT

12. Information Obligations of the Originators

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

13. Calculation and Determination of the Financing Conditions by the Transferee

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

14. Transactions to be carried out during the Replenishment Period

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

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

15. Transactions to be carried out during the Redemption Period or any Temporary Redemption Period

On each Transaction Date which is not a Transfer Date before 12.00 a.m. (during the Redemption Period or any Temporary Redemption Period), the following transactions (as far as they should be carried out on such date pursuant to this Agreement) shall be carried out in the following order of priority:

- (i) payment by the Originators to the Transferee of an amount equal to the difference between (a) the amount of Collections relating to the immediately preceding Collection Period ending before such Transaction Date, and (b) the Retransfer Payments made in relation to the Retransfers occurring during such Collection Period exclusive of its last day;

- (ii) payment by the Originators to the Transferee of the Transfer Fee and the Management Fee;
- (iii) Release of the Complementary Deposit, subject to the limits and conditions set forth in Part VII;
- (iv) after the redemption in full of the Financing and Complementary Deposit, Release of the Subordinated Deposit or part thereof, subject to the limits and conditions set forth in Part VII; and
- (v) payment of the Immobilization Fee; and
- (vi) payment of the Collection Fee.

PART V. SERVICING AND COLLECTION OF RECEIVABLES

16. Servicing Obligations of the Originators

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

- (i) not to make any change whatsoever in the contractual terms and conditions applicable to the Transferred Receivables and to such rights and security interests as may be attached to them, unless otherwise provided by this Agreement;
- (ii) at the Transferee's request in order to protect its interests, to inform the Transferee of any related security and other rights attached to the Transferred Receivables and to co-operate with the Transferee whenever said related security and rights are exercised or enforced;
- (iii) not to demand that the Transferee perform any act or carry out any formality not provided for in this Agreement;
- (iv) to fulfil its contractual obligations towards the Debtors;
- (v) to retain all contracts and documents concerning each Transferred Receivable until the relevant Transferred Receivable is paid in full or has become an Irrecoverable Receivable;
- (vi) to remit promptly to the Transferee all documents and contracts relating to a Transferred Receivable on first demand by the Transferee, in order to enable it to verify the accuracy of the Warranties of Compliance;
- (vii) to inform the Transferee promptly if any of the Warranties of Compliance made by such Originator is inaccurate as regards any Transferred Receivable;
- (viii) to inform the Transferee promptly of any change concerning its computer system in the event that such change may at any time prevent the Transferee's access to the data contained in any Statement or any Portfolio File, as well as any change concerning the working or running of any Statement or any Portfolio File;
- (ix) not to change the nature of its business if such change will or is likely to materially alter the Quality of the Transferred Receivables, or its ability to fulfil its management obligations under the Agreement; however, such Originator shall be authorized to modify its general terms and conditions used in connection with the Commercial Contracts; provided that it has previously given notice of its intention to the Transferee and that such modification has no Material Adverse Effect;

- (x) to carry on its business so that the Quality of the Transferred Receivables and the ability of the relevant Originator to fulfil its servicing obligations under the Agreement are not materially altered thereby;
- (xi) not to change its Management Procedures in a manner likely to alter materially the Transferee's rights (in particular, a change causing a deterioration of the quality of information provided to the Transferee or of the performance of the Transferable Receivables), and to inform promptly the Transferee of any material change in those Management Procedures in any event;
- (xii) to inform the Transferee of any material breach of its obligations as regards the servicing of the Transferable Receivables;
- (xiii) not to use, for the servicing of the Transferable Receivables (namely, as regards the use of any Statement or any Portfolio File), software not belonging to it or which license prohibits the Originator's use for the purposes of the Agreement;
- (xiv) not to use any other bank account other than the Collection Accounts for the Debtor Payments,
- (xv) to set up with the Transferee and at least once a year after 2004 an updated indicative timetable intended to replace the timetable set up for the years 2003 and 2004 attached as Schedule 5 and, at the same time, to specify with the Transferee which of the dates appearing in the relevant new timetable shall be deemed the first Transfer Date for the relevant year; and
- (xvi) to inform the Transferee immediately if any supplier withdraws the authority to collect any Receivable which is subject to an Extended Retention of Title Clause.

17. Equivalent Payments

17.1 Amount of an Equivalent Payment

If the Billing Amount of any Transferred Receivable is reduced or the cumulative Debtor Payments are less than the Billing Amount for any reason whatsoever other than an inability to pay because Insolvency Proceedings with respect to the respective Debtor have been instituted (each such reduction, a **"Dilution"**) then the relevant Originator shall be treated as having received the amount of such Dilution on the date of such Dilution in addition to any other amounts which may be received on such Transferred Receivable. Such Dilution shall be paid by the relevant Originator on the date and in the manner set forth in Clauses 17.2 and 17.3 and such payment shall be treated for the purposes of this Agreement as an Equivalent Payment in an amount equivalent to the amount of such Dilution.

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

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

17.2 Date of Equivalent Payments

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

17.3 Remedies of the Transferee

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

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

18. Servicing Mandate

18.1 Servicing Mandate

Subject to Clause 18.2, the Originators as servicers shall handle the collection of the Transferred Receivables on behalf of the Transferee. The Transferee hereby confers to each Originator the mandate to service the Receivables and the collection thereunder, which each Originator hereby accepts. Until termination of the Servicing Mandate, the Transferee shall pay the Originators a Collection Fee for each Fee Computation Period equal to 0.50 % *per annum* of the amount of the Financing on the Transaction Date at the beginning of such Fee Computation Period. The Collection Fee shall be computed on the basis of the exact number of days in each Fee Computation Period, adjusted to a 360-day year, and shall be payable on the last Transaction Date of each Fee Computation Period.

18.2 Termination of Servicing Mandate

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

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

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

19. Obligations of the Originators in respect of Collections

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

- (i) (A) to refrain from materially modifying its Management Procedures in a manner that would likely cause prejudice to the Transferee's rights, namely by causing an increase of the average term of collection or a lower collection rate, and, in any event, (B) to inform promptly the Transferee of any material change in its Management Procedures concerning the collection procedures and (C) to provide the Transferee with an yearly update of its Management Procedures;
- (ii) not to change the nature of its business if such a change will or is likely to materially and adversely affect the collection of the Transferred Receivables or its ability to fulfil its obligations under this Agreement, namely as regards the collection of Transferred Receivables;
- (iii) to carry on its business so that the collection of the Transferred Receivables or its ability to fulfil its obligations under the Agreement, namely as regards the collection of Transferred Receivables, cannot be materially and adversely be affected thereby;
- (iv) to provide the Transferee, upon reception of fully-substantiated notification by the latter so requesting, Statements, Portfolio Files and all other documents allowing it to verify the performance of its obligations as regards the collection of the Transferred Receivables;
- (v) to inform the Transferee of any material breach of its obligations as regards the servicing of the Transferred Receivables;
- (vi) not to provide any documents containing, to the best of its knowledge, inaccurate or incomplete information;
- (vii) not to credit on the Collection Accounts any sums that are not Debtor Payments within the meaning of this Agreement and not to have Debtor Payments paid to accounts other than the Collection Accounts; and
- (viii) not to use, for the collection of the Transferred Receivables (namely, as regards the use of any Statement or any Portfolio File), software not belonging to it or whose license prohibits its use for the purposes of the Agreement;
- (ix) if any supplier of any Originator withdraws such Originator's authority to collect Receivables which are subject to an Extended Retention of Title Clause, such Originator shall notify the Transferee by telefax without any delay, but in any case no later than three (3) Business Day following the receipt of such withdrawal.

20. Renegotiations

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

21. Authority to Sue and be Sued

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

22. Payments of Collections

- A. For a given Collection Period, the Collections shall be the total sum of:
 - (a) the Debtor Payments made during that Collection Period; *plus*
 - (b) the Equivalent Payments owed by the Originators to the Transferee with respect to Clause 17.2, as to events described in Clause 17.1 having occurred during that Collection Period; *plus*
 - (c) the Retransfer Payments owed by the Originators to the Transferee with respect to all Retransfers made during that Collection Period (subject to Clause 24.3).
- B. Until and unless an Early Termination Event has occurred during any given Collection Period:
 - each Originator shall be free to use the Debtor Payments standing to the credit of its respective Collection Accounts at any time during such Collection Period, subject only to the relevant provisions of the Collection Accounts Pledge Agreement; and
 - each Originator shall, on the Transaction Date following such Collection Period before 01.00 p.m., debit from the Collections Accounts and credit to the Transferee's Account the full amount of the Debtor Payments having been made during such Collection Period.

- C. Upon the occurrence during any given Collection Period of an Early Termination Event which is continuing, the Transferee, in its capacity as beneficiary under the Collection Accounts Pledge Agreement, shall be entitled to send a Stop Drawing Notice (as defined in the Collection Accounts Pledge Agreement) to each bank with which any of the Collection Accounts are held and exercise all of the rights and privileges conferred to him in its capacity as beneficiary under the Collection Accounts Pledge Agreement in accordance with the respective terms thereof.
- D. In the event that, on a Transaction Date, the relevant Originator is in default of its obligation to credit the full amount of the Collections for the immediately preceding Collection Period to the Transferee's Account (whether by debit from the Collections Account or otherwise), the Transferee may, without prejudice and in addition to any relevant provisions of the Collection Accounts Pledge Agreement, make a demand under the relevant US Guarantee in accordance with its terms. Such demand shall be made by the Transferee before close of business (Paris time) on a Business Day in the US for payment instructions to be granted by the Guarantor at the latest on 05.00 p.m. (Los Angeles time) on the Business Day in the US of such demand and effective payment to be made before 05.00 p.m. (Los Angeles time) on the fourth Business Day in the US at the latest after such demand. A demand under the relevant US Guarantee may only be made on or after the day following each relevant Transaction Date in respect of the Collections for the immediately preceding Collection Period or, as the case may be, on or after any Final Transfer Date.
- E. In the event that a Debtor is both a debtor in respect of one or more Receivables not transferred to the Transferee by the relevant Originator and a debtor in respect of one or more Transferred Receivables, any payment received from this Debtor shall first be applied to the Transferred Receivables each time that:
- (a) the Debtor expressly instructs to that effect, in accordance with § 366(1) of the German Civil Code (*Bürgerliches Gesetzbuch*); or
 - (b) where the said Debtor Payment is obviously related to a Transferred Receivable.
- F. In an event other than those mentioned under paragraph (E) above, and unless the Debtor expressly indicates the contrary, the Debtor Payment shall, as between the relevant Originator and the Transferee, be applied first to the Transferred Receivables relating to such Debtor, and in the order of priority corresponding to their respective due dates, beginning with the oldest among them.

23. **Diligence Obligations of the Originators**

Within the framework of the servicing and the collections of the Transferred Receivables, each Originator undertakes to act as a diligent, prudent and informed servicer. In particular, each Originator undertakes:

- (i) to comply with any applicable statutes and regulations in force;
- (ii) to use a level of care and diligence at least equivalent to that used in connection with its own receivables (*Sorgfalt in eigenen Angelegenheiten*);
- (iii) to ensure that any related security, rights, claims, privileges, encumbrances and other benefits attached to the Transferred Receivables are valid and remain in force and are exercised in due time;

- (iv) to oppose any claim challenging the existence, validity, amount or maturity of the Transferred Receivables or any related security, rights, claims, privileges, and other benefits, if any, attached thereto;
- (v) to take such steps as may be required or appropriate for the recovery of the sums of all kinds due under the Transferred Receivables; and
- (vi) to take such steps as may be required to cause any attachment, seizure, or any civil enforcement measure levied or applied for by a third party against it and affecting a Transferred Receivable to be released or withdrawn and to do so within 30 calendar days or any longer timeframe upon which the Parties have agreed.

24. Retransfer to the Originators

24.1 Conditions of Acceptance of Retransfer

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

24.2 Means of Retransfer

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

B. The Retransfer Payment shall be made on the Retransfer Date against delivery by the Transferee of a Retransfer Offer.

24.3 Retransfer Date

Any Retransfer accepted by the Transferee shall occur on a Transaction Date. For good reason (*aus wichtigem Grund*) and upon delivery by any Originator of a duly substantiated offer, such Originator, may, with respect to one or more Transferred Receivables, ask the Transferee that the Transferred Receivables be retransferred on a date other than a Transaction Date, in which case the relevant Originator shall indemnify the Transferee for any additional costs incurred by a Retransfer made on a day other than a Transaction Date, pursuant to the conditions set forth under Clause 44.

25. Onward Transfer by the Transferee

25.1 Onward Transfer during the Replenishment Period

A. At any time prior to the Redemption Date, the Transferee may onward transfer to any Permitted Onward Transferee, by any means, all or part of the Transferred Receivables. The rights and obligations of the Originators and of the Transferee under this Agreement shall remain unchanged in any event, notwithstanding the onward transfer to any Permitted Onward Transferee of all or part of the Transferred Receivables. In particular, the procedures governing the creation, Increases and Releases of the Deposits shall remain unchanged.

B. In the event of an onward transfer as described above in paragraph (A), the Transferee shall ensure that such transfer is not likely to cause a termination of the Servicing Mandate. In the event that the relevant Permitted Onward Transferee directly authorizes each Originator to collect the Receivables onward transferred to it on its behalf, each Originator shall have the same rights and obligations under such mandate as those granted to it under the Servicing Mandate and such mandate may be terminated under the same conditions.

25.2 Onward Transfer during the Redemption Period

A. At any time after the Redemption Date, and in the event the Transferee intends to onward transfer all Transferred Receivables to any Permitted Onward Transferee, the Transferee shall notify the Originators thereof and set out the conditions of the transfer which have been accepted by such Permitted Onward Transferee, by facsimile, confirmed by registered letter with acknowledgement of receipt, in order to allow all of the Originators to demand a Retransfer of the relevant Transferred Receivables prior to such onward transfer being effected.

B. If all of the Originators demand such Retransfer in writing before the fifth (5th) Business Day following receipt of the aforementioned letter by all of the Originators, the Retransfer shall be carried out by all of the Originators and the Transferee under conditions at least equally favorable to the Transferee as those governing the offer to the Permitted Onward Transferee mentioned above.

C. In the event that any of the Originators refuses or does not reply before the fifth (5th) Business Day following receipt of the aforementioned letter by all of the Originators, the Transferee shall be free to transfer the relevant Transferred Receivables to the aforementioned Permitted Onward Transferee under the conditions set forth in the said letter or under any other conditions more favorable to the Transferee.

D. The payment of a purchase price by any Permitted Onward Transferee to the Transferee pursuant to this Clause 25 shall be construed as having the effect of a Retransfer Payment of same amount for the purpose of calculating the amount of the Deposits on each relevant date.

PART VI. FINANCING**26. Characteristics of the Financing****26.1 Transferee's Commitment**

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

26.2 Calculation of the Financing during the Replenishment Period

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

$$F = \min [F_{\text{Max}}; FC; Fr]$$

where:

"F" means the amount of Financing

"F_{Max}" means the Maximum Financing Amount

"FC" means the Computed Financing Amount

"Fr" means the Requested Financing Amount

where:

$$FC = \left[\frac{\text{NOR}}{1 + \text{SDR}} \right]$$

where:

"NOR" means the Net Outstanding Receivables Amount

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

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

$$F = \min [F_{\text{PTD}}; F_{\text{Max}}; FC; Fr]$$

where:

- “F” means the amount of Financing
- “F_{PTD}” means the Financing Amount as calculated on the Principal Transaction Date immediately preceding the relevant Intermediary Transaction Date
- “F_{Max}” means the Maximum Financing Amount
- “FC” means the Computed Financing Amount
- “Fr” means the Requested Financing Amount

where:

$$FC = \left[\frac{NOR}{1 + SDR_{PTD}} \right]$$

where:

- “NOR” means the Net Outstanding Receivables Amount
- “SDR_{PTD}” means the Subordinated Deposit Rate on the Principal Transaction Date immediately preceding such Intermediary Transaction Date

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

26.3 Calculation of the Financing during the Redemption Period

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

$$F_{(if)} = \max [0; F_{(io)} - PS_{(if)}]$$

where:

- “(io)” means the Transaction Date occurring at the beginning of the Fee Computation Period
- “(if)” means the Transaction Date occurring at the end of the Fee Computation Period
- “F” means the amount of Financing
- “PS” means the Principal Share of the Collections

27. Maximum Financing Amount

27.1 Initial Maximum Financing Amount

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

27.2 Reduction of the Maximum Financing Amount

- A. The Maximum Financing Amount may be reduced at any time upon request of the Originators. Such reduction shall become effective on the first Transaction Date agreed upon between the Originators and the Transferee, or failing that, on the first Transaction Date subsequent to the period of ten (10) Business Days following the receipt of such request by the Transferee.

- B. A reduction of the Maximum Financing Amount shall not be requested by the Originators if as a result of such reduction the Maximum Financing Amount is below EUR 100,000,000 (one hundred million Euros).

28. Issuer of Reference

28.1 Choice of an Issuer of Reference

- A. The Parties expressly agree that the Transfer Fees shall be based on the refinancing costs of Eliopee Limited, which has been chosen by the Parties as Issuer of Reference in the area of securitization of receivables and other financial assets, and from which the Transferee undertakes to obtain all information needed to calculate said fees.

- B. The Issuer of Reference is solely in the business of issuing *billets de tresorerie* and any other short-term notes in order to finance the acquisition of receivables and other financial assets. The Issuer of Reference is a bankruptcy remote multi-seller vehicle created to refinance different types of assets, mainly trade receivables. The Transferee agrees to notify the Depositor about any material change with respect to the types of assets refinanced by the Issuer of Reference.

28.2 Financing costs of the Issuer of Reference

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

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

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

29. Transfer Fee

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

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

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

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

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

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(ii) Liquidity Agreement:

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

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

30. Management Fee

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

- (i) 0.61 % of the amount of the Financing on the Transaction Date at the beginning of such Fee Computation Period terminated before the relevant Transaction Date subject to a monthly minimum of EUR 15,000 plus 0.50 % of the amount of the Financing on the Transaction Date at the beginning of such Fee Computation Period terminated before the relevant Transaction Date; and
- (ii) where applicable, in case of termination of the Servicing Mandate given to each Originator pursuant to Clause 18.2, the amount effectively borne and justified by the Transferee pursuant to the Collection of the Transferred Receivables.

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

PART VII. DEPOSITS

31. Creation of Deposits on the Initial Transfer Date

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

32. Change in the Subordinated Deposit

32.1 Amount of the Subordinated Deposit during the Replenishment Period

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

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Transferee as follows:

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

where:

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

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

$$SD = SDR_{PTD} \times \min [FMax; FC; Fr]$$

where:

- “SD” means the amount of the Subordinated Deposit on the relevant Transfer Date
- “FMax” means the Maximum Financing Amount on the relevant Transfer Date
- “Fr” means the Requested Financing Amount by the Originators on the relevant Transfer Date
- “FC” means the Computed Financing Amount
- “SDR_{PTD}” means the Subordinated Deposit Rate on the Principal Transaction Date immediately preceding such Intermediary Transaction Date

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

32.2 Amount of the Subordinated Deposit during the Redemption Period

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

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

$$SD_{(if)} = SD_{(io)} - \max [0 ; - (F_{(if)} + CD_{(io)} - CS_{(if)} - PS_{(if)})]$$

where:

- “(io)” means the Transaction Date occurring at the beginning of the Fee Computation Period
- “(if)” means the Transaction Date occurring at the end of the Fee Computation Period
- “SD” means the amount of the Subordinated Deposit subject to the Increase made in accordance with Clause 40.3.3

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- “F” means the amount of the Financing
 “CD” means the amount of the Complementary Deposit
 “CS” means the amount of the Complementary Share of the Collections
 “PS” means the amount of the Principal Share of the Collections

32.3 Change in the Subordinated Deposit

- A. On each Transfer Date during the Replenishment Period, the change in the Subordinated Deposit shall be equal to the difference (positive, negative or zero) between the amount of the Subordinated Deposit on this date calculated pursuant to Clauses 32.1 and 32.2 and the amount of the Subordinated Deposit on the previous Transfer Date.
- B. On each Transaction Date which is not a Transfer Date during any Temporary Redemption Period or during the Redemption Period, the Subordinated Deposit shall not be reduced as long as the Financing and the Complementary Deposit have not been repaid in full.

33. Change in the Complementary Deposit

33.1 Amount of the Complementary Deposit during the Replenishment Period

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

$$CD_{(if)} = OTR_{(if)} - F_{(if)} - SD_{(if)}$$

where:

- “CD” means the amount of the Complementary Deposit
 “OTR” means the Outstanding Transferred Receivables Amount
 “F” means the amount of the Financing
 “SD” means the amount of the Subordinated Deposit

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

33.2 Amount of the Complementary Deposit during the Redemption Period

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

$$CD_{(if)} = \max [0 ; CD_{(io)} - CS_{(if)} - \max [0 ; - (F_{(io)} - PS_{(if)})]]$$

33.3 Change in the Complementary Deposit

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

$$CD_{(if)} - CD_{(io)}$$

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

34. Cash Collateral

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

35. Increase of the Cash Collateral

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

36. Release of the Cash Collateral

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

37. Immobilization Fee

- A. On each Transaction Date up to and including the Redemption Date, notwithstanding the occurrence of any Event of Default, in remuneration for the Deposits, the Transferee shall pay the Depositor, by crediting the Depositor's Account, an Immobilization Fee equal to the Synthetic Period Rate applicable on such date multiplied by the respective amount of each Deposit on the preceding Transaction Date.
- B. On each Transaction Date after the Redemption Date (excluded), notwithstanding the occurrence of an Event of Default, in remuneration for the Deposits, the Transferee shall pay the Depositor, by crediting the Depositor's Account, an Immobilization Fee equal to the Synthetic Period Rate applicable on the Redemption Date multiplied by the respective amount of each Deposit on the preceding Transaction Date.

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

PART VIII. REPRESENTATIONS AND WARRANTIES - COVENANTS

38. Representations and Warranties

38.1 From the Originators

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

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

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

38.2 From the Depositor

The Depositor hereby makes, to the Transferee, (a) the Representations and Warranties set forth under Clauses 38.1 (i) to (x), which shall apply to the Depositor *mutatis mutandis* and, in addition, (b)

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represents and warrants that the Parent Company controls directly or indirectly 100% of its share capital or voting rights and the Depositor accepts that the Representations and Warranties referred to in (a) and (b) above shall be deemed to be reiterated according to the provisions set out under Clause 38.3.

38.3 Reiteration

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

39. Covenants

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

(i) to provide the Transferee:

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

(ii) to request promptly all authorizations as may be necessary for the performance of its obligations under the Agreement;

(iii) upon knowledge by such Originator or the Depositor that a Potential Event of Default or an Event of Default has occurred, to notify promptly the Transferee thereof;

(iv) to conduct its business in compliance with all applicable laws and regulations;

(v) not to modify its corporate purpose or its legal form in a way which may have a Material Adverse Effect;

(vi) to inform the Transferee of any reorganization under which the Parent Company would no longer hold, directly or indirectly, at least 51% of the share capital or voting rights of the Depositor or such Originator;

(vii) as to each Originator only:

- to remit to the Transferee's Account, upon each Transaction Date all Collections relating to the last Collection Period terminated before such Transaction Date;
- upon the Transferee's reasonable request and subject to reasonable prior written notice thereof by the Transferee, to allow the Transferee to carry out or to commission any expert appraisal or audit (in all cases, at the Originator's expense and up to a maximum amount of EUR 15,000 per Originator per year; if the expenses actually incurred exceed such amount, the respective Originator and the Transferee shall negotiate in good faith whether such expenses were incurred in a prudent manner so that it is appropriate for the full amount to be borne by such Originator) in respect of the Transferable and the Transferred Receivables originated by such Originator and its Management Procedures;
- to maintain an adequate level of insurance coverage, as required by law or normally taken out in its business sector;
- to save all data relating to the Transferred Receivables as recorded in any Statement or any of the Portfolio Files delivered to the Transferee on each Information Date for a period of at least six years after the Transfer Date relating to such Information Date as required by Section 257 of the German Commercial Code (*Handelsgesetzbuch*);
- to immediately inform the Transferee if any of such Originator's suppliers has withdrawn the authority of such Originator to collect Transferred Receivables which are the subject of an Extended Retention of Title Clause.

PART IX. EVENTS OF DEFAULT

40. Events of Default and Termination of the Transferee's Commitment

40.1 General Events of Default

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

- (i) any failure by any Originator or the Depositor to make any due payment under this Agreement unless its failure to pay is caused by administrative or technical error and such payment is made within three (3) Business Days of its due date;
- (ii) any default by any Originator or the Depositor, other than specified in paragraph (i) above, of any of their covenants or obligations under this Agreement provided that no Event of Default under this paragraph will occur if the failure to comply is capable of remedy and is remedied within five (5) Business Days of the occurrence date of the default;
- (iii) any of the Representations and Warranties of any Originator or of the Depositor pursuant to Clause 38, or any information contained in any document delivered by any Originator or the Depositor to the Transferee under this Agreement is found to be inaccurate in any material respect at the date upon which it was made or delivered;
- (iv) any Originator or the Guarantor or the Depositor is subject to a voluntary dissolution or Insolvency Proceedings;
- (v) the Parent Company has ceased to hold, directly or indirectly, at least 51 % of the issued share capital or voting rights of any Originator or the Depositor;

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- (vi) any event which shall have a Material Adverse Effect;
- (vii) the validity of this Agreement or of any transfer of Transferred Receivables is successfully challenged before a court of law;
- (viii) the Guarantor is in breach of its Financial Covenants (as defined under each of the US Guarantees) or any of the US Guarantees ceases to be effective in accordance with its terms; and
- (ix) the amount of the Financing is at any time after the first Transaction Date below EUR 35,000,000.

40.2 Receivables Trigger Events

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

40.3 ERoT Events

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

40.3.2 The occurrence of any of the following events shall constitute an **“ERoT Withdrawal Event”** and an Event of Default:

- (a) any of the suppliers (each, a **“Withdrawing Supplier”**) of any Originator notifies such Originator that its authority to collect Receivables which are subject to an Extended Retention of Title Clause is withdrawn (each, a **“Supplier Withdrawal”**);

provided that no ERoT Withdrawal Event shall be deemed to have occurred, if, during the related Consultation Period:

(A) within a period of three (3) Business Days from the receipt by the relevant Originator of notice of a Supplier Withdrawal:

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

and

(B) any of the following measures has been taken during the related Consultation Period:

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

During such Consultation Period,

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

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

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

During such new Consultation Period,

- (i) if any Transaction Date occurs, the Transferee shall not be obliged to purchase any Transferable Receivables at such Transaction Date; and

- (ii) the Transferee, in its capacity as pledgee under the Collection Accounts Pledge Agreement, shall at any and all times be entitled to serve a Stop Drawing Notice in the form of Schedule 2 to the Collection Accounts Pledge Agreement (with a copy to all Originators).

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

- (c) (i) a Supplier Withdrawal has occurred, however, such Supplier Withdrawal is not deemed to constitute an ERoT Withdrawal Event pursuant to Clause 40.3.2 (a) (A) and (B) above, and (ii) at any time within the Consultation Period starting from the notice of the occurrence of such Supplier Withdrawal, an additional Supplier Withdrawal is notified to any Originator by any supplier and (iii) (aa) either the first Supplier Withdrawal or the additional Supplier Withdrawal was made by a Relevant Supplier or (bb) at any time within the Consultation Period starting from the notice of the occurrence of such additional Supplier Withdrawal, a third Supplier Withdrawal is notified to any Originator by any supplier; and
 - (A) any of the requirements set forth under Clause 40.3.2 (a) (A) and (B) has not been fulfilled during the new Consultation Period with respect to the second Supplier Withdrawal; or
 - (B)
 - (i) after the end of a three months period following the commencement of such new Consultation Period, the Transferee in its reasonable opinion having conducted a credit audit of the relevant Originator and/or the Guarantor decides that a material deterioration of the business or the financial condition of such Originator or the Guarantor has occurred; unless
 - (ii) within three (3) Business Days upon notice of (i) being served on the Depositor with a copy to Ingram Micro Coordination Center BVBA/Sprl., the Originators have exercised in their absolute discretion the option to make a Retransfer Offer with respect to all Transferred Receivables and have made the respective Retransfer Payment.

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

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

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

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

40.4 Issuer Event of Default

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

- (i) any or all Liquidity Bank(s) has(ve) notified the Issuer of Reference its intention to partially renew or its intention not to renew its commitment under the Liquidity Agreement (the Transferee hereby undertaking to inform the Depositor and each Originator of such non renewal or partial renewal upon becoming aware of the same), provided that no Issuer Event of Default shall be deemed to have occurred if upon notice of such non renewal or partial renewal, the Issuer of Reference and each relevant Liquidity Bank have found an alternative solution within a 20-Business Day period following the above mentioned notice (such alternative solution being subject to the confirmation by the Rating Agency that the current rating of the Notes issued by the Issuer of Reference is not likely to be challenged because of such solution and including, but not being limited to, the reduction of each relevant Liquidity Bank's maximum amount of commitment or the replacement of each relevant Liquidity Bank);
- (ii) the Issuer of Reference becomes unable to issue Notes (other than as a result of the occurrence of an event of market disruption); or
- (iii) the rating of the Notes issued by the Issuer of Reference is withdrawn or downgraded below the rating granted to such notes as of the date hereof.

41. Remedies upon the Occurrence of an Event of Default or a Termination of the Transferee's Commitment

41.1 Voluntary Early Termination

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

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

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

41.2 Mandatory Early Termination without Consultation Period

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

41.3 Mandatory Early Termination with Consultation Period

- (A) Upon the occurrence of any Issuer Event of Default or any Collections Trigger Event or ERoT Trigger Event, the Transferee and the Originators shall consult with one another and endeavor in good faith, during the duration of a Consultation Period starting from the occurrence of such Issuer Event of Default or Collections Trigger Event or ERoT Trigger Event, to find a solution mutually acceptable to the Parties.
- (B) If another Transaction Date occurs during this Consultation Period, the Transferee shall not be obliged to purchase any Transferable Receivables at that Transaction Date, and the provisions under this Agreement applying to any Temporary Redemption Period and Redemption Period shall take effect.
- (C) If an agreement is reached on the alternative solution within this Consultation Period, this solution shall be applied by the Parties on the date upon which they have agreed.
- (D) If an agreement cannot be reached within this Consultation Period and if such Issuer Event of Default or Collections Trigger Event or ERoT Trigger Event is continuing at this date, the Transferee shall serve notice to the Originators of the termination of the Transferee's Commitment. Upon termination of the Transferee's Commitment pursuant to the foregoing provision, the Final Transfer Date shall be the first Transaction Date following the date of acknowledgement of receipt by the Originators of the above mentioned termination notice, and the provisions of the Agreement concerning the Redemption Period shall apply on this date.

PART X. MISCELLANEOUS

42. Payments and Currency for Payments

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

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

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

43. Waiver

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

44. Late payment Interests

- A. In the event that an Originator fails to pay the Transferee any sum whatsoever owed under this Agreement on the day it is due and payable, the relevant Originator shall pay the Transferee, to the extent permitted by applicable law, late payment interests computed over the period between the due date and the actual date on which said sum is paid, at a rate of interest *per annum* equal to EONIA + 1.00%.
- B. Late payment interests shall be owed even if the Transferee did not declare the termination of this Agreement pursuant to Clause 40. Late payment interests shall not be exclusive of payment of a compensation to remedy certain and specific damages suffered by the Transferee, in accordance with the provisions of Clause 42.

45. Taxes

- A. Any amount which should be paid or remitted by an Originator in favor of the Transferee under this Agreement shall be made net of any deduction or withholding (with the exception of corporate income tax), unless the relevant Originator is required to make said deduction or withholding, in which case, to the extent permitted by law, the relevant Originator shall increase the amount to be paid or remitted to the Transferee such that following said deduction or withholding, the Transferee shall receive a net amount (free of any deduction or withholding of tax) which is equal to what it would have received had there been no such deduction or withholding.
- B. In the event and to the extent of any taxes, duties or charges becoming due, being imposed upon or otherwise becoming attributable to or payable by the Transferee (i) in Germany (in particular any trade tax (*Gewerbesteuer*)) by whatever reason in connection with this Agreement or (ii) in connection with the transactions contemplated hereby or (iii) in connection with the income derived hereunder or thereunder or (iv) in connection with the refinancing by the Transferee of the purchase of Transferred Receivables hereunder or (v) otherwise or in connection with their collection or realisation, the Originators shall pay such additional amounts to the Transferee which are required to ensure that the Transferee finally is able to fulfil its tax payment obligations and therefore receives, and is able to retain at any time for its free disposal in full an unreduced amount being equal to the aggregate of all amounts collected in relation to Transferred Receivables.

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- C. If the applicable laws do not permit the aforementioned increase to be made, the Transferee and the relevant Originator shall consult with one another in the shortest possible time and endeavor in good faith to find a solution mutually acceptable to the Parties.
- D. If such an agreement cannot be reached within 30 calendar days following the effective date of said levy, deduction or withholding of tax, the Final Transfer Date shall be deemed to have occurred on the 30th calendar day following the effective date of said levy, deduction or withholding of tax.

46. Change in Circumstances

- A. If, as a result of:
 - (a) any new law, regulation, directive or any amendment to any law, regulation or directive or any change in the manner it is interpreted by a governmental authority responsible for its enforcement; or
 - (b) any compliance by the Transferee (or its parent company) with a recommendation or regulation of a competent central bank or any other financial, monetary or other authority (including but not limited to a recommendation or regulation affecting the capital adequacy requirements applicable to the Transferee (or its parent company) in light of its obligations and such amounts as are owed to it under this Agreement);
- B. (a) the Transferee (or its parent company):
 - (i) incurs a cost as a result of granting, financing or maintaining the Transferee's Commitment; or
 - (ii) suffers an increase in the cost of granting, financing or maintaining the Transferee's Commitment; or
 - (iii) is compelled to make any payment whatsoever or to waive any return based on or computed by reference to the gross amount of those sums of any kind which it has received or is entitled to receive from the Originators pursuant to this Agreement; or
- (b) any amounts payable to the Transferee under this Agreement or any related documents is reduced or any regulatory capital adequacy requirements, as imposed on the Transferee (or its parent company) as the result of the Transferee entering into this Agreement and any transactions contemplated thereby, is increased;
- (c) it becomes impossible for the Originators to fulfil their respective obligations pursuant to this Agreement; or
- (d) it becomes unlawful for the Transferee (or its parent company) to maintain or give effect to its obligations as contemplated in this Agreement or impossible for the Transferee to maintain the Transferee's Commitment; or
- (e) any new condition is imposed on the Transferee (or its parent company) in respect of this Agreement;
- C. then in each of those cases:
 - (a) the Transferee shall give the Originators written notice of that event; and
 - (b) the Transferee shall be entitled to claim from the Originators payment of compensation for

the entire term of this Agreement in an amount sufficient to compensate the Transferee (or its parent company, respectively) for said incurred costs, reduction, payment or relinquishment of any return actually borne by the Transferee (or its parent company, respectively) and which arose subsequent to the date of receipt by the Originators of the above-mentioned notification; or

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

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

47. Expenses

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

48. Sub-contracting and Substitution

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

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

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

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

49. Confidentiality

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

This undertaking shall not:

- (i) prevent the transmission of any information to supervisory authorities, statutory auditors, legal advisers, tax authorities, the Rating Agency, the Issuer of Reference or any other entities appointed pursuant to Clause 48;
- (ii) preclude the possibility of any Party using any information to protect or enforce its rights under the Agreement, notably by bringing any legal action.

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

50. Benefit of the Agreement

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

51. Notices, Communication and Documents

51.1. Addresses

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

- (i) The Originators:

Ingram Micro Distribution GmbH

Title:
For the attention of:

Mail to:

Address:
Fax:
Tel:
E-mail:

Compu-Shack-Electronic GmbH

Title:
For the attention of:

Mail to:

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Address:
Fax :
Tel:
E-mail:

(ii) The Depositor:

Ingram Micro Holding GmbH

Title:
For the attention of:

Mail to:

Address:
Fax:
Tel:
E-mail:

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

Title:
For the attention of:
Title:
For the attention of:

Address:
Fax:
Tel:
E-mail:

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

Address:
Fax:
Tel:
E-mail:

For the attention of:

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

Ingram Micro Coordination Center BVBA/Sprl.:

Title:

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For the attention of:
Title:
For the attention of:

Address:
Fax :
Tel:
E-mail:

51.2. Effectiveness

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

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

52. Exercise of Rights

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

53. Language

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

54. Indivisibility

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

55. Governing Law - Jurisdiction - Counterparts

- A. This Agreement shall be governed by, and construed in accordance with German law if not explicitly provided otherwise in this Agreement.

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- B. Any dispute as to the validity, execution, interpretation or any other matter arising from this Agreement shall be subject to the jurisdiction of the District Court (*Landgericht*) in Frankfurt am Main, Germany.
- C. Each of the US Guarantees shall be governed by the laws of the State of California and subject to the jurisdiction of the Courts of the State of California.
- D. This Agreement may be executed (including execution by facsimile) in one or more counterparts (*Ausfertigungen*). Each signed counterpart shall constitute an original.

SCHEDULE 1

Glossary

Account Bank	means any bank from time to time party to the Collection Accounts Pledge Agreement and in the books of which any Collection Account is opened in the name of the relevant Originator.
Agreement	means this master receivables transfer and servicing agreement entered into between BNP Bank N.V. as Transferee, Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH as Originators and Ingram Micro Holding GmbH as Depositor.
Agreement Termination Date	has the meaning ascribed to it under Clause 4.
Back-up Servicer	means BNP Paribas Lease Group or any other authorized entity which may be appointed by the Transferee to collect the Transferred Receivables and to replace the Originators in the event of a termination of the Servicing Mandate and which is not a competitor of the Ingram Micro Group.
BNP Paribas	means BNP Paribas, a limited corporation organized under French law, having its registered office at 16, boulevard des Italiens, 75009 Paris, France, duly incorporated under number 662 042 449 RCS Paris.
Billet de Trésorerie	means a negotiable certificate of indebtedness governed by Articles L. 213-1 to L. 213-4 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>) and the Decree n° 92-137 dated 13 February 1992 and subsequent amendments or additions thereto, issued by the Issuer of Reference.
Billing Amount	means the nominal amount, taxes included, of a Receivable.
Business Day	means any day other than Saturday and Sunday upon which the interbank market is open in Paris (France), Amsterdam (The Netherlands), Munich and Koblenz (Germany), Brussels, (Belgium) and Saint-Helier (Jersey) for the entire day.
Business Day in the US	means any day other than Saturday and Sunday upon which the interbank market is open in Paris (France) and Los Angeles (USA) for the entire day.
Calculation Date	means the second Business Day preceding each Transaction Date, upon which the Transferee shall notify the relevant Originator: (i) its acceptance of the Offer made by the relevant Originator on the related Information Date; and (ii) the Financing Conditions related to such acceptance.
Calculation Period	means the exact number of days in each Fee Computation Period

for the calculation of the Transfer Fee adjusted to a 360-day year.

Cash Collateral

means the cash collateral created pursuant to the provisions of this Agreement, the amount of which may vary in respect of the Increase and the Release of the Cash Collateral in favor of the Transferee in order to secure the payment of such sums of all kinds as may be owed by an Originator to the Transferee pursuant to this Agreement.

Collection Account

means any of the bank accounts of any Originator that will be exclusively dedicated to the collections related to the Transferred Receivables and is opened in the books of Dresdner Bank AG or any other account bank; provided that such other bank has been notified in writing to the Transferee, has executed an account pledge agreement substantially in the form of the Collection Accounts Pledge Agreement and whose short-term debt obligations are rated by the Rating Agencies not lower than P-1.

At the date hereof, the Collection Accounts are the following accounts:

- means account no. _____ opened by Ingram Micro Distribution GmbH in the books of Dresdner Bank AG, bank sort 700 800 00; and
- means account no. _____ opened by Compu-Shack Electronic GmbH in the books of Dresdner Bank AG, bank sort code 700 800 00.

Collection Accounts Pledge Agreement

means the pledge agreement in respect of the Collection Accounts of the Originators entered into between each Originator as pledger and the Transferee as pledgee.

Collection Fee

means the collection fee calculated and paid by the Transferee to the Originators in consideration for the Servicing Mandate pursuant to Clause 18.1.

Collection Period

means, on a given Statement Date, the period from the immediately preceding Statement Date, exclusive, to such Statement Date, inclusive.

Collections

means the sum of all the Debtor Payments, Equivalent Payments and Retransfer Payments paid by the Originators to the Transferee.

Collections Trigger Event

means any of the Trigger Event defined as such and disclosed in Schedule 8 (Part 2).

Commercial Contract

means any commercial contract giving rise to a Receivable, such as entered into by an Originator and an Eligible Debtor within the meaning of section 354a of the German Commercial Code.

Complementary Deposit

means a deposit made by the Depositor with the Transferee, according to the provisions set forth under Part VII.

Complementary Share of

means, in connection with each Transaction Date relating to the

the Collections

end of a Collection Period, the product of:

- (i) the Collections on the Transaction Date relating to the end of the relevant Collection Period, and
- (ii) 1 minus the Principal Ratio established on the Transaction Date relating to the beginning of the relevant Collection Period.

Computed Financing Amount

or “FC” means, on each Transfer Date during the Replenishment Period, the amount of financing computed by the Transferee on the related Calculation Date and equal to:

$$FC = NOR / (1 + SDR)$$

where:

“SDR” means the Subordinated Deposit Rate on the relevant Transfer Date; and

“NOR” means the Net Outstanding Receivables Amount on the relevant Transfer Date.

Concentration Ratio

means, in respect of any relevant Debtor or Group of Debtors referred to in Schedule 9 and on a given Transaction Date, the ratio equal to;

- (i) the Outstanding Eligible Receivables Amount relating to such Debtor or Group of Debtors on such date, divided by
- (ii) the Outstanding Eligible Receivables Amount relating to all Debtors and Group of Debtors on such date;

as such ratio is determined by the Transferee on the related Calculation Date on the basis of the information appearing in the most recent Statement.

Consultation Period

means, for the purpose of Clauses 40 and following, a period of twenty (20) Business Days starting from the delivery date of any relevant notice required to be delivered in accordance with such clauses or the occurrence of any relevant event referred to in these clauses.

Credit

means, in relation to any Transferred Receivable, any decision made at any time by any Originator for the benefit of the Debtor of the said Transferred Receivable, according to which all or part of the Billing Amount of the relevant Transferred Receivable is reduced or cancelled.

Daily Fee

means the fee calculated by the Transferee on the Calculation Date according to the provisions of Schedule 7 and serving as a basis for calculating the Transfer Fee.

Data Protection Trust Agreement

means the data protection trust agreement entered into on August 14, 2003 between the Originators, the Transferee and the Data

Protection Trustee.

Data Protection Trustee	means BNP Paribas or any other person designated as such under the Data Protection Trust Agreement.
Debtor	means a debtor in relation to one or more Transferable or Transferred Receivables.
Debtors Table	means the information with respect to the Debtors provided to the Data Protection Trustee in substantially the form of Schedule 3.
Debtor Payment	in respect of Transferred Receivables, means any amount whatsoever paid by a Debtor to the relevant Originator (or to the Transferee in the event of cancellation of the Servicing Mandate).
Debtors File	means the information with respect to the Debtors provided to the Data Protection Trustee in substantially the form of Schedule 3.
Defaulted Receivable	means a Transferred Receivable which, at a given date: <ul style="list-style-type: none">(i) is an Unpaid Receivable; or(ii) is owed by an Insolvent Debtor; or(iii) is an Irrecoverable Receivable.
Delinquency Current Month Ratio	means, at any given Statement Date relating to a Principal Transaction Date, the delinquency current month ratio determined as : <ul style="list-style-type: none">- the Outstanding Delinquent Receivables Amount, divided by- the Outstanding Eligible Receivables Amount. <p>The Delinquency Current Month Ratio is expressed as a percentage and calculated on each Calculation Date by the Transferee on the basis of the information appearing in the relevant Statement.</p>
Delinquent Payable	means any Payable due by an Originator, which, at any given Statement Date, remains unpaid for more than 30 calendar days after its due date.
Delinquent Payables Ratio	With regards to an Originator, means, at any given Statement Date, the delinquent payables ratio determined as : <ul style="list-style-type: none">- the Outstanding Delinquent Payables Amount, divided by- the Outstanding Payables Amount. <p>With regards to an Originator, the Delinquent Payables Ratio is expressed as a percentage and calculated on each Calculation Date by the Transferee on the basis of the information appearing in the relevant Statement.</p>

Delinquent Payables Rolling Average Ratio	With regards to an Originator, means, at any given Statement Date relating to a Principal Transaction Date, the average of the Delinquent Payables Ratios of the last three subsequent Transaction Dates.
Delinquent Receivable	means a Transferred Receivable (other than a Disputed Receivable) which, at any given Statement Date, remains unpaid for 31 to 60 calendar days after its due date and which is not an Irrecoverable Receivable.
Delinquency Rolling Average Ratio	means, at any given Statement Date relating to a Principal Transaction Date, the average of the Delinquency Current Month Ratios of the three previous subsequent Statement Dates relating to a Principal Transaction Date.
Deposit	depending on the context, means the Subordinated Deposit or the Complementary Deposit.
Deposits	means both the Subordinated Deposit and the Complementary Deposit
Depositor	means Ingram Micro Holding GmbH, having its registered offices at Heisenbergbogen 3, 85609 Dornach, Germany.
Depositor's Account	means account no. _____ opened by the Depositor in the books of Dresdner Bank AG, bank sort code 700 800 00, or any other account opened by the Depositor in the books of any other bank before or after the entering into force of this Agreement, provided that the Transferee shall be notified in writing and in due time by the Depositor of the opening of such account or accounts.
Dilution	shall have the meaning ascribed to it in Clause 17.1.
Dilution Amount	means on a given Statement Date, the aggregate amount of Credits issued since the previous Statement Date.
Dilutions Outstanding	means the aggregate outstanding amount of Credits on each Statement Date as identified by the Originators in each Statement.
DIO	means, with regards to an Originator, at any given Statement Date, the days of inventory outstanding, as declared by each Originator in the relevant Statement.
Disputed Receivable	means any Transferred Receivable which, at any given Statement Date, remains unpaid for at least 31 calendar days after its due date and is designated as such in the books of the respective Originator.
Doubtful Debtor	means a Debtor registered under the "doubtful debtors" category pursuant to the Management Procedures.
DPO	means, with regards to an Originator, at any given Statement Date, the days of payables outstanding, as declared by each Originator in the relevant Statement.

DSO Current Month Ratio	<p>means on each Transaction Date, the number of days equal to 15 multiplied by the aggregate of :</p> <p>(a) the number “X”, entirely rounded downward so that :</p> <p style="padding-left: 40px;">(i) the aggregate of the Net Billing Amounts of the Group of Transferred Receivables on the “X”th previous Transfer Date is less than the Outstanding Transferred Receivable Amount on such Transaction Date; and</p> <p style="padding-left: 40px;">(ii) the aggregate of the Net Billing Amounts of the Group of Transferred Receivables on the “X+1”th previous Transfer Date exceeds the Outstanding Transferred Receivable Amount on such Transaction Date; and</p> <p>(b) the positive value which equals to :</p> <p style="padding-left: 40px;">(i) the Outstanding Transferred Receivable Amount as at such Transaction Date less the aggregate of the Net Billing Amounts of the Group of Transferred Receivables on the “X”th previous Transaction Date, divided by:</p> <p style="padding-left: 40px;">(ii) the aggregate of the Net Billing Amounts of the Group of Transferred Receivables on the “X+1”th Transaction Date preceding such Transaction Date.</p>
DSO Rolling Average Ratio	<p>or “DSO 3M” means, at any given Transaction Date, the average of the DSO Current Month Ratios of the six previous subsequent Transaction Dates.</p>
Early Termination Event	<p>means any of the early termination events specified in Clauses 41.1, 41.2 and 41.3.</p>
Effective Date	<p>has the meaning ascribed to it in Clause 4.</p>
Eligible Debtor	<p>means a Debtor having, on the given date, all of the characteristics set forth under Clause 8.</p>
Eligible Receivable	<p>means a Transferred Receivable having the characteristics set out in Clause 7.</p>
Eliopéeé Limited	<p>means Eliopéeé Limited, a limited company organized under the laws of Jersey, having its registered office at 22 Greenville Street, St. Helier, Jersey JE4 8PX.</p>
EONIA	<p>means the overnight eurocurrency rate against private-sector instruments, expressed as an annual rate, determined by the European Union Banking Federation according to information received from the principal financial operators as to the operations carried out on a given Target Day and published the following Target Day at about 7:00 a.m. (Brussels time) on the REUTERS screen (page Eonia) by the European Union Banking Federation.</p>

In the event that EONIA should no longer be available or is replaced by an equivalent rate or a rate of the same kind, as well as in the event of a change in the organization publishing EONIA or in the means of publication, the rate resulting from the said change or replacement shall automatically apply to the conditions set out in the above paragraphs, and any reference to "EONIA" shall be deemed to refer to that rate.

ERoT Exposure means, with regards to an Originator, at any given Statement Date, the difference between :

- (a) DPO, and
- (b) DIO.

ERoT Indicator means, with regards to an Originator, at any given Statement Date relating to a Principal Transaction Date, the maximum of :

- (a) zero (0), and
- (b) the minimum of :
 - (i) the ERoT Exposure on this Statement Date, and
 - (ii) the ERoT Exposure on the Statement Date relating to the previous Principal Transaction Date.

Equivalent Payment means a payment as defined in Clause 17.1.

ERoT Event means any EroT Trigger Event or ERoT Withdrawal Event.

ERoT Trigger Event means any of the events set forth in Schedule 8 (Part 3).

ERoT Withdrawal Event means any of the events set forth in Clause 40.3.2.

EURIBOR means the "Euro Inter-Bank Offered Rate" listed for a period of one month under the aegis of the European Union Banking Federation and published at 11 :00 a.m. (Brussels time) each Target Day on Reuter EURIBOR page 01, as exists two (2) Target Days before the first day of the interest period for which EURIBOR is calculated, or, if the said information is unavailable and no equivalent rate is available to replace it, the rate calculated by the Transferee as the average (rounded, where applicable, to the nearest one-sixteenth percent (1/16%) of the annual rates communicated to the bank by each of the reference banks, or by at least two of them, as the annual rates at which Euro deposits are offered to them with the same term and for the same amount by prime banks. In the event that at least two of the reference banks fail to communicate their rates to the Transferee as described above, the annual rate calculated as above shall be that proposed to the Transferee in the same conditions.

In the event that EURIBOR should no longer be available or is replaced by an equivalent rate or a rate of the same kind, as well as in the event of a change in the organization publishing

EURIBOR or in the means of publication, the rate resulting from the said change or replacement shall automatically apply to the conditions set out in the above paragraphs and any reference to "EURIBOR" shall be deemed to refer to that rate.

For the purposes of the present definition, "reference banks" means the registered offices in Paris of BNP Paribas, Crédit Lyonnais, Société Générale and Crédit Agricole Indosuez.

EUR	means the single European currency which is legal tender within the member nations of the European Union which have been admitted to participate in the third phase of the European Monetary Union.
Event of Default	means any of the events of default specified in Clauses 40.1 through 40.4.
Extended Retention of Title Clause	means a clause applied by an Originator's supplier in a sale of goods which provides that Receivables originated by the relevant Originator from the sale of such goods to its Debtors are subject to a security interest of such supplier (<i>verlängerte or erweiterte Eigentumsvorbehalte</i>) if the relevant Originator has not yet made full payment to such supplier of the amounts owed to it.
Fee Computation Period	means, on a given Transaction Date, a period running from the precedent Transaction Date, included, to such Transaction Date, excluded.
Final Transfer Date	has the meaning ascribed to it pursuant to Clause 4.
Financing	means, on each Transaction Date, the financing granted to the Originators by the Transferee, calculated pursuant to articles 26.2 and 26.3 of the Agreement.
Financing Conditions	means, at a given Transaction Date, the conditions of the related Financing as notified by the Transferee to the Originators on each Calculation Date in substantially the form of Schedule 4, which may be given in whole or in part to the extent permitted herein by electronic mail as a file which specifies the details of the calculation procedure and the amounts relating to the Financing, Deposits, Transfer Fee and Management Fee based on the Statement provided by the Transferee to the Originators on the relevant Information Date.
General Event of Default	means any of the events set out in Clause 40.1.
Group of Debtors	means a group of debtors designated as such in Schedule 9.
Group of Transferred Receivables	means, on a given Transfer Date, all of the Transferable Receivables which are transferred to the Transferee by any Originator on that date pursuant to the conditions set forth in Clause 10.
Guarantor	means Ingram Micro Inc., a Delaware company located at 1600 E. St Andrew Place, Santa Ana, California 92705, USA.

Immobilization Fee	means the fee due by the Transferee to the Depositor as a remuneration of each Deposit made and as described in Clause 37.
Increase	means any positive change in a Deposit.
Ineligible Receivable	means before its retransfer, if any, a Transferred Receivable which does not bear all of the characteristics of an Eligible Receivable, as of the respective Statement Date, as set out under Clause 7, or no longer bears any one of them, and which is thus financed by means of the Complementary Deposit.
Information Date	means the 2nd Business Day preceding each Calculation Date upon which each Originator transmits a Statement, the Portfolio Files and an Offer to the Transferee.
Ingram Micro Group	means the Parent Company and all of its consolidated subsidiaries.
Initial Transfer Date	means the first Transfer Date, as such date shall be specified by the parties hereto pursuant to Clause 9 (xii) among the dates in the timetable attached as Schedule 5 and shall occur no later than the end of January 2004. The Initial Transfer Date indicates the start of the Replenishment Period.
Insolvency Proceeding	means, for any Debtor or any Originator or the Depositor, to be subject to a voluntary dissolution or an insolvency proceeding (i.e. inability to pay its debts when they fall due (<i>Zahlungsunfähigkeit</i>); overindebtedness (<i>Überschuldung</i>) or impending illiquidity (<i>drohende Zahlungsunfähigkeit</i>), within the meaning of Sections 17, 18 and 19 of the German Insolvency Code (<i>Insolvenzordnung</i>).
Insolvent Debtor	means any Debtor which is the subject of Insolvency Proceedings.
Intermediary Transaction Date	means each date immediately following a Principal Transaction Date indicated in column "Transaction Date" of the current timetable of Schedule 5 and as this timetable shall be up-dated by the Originators pursuant to Clause 16 (xv).
Invoice	means any invoice issued by any Originator with respect to a Commercial Contract giving rise to a Receivable held by the relevant Originator with regard to a Debtor.
Irrecoverable Receivable	means a Receivable which has become, on a given date, irrecoverable pursuant to the criteria as set out in the German VAT Guidelines (<i>Umsatzsteuerrichtlinien</i>) to recover the value added tax billed by any Originator with respect to such Receivable and paid by the Debtor of such Receivable.
Issuer of Reference	means Eliopée Limited, incorporated in Jersey, rated P1, in its capacity as issuer of reference, as set out under Clause 29.1(A) or, upon mutual agreement of the Parties, any other multiseller vehicle which is a bankruptcy remote special vehicle created to refinance different kinds of assets on the commercial paper markets.
Issuer Event of Default	means any of the events set out in Clause 40.4.

Liquidity Agreement	means the contract providing a liquidity mechanism to the Issuer of Reference within the framework of its activity of issuing the <i>billets de trésorerie</i> and other short-term notes.
Liquidity Bank	means any Bank being part of the Banking Pool including BNP Paribas acting as pool agent, on its behalf and of behalf of the banks composing the banking pool, pursuant to the Liquidity Agreement.
Management Fee	means the management fee calculated by the Transferee, pursuant to Clause 30, in consideration of the management of the transactions contemplated hereunder by the Transferee.
Management Procedures	means the management procedures of any Originator dealing with the management of Transferable Receivables, as approved by the Transferee during its audit prior to the entry into force of this Agreement, and described in the document provided to the Transferee as a condition precedent to the entry into force of this Agreement in accordance with Clause 5 and attached as Schedule 14.
Material Adverse Effect	means <ul style="list-style-type: none">(a) any material impairment of the legality, validity or enforceability of the German Master Receivables Transfer and Servicing Agreement against any Originator or the Depositor, or(b) any event, act, occurrence, change or other circumstance, which results in a material adverse effect on, or, a material impairment of, the collectibility or the Collection of the Transferable Receivables or the Transferred Receivables.
Maximum Financing Amount	or “FMax” means EUR 230,000,000 (two hundred thirty million Euros) at the execution date of this Agreement. This amount may be modified pursuant to the conditions set out in this Agreement.
Net Billing Amount	on a given Statement Date, means the outstanding aggregate Billing Amounts of the Transferred Receivables determined by the Transferee on the basis of the information appearing in the most recent Statement and Portfolio Files.
Net Dilution Amount	means on a given Statement Date, the aggregate amount of Credits issued since the previous Statement Date less the aggregate amount of Credits issued and paid since the previous Statement Date.
Net Outstanding Receivables Amount	as determined in Schedule 9.
Non-Relevant Supplier	means any supplier of any Originator who is not a Relevant Supplier.
Notes	means the Billets de Trésorie issued by the Issuer of Reference.

Offer Form	means the transfer form made in the form of Schedule 2 that the Originator, shall notify to the Transferee on each Information Date.
Originator	means any of these subsidiaries of Ingram Micro Holding GmbH: (a) Ingram Micro Distribution GmbH, having its registered offices at Heisenbergbogen 3, 85609 Aschheim, Germany; and (b) Compu-Shack-Electronic GmbH, having its registered offices at 56564 Neuwied, Ringstraße 56-58, Germany.
Originators	means both Ingram Micro Distribution GmbH and Compu-Shack- Electronic GmbH.
Outstanding Delinquent Payables Amount	With regards to an Originator, on a given Transaction Date, means the total outstanding amount of Delinquent Payables determined by the Transferee on the basis of the information appearing in the most recent Statement.
Outstanding Delinquent Receivables Amount	on a given Transaction Date, means the outstanding amount of Delinquent Receivables determined by the Transferee on the related Calculation Date on the basis of the information appearing in the most recent Statement.
Outstanding Eligible Receivables Amount	on a given Transaction Date, means the outstanding amount of Eligible Receivables determined by the Transferee on the related Calculation Date on the basis of the information appearing in the most recent Statement.
Outstanding Ineligible Receivables Amount	on a given Transaction Date, means the outstanding amount of Ineligible Receivables determined by the Transferee on the related Calculation Date on the basis of the information appearing in the most recent Statement.
Outstanding Payables Amount	With regards to an Originator, on a given Transaction Date, means the total outstanding amount of Payables determined by the Transferee on the basis of the information appearing in the most recent Statement.
Outstanding Transferred Receivables Amount	on a given Transaction Date, means the outstanding amount of Transferred Receivables not fully paid on that date, including, as the case may be, the Group of Transferred Receivables, on the basis of the information appearing in the most recent Statement.
Overconcentration Amount	For each Debtor or group of Debtors, the Overconcentration Amount is the portion of the Outstanding Eligible Receivables Amount which exceeds the Overconcentration Limits set forth for such Debtor or Group of Debtors. The Overconcentration Amount will be financed in full by means of the Complementary Deposit.
Overconcentration Limits	means, in respect of any Debtor or Group of Debtors the limit (in %) as set out in Schedule 9 of the Concentration Ratio equal to (i) the Outstanding Eligible Receivables Amount relating to such Debtor or Group of Debtors on such date, divided by (ii) the

Outstanding Eligible Receivables Amount relating to all Debtors and group of Debtors on such date; as such ratio is determined by the Transferee on the basis of the information appearing in the most recent Statement.

Parent Company

on the execution date of the Agreement, Ingram Micro Inc., a corporation incorporated in the State of Delaware, United States of America, with its executive offices located at 1600 E. St. Andrew Place, Santa Ana, CA 92705, or after the execution date of the Agreement, any holding company which may come to hold, directly or indirectly, the Originators.

Party

means each and all of the three parties to this Agreement.

Payable

means any trade payable due by an Originator arising from a sale or a provision of services provided by any Originator's supplier.

Permitted Onward Transferee

means (i) any special purpose vehicle created to refinance different kinds of assets on the financial markets, any investment fund or any financial or credit institution or any insurance company or similar entity carrying out investment and other financial activities on a regular basis or (ii) any affiliate of any entity mentioned in (i) above which is not a direct competitor of the Ingram Micro Group.

For the purpose of the above definition, "affiliate" of any person shall mean any other person which, directly or indirectly, controls, is controlled by or is under common control with such person (excluding any person acting in any proceeding for the relief of financially distressed debtors under the laws of any jurisdiction). A person shall be deemed to be controlled by any other person if such other person possesses, directly or indirectly, power:

- (a) to vote 33,113 % or more, of the securities having ordinary voting power, for the election of the directors or managing general partners; or
- (b) to direct or cause the direction of the management and policies of such person whether by contract or otherwise.

Portfolio File

means each and any of the following electronic files permitting together the identification of each Transferred Receivable or Transferable Receivable:

- the file setting out the information on the Receivables on a given Statement Date as contemplated by Schedule 3;
- the file setting out the information on the Receivables between two Statement Dates as contemplated by Schedule 3; and
- the file setting out the information on the Debtors on a given Statement Date as contemplated by Schedule 3.

Potential Event of Default

means an event which, but for the expiry of any grace period or the giving of any notice (or any combination of the foregoing) would constitute an Event of Default or an Early Termination Event.

Principal Ratio	<p>means, on each Transaction Date relating to the end of a Collection Period, the ratio of</p> <ul style="list-style-type: none">(i) the sum of the amount of the Financing and the amount of the Subordinated Deposit calculated on such date; and(ii) the Net Outstanding Receivables Amount calculated on such date. <p>On each Transaction Date which is a Transfer Date during the Replenishment Period, the Principal Ratio shall be calculated on the basis of the information appearing in the Statement communicated on the Information Date related to such Transaction Date.</p> <p>On each Transaction Date which does not correspond to a Transfer Date during the Redemption Period or any Temporary Redemption Period, the Principal Ratio shall be calculated on the basis of the information appearing in the last Statement upon which a Transfer has occurred as communicated before the beginning of the Redemption Period or such Temporary Redemption Period.</p>
Principal Share of the Collections	<p>means, in connection with a Transaction Date relating to the end of a Collection Period, the product of</p> <ul style="list-style-type: none">(i) the sum of the Collections on the Transaction Date relating to the end of the relevant Collection Period; and(ii) the Principal Ratio established upon the Transaction Date relating to the beginning of the relevant Collection Period.
Principal Transaction Date	<p>means the Initial Transfer Date and, following such Initial Transfer Date every two dates appearing in the timetable attached as Schedule 5 or in the updated timetable replacing the timetable attached as Schedule 5 as provided for in Clause 16 (xv).</p>
Purchase Price	<p>Means, with respect to any Transferable Receivable, the amount as set forth in Clause 10.3.</p>
Quality of the Transferred Receivables	<p>means the main characteristics and quality of the Receivables as audited by the Transferee during its due diligence process conducted pursuant to Clause 5 (h) and reported in the Transferee's due diligence report attached as Schedule 15.</p>
Rating Agency	<p>means Moody's France S.A. or any other rating agency agreed between the Parties.</p>
Receivable	<p>means any trade receivable arising from a sale or a provision of services provided by any Originator pursuant to a Commercial Contract.</p>
Receivables Trigger Event	<p>means any of the Trigger Events defined as such and set out in Schedule 8 (Part 1).</p>

Redemption Date	means the first Transaction Date subsequent to the Final Transfer Date upon which the Financing is repaid in full.
Redemption Period	means the period running from the Final Transfer Date, inclusive, to the Agreement Termination Date, inclusive.
Release	means, within the limits of the amounts received by the Transferee, any reduction of a Deposit (or a Cash Collateral) incurring a negative movement in the Transferee's Account and a corresponding positive movement in the Depositor's Account.
Relevant Supplier	means any supplier of any Originator whose aggregate outstanding amount of account payables represents more than 3% of the total outstanding amount of accounts payable of such Originator.
Replenishment Period	means the period running from the Initial Transfer Date, included, to the Final Transfer Date, excluded.
Representations and Warranties	means the representations and warranties undertaken by the Originators and the Depositor set out under Clause 38.
Requested Financing Amount or "Fr"	means the financing amount requested by Ingram Micro Coordination Center BVBA/Sprl. on behalf of the Depositor.
Retransfer	means any retransfer of Transferred Receivables made by the Transferee to any Originator by way of a Retransfer Offer against the related Retransfer Payments.
Retransfer Date	means, with regard to a Transferred Receivable, the Transaction Date (or any other date specified under Clause 24.3), upon which both (i) such Transferred Receivable is transferred by the Transferee to the relevant Originator, by virtue of a Retransfer Form and (ii) the relevant Retransfer Payment is effective.
Retransfer Form	means the retransfer form to be served to any Originator by the Transferee upon each Retransfer Date in the form of Schedule 6.
Retransfer Payment	means, in respect of any Retransfer, the payment made on the Retransfer Date by the relevant Originator to the Transferee for an amount equal to the aggregate of the Net Billing Amounts of the relevant Transferred Receivables.
Servicing Mandate	means the mandate granted by the Transferee to the Originators as servicers to act in his name and on his behalf to manage and collect the Transferred Receivables pursuant to Clause 18.1.
Statement	means the "report" document setting out the information contemplated in Schedule 3, required to be communicated by each Originator to the Transferee on each Information Date or upon first request by the Issuer.
Statement Date	means the 2 nd Business Day preceding each Information Date on which a Statement and a Portfolio File relating to the receivables and the Originators are established.

Upon the occurrence of an Event of Default or in the event that the Transferee considers, in its reasonable credit judgement, that any information delivered on the Receivables transferred on the previous Statement Date are not up to date or misleading at the date of the request, a Statement Date may be:

- (i) the 1st Business Day following the date of reception by the relevant Originator of a written notice by the Transferee requesting the transmission of such Statement, if that notice is received by the relevant Originator before 12 midday on the given date of reception; or
- (ii) the 2nd Business Day following the date of reception by the relevant Originator of a written notice by the Transferee requesting the transmission of such Statement, if that notice is received by the relevant Originator after 12 midday on the given date of reception.

Stop Drawing Notice	means any notice sent by the Transferee to any Account Bank in the form of Schedule 2 to the Collection Accounts Pledge Agreement.
Subordinated Deposit	means a deposit made by the Depositor on behalf of the Originators with the Transferee as a guarantee for the complete reimbursement of the Financing, according to the provisions set forth under Part VII.
Subordinated Deposit Rate “SDR”	means the rate of the Subordinated Deposit calculated pursuant to the formula set out in Schedule 10.
Supplier Withdrawal	has the meaning ascribed to it in Clause 40.3.2 (a).
Synthetic Daily Rate	means, at a given date, the ratio between: <ul style="list-style-type: none">(i) the Daily Fee at the same date; and calculated pursuant to Schedule 7;(ii) the amount of Financing at the Transaction Date preceding the given date.
Synthetic Period Rate	means, at each Transaction date at the end of a given Fee Computation Period, the sum of the Synthetic Daily Rates of this Fee Calculation Period.
Target Day	means a day upon which the TARGET system (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is active.
Temporary Redemption Period	means any temporary redemption period during the Replenishment Period; provided that a Temporary Redemption Period shall start on any Transaction Date which is not a Transfer Date and shall end on the earlier of the two following dates: <ul style="list-style-type: none">(i) the next Transaction Date which is a Transfer Date, or(ii) the Transaction Date which is not a Transfer Date and

which occurs after two successive Transaction Dates which were not Transfer Dates.

Total Fees and Expenses	means any and all fees (including the Transfer Fee and the Management Fee) and all expenses which may be due and payable to the Transferee under this Agreement.
Transaction Date	means, as the context requires, either a Principal Transaction Date or (b) an Intermediary Transaction Date.
Transferable Receivable	means a Receivable having all the characteristics set out in Clause 6.
Transfer Date	means a Transaction Date during the Replenishment Period, upon which any Originator transfers a Group of Transferred Receivables to the Transferee pursuant to the relevant Transfer Form.
Transfer Fee	means the transfer fee calculated by the Transferee according to the method set out in Schedule 7.
Transferee	means BNP Paribas Bank N.V., a credit institution registered under the laws of Netherlands which is a wholly-owned subsidiary of BNP Paribas.
Transferee's Account	means account no. _____ opened by the Transferee in the books of BNP Paribas SA / Agence Centrale.
Transferee's Commitment	has the meaning ascribed to it under Clause 26.1.
Transferred Receivable	means a Receivable which has been transferred to the Transferee pursuant to the provisions of this Agreement.
Unpaid Receivable	means any Transferred Receivable which, at any Statement Date, remains unpaid for at least 61 calendar days after its due date.
US Guarantee	means each of the guarantees issued by the Guarantor in favour of the Transferee as contemplated under this Agreement.
Warranties of Compliance	means the guarantees provided by each Originator to the Transferee under Clause 11.
Withdrawing Supplier	has the meaning ascribed to it in Clause 40.3.2 (a)

SCHEDULE 7**Calculation of the Daily and Transfer Fees****I. - CALCULATION OF THE TRANSFER FEE DURING UNTIL THE REDEMPTION DATE**

On each Transaction Date during the period from the Initial Transfer Date (excluded) to the Redemption Date (included) and notwithstanding the occurrence of any Early Termination Event, the Originators shall pay the Transfer Fee calculated as follows:

I.1 - CALCULATION OF THE TRANSFER FEE

The calculation of the Transfer Fee is made on the Transaction Date being the last day of the relevant Fee Computation Period.

$$\text{Transfer Fee} = \text{SPR}_{(if)} \times [F_{(io)} + \text{SD}_{(io)} + \text{CD}_{(io)}]$$

whereby :

$$\text{SPR}_{(if)} = \sum_{i = i_0}^{if - 1} \text{DSR}_{(i)}$$

whereby :

- “(i)” means any calendar day including the Fee Computation Period
- “(io)” means the Transaction Date being the first day of the relevant Fee Computation Period
- “(if)” means the Transaction Date being the last day of the Fee Computation Period
- “SPR” means the Synthetic Period Rate
- “DSR” means the Daily Synthetic Rate
- “F” means the amount of the Financing
- “SD” means the amount of the Subordinated Deposit
- “CD” means the amount of the Complementary Deposit

I.2 - Calculation of the Daily Synthetic Rate :

$$\text{Daily Synthetic Rate}_{(i)} = \left[\frac{\text{Daily Fee}_{(i)}}{F_{(io)}} \right]$$

I.3 - Calculation of the Daily Fee :

The Daily Fee is computed on the basis of the aggregate financial costs to be borne by the Issuer of

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Reference when issuing *Billets de Trésorerie* or other short term notes, namely:

1. Interest on drawdowns outstanding under the Liquidity Agreement;
2. Placement and issuing fees on *Billets de Trésorerie* or other short term notes; and
3. Commitment fee under the Liquidity Agreement.

The Daily Fee shall be calculated as follows:

A. If no drawdown is outstanding under the Liquidity Agreement:

$$\text{Daily Fee (DF)} = C_{BT}(J) + 1/360 * F_{Max} (1,02 * e_{LL})$$

B. If one or several drawdown(s) is(are) outstanding under the Liquidity Agreement :

$$\text{Daily Fee (DF)} = C_{BT}(J) + 1/360 \left[\begin{array}{l} (D_{LL} * i_{LL}) \\ + 1,02 * e_{LL} * F_{MAX} \end{array} \right]$$

whereby, in each instance:

DF means the Daily Fee

$C_{BT}(J)$ means the weighted average cost (as calculated below) of the notes issued by the Issuer of Reference

D_{LL} means the aggregate amount of drawdowns outstanding under the Liquidity Agreement

i_{LL} means the interest due on drawdowns outstanding under the Liquidity Agreement.

e_{LL} means the percentage of commitment fee under the Liquidity Agreement

FMax means the Maximum Financing Amount

I.4 - Calculation of the Weighted Average Cost

The calculation of the weighted average cost borne by the Issuer of Reference when issuing *Billets de Trésorerie* or other short term notes ($C_{BT}(J)$) is used to determine the share to be borne by both Originators in the aggregate financial costs of the Issuer of Reference.

The weighted average cost is calculated as follows:

$$C_{BT}(J) = C_J * P_J$$

whereby :

C_J means the gross daily cost borne by the Issuer of Reference when issuing *Billets de Trésorerie* or other short term notes

P_J means the daily share of both Originators

whereby :

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$$C_J = \sum_{\substack{D_{ei} \leq J \\ D_{ri} > J}} \frac{r_i N_i}{360}$$

whereby :

N_i means the nominal value of each *Billet de Trésorerie* i (or other short term note i)

D_{ri} means the maturity date of each *Billet de Trésorerie* i (or other short term note i)

D_{ei} means the date of issuance of each *Billet de Trésorerie* i (or other short term note i)

r_i means the prepaid interest rate of each *Billet de Trésorerie* i (or other short term note i)

whereby :

A. If no drawdown is outstanding under the Liquidity Agreement:

$$P_i = \frac{F}{F_e}$$

B. If one or several drawdown(s) is(are) outstanding under the Liquidity Agreement:

$$P_i = \frac{F + T_{LL} - F_{LL}}{F_e + T_{LL}e - F_{LL}e}$$

whereby, in each instance

F means the outstanding amount of the Financing on the first day of the Fee Computation Period

T_{LL} means (if applicable) the aggregate amount of drawdowns outstanding under the Liquidity Facility and not yet applied to the repayment of *Billets de Trésorerie* or other short term notes

F_{LL} means (if applicable) the outstanding amount of drawdowns not repaid under the Liquidity Facility

F_e means the assets of the Issuer of Reference refinanced or to be refinanced by the issuance of *Billets de Trésorerie* or other short term notes

$T_{LL}e$ means (if applicable) the amount of drawdowns outstanding under all liquidity facilities available to the Issuer of Reference

$F_{LL}e$ means (if applicable) the outstanding amount of drawdowns not repaid under all liquidity facilities available to the Issuer of Reference

II. - CALCULATION OF THE TRANSFER FEE as of THE REDEMPTION Date

On each Transaction Date during as of the Redemption Date (excluded) both Originators shall pay the Transfer Fee calculated as follows:

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$$\text{Transfer Fee} = \text{SPR}_A \cdot [\text{SD}_{(io)} + \text{CD}_{(io)}]$$

whereby :

“ SPR_A ” means the Synthetic Period Rate on the Redemption Date

“ $\text{SD}_{(io)}$ ” means the amount of the Subordinated Deposit on the preceding Transaction Date

“ $\text{CD}_{(io)}$ ” means the amount of the Complementary Deposit on the preceding Transaction Date

SCHEDULE 8

Trigger Event

PART 1

Receivables Trigger Events

On each Statement Date relating to a Principal Transaction Date, each of the following trigger events shall be defined as a "Receivables Trigger Event" for the purpose of the Agreement:

		Ratios (R)	Receivables Trigger Event
1. Defaulted Receivables			
Principal Ratio as of the previous Principal Transaction Date	x	Defaulted Receivables since the last Statement Date relating to a Principal Transaction Date	
			R > 9,2%
		Subordinated Deposit as of the previous Principal Transaction Date	
2. Dilution Ratio			
Principal Ratio as of the previous Principal Transaction Date	x	Dilution Amounts since the last Statement Date relating to a Principal Transaction Date	
			R > 37%
		Subordinated Deposit as of the previous Principal Transaction Date	
3. Eligible Receivables Ratio			
		Net Outstanding Receivables Amount	

		1 + Subordinated Deposit Rate	R < F (Financing)

PART 2**Collections Trigger Events**

On each Statement Date relating to a Principal Transaction Date, each of the following trigger events shall be defined as a “Collections Trigger Event” for the purpose of the Agreement:

Ratios (R)	Collections Trigger Event
1. Delinquency Rolling Average Ratio (see definition in Schedule 1)	R > 1,8%
2. DSO Rolling Average Ratio (see definition in Schedule 1)	R > 40 days

PART 3**ERoT Trigger Events**

On each Statement Date relating to a Principal Transaction Date, each of the following trigger events shall be defined as a “EroT Trigger Event” for the purpose of the Agreement:

- **With regards to Ingram Micro Distribution GmbH**

Ratio (R), Indicator (I)	ERoT Trigger Event
1. Delinquent Payables Rolling Average Ratio (see definition in Schedule 1)	R > 13%
2. ERoT Indicator (see definition in Schedule 1)	I > 15 days

- **With regards to Compu-Shack-Electronic GmbH**

Ratio (R), Indicator (I)	ERoT Trigger Event
1. Delinquent Payables Rolling Average Ratio (see definition in Schedule 1)	R > 25%
2. ERoT Indicator (see definition in Schedule 1)	I > 30 days

SCHEDULE 9

Calculation of the Net Outstanding Receivables Amount
and the Overconcentration Limits

$$NOR = \frac{OER - D - \sum_{i \in I} y_i}{1 - \sum_{i \in I} c_i}$$

with:

“OER” means the Outstanding Eligible Receivables Amount

“NOR” means the Net Outstanding Receivables Amount

“D” means the total Dilutions Outstanding

“ y_i ” means the Outstanding Eligible Receivables Amount with respect to “the Debtor or Group of Debtors i”;

“ c_i ” means the Overconcentration Limit with respect to the “Debtor or Group of Debtors i”(in %)

“ x_i ” means the Overconcentration Amount with respect to the “Debtor or Group of Debtor i”;

“I” means all the Debtors and Group of Debtors with respect to which a positive Overconcentration Amount has been determined.

with

$$\ddot{u} \quad x_i = y_i - (c_i * NOR)$$

$$\ddot{u} \quad OER = \min [OERD; OERD - \max(0; MM)]$$

with

“OER” means the Outstanding Eligible Receivables Amount

“OER_D” means the Outstanding Eligible Receivables Amount represented by the Originators in the relevant Statement Form

and

“MM” means the mismatch calculated on each Statement Date M pursuant to the following computation formula:

$$MM = [(OTRM - OTRM-1) - (Group\ of\ Transferred\ Receivables_M - Collections_M)]$$

with

“OTR” Outstanding Transferred Receivables Amount

“M” the current Transaction Date

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“M-1” the previous Transaction Date

✓ $c_i =$ { means in % the Overconcentration Limits as stated in the table below.

Debtors or Group of Debtors	c_i
Aggregate of the first 4 top Debtors or Group of Debtors	17 %
Each of the first 4 top Debtors or Group of Debtors (subject to a special treatment for Proreserv (see below))	5 %
Proreserv	8 % if the overdue (61-90 days) Transferred Receivables with respect to Proreserv £ 0%
	or
	5 % if the overdue (61-90 days) Transferred Receivables with respect to Proreserv > 0%
Other Debtors or Group of Debtors different from either the first 4 top Debtors or Proreserv	3 %

SCHEDULE 10

Calculation of the Subordinated Deposit Rate

On each Transaction Date (D) which is a Principal Transaction Date, the Subordinated Deposit Rate, in percentage, shall have been calculated as follows:

A- Subordinated Deposit Rate for the Defaulted Receivables (SDR_{Defaulted}) :

$$\text{DRR} \quad \text{Defaulted Receivables Rate} = \frac{\sum_{i=D-1}^D \text{positive flows of Defaulted Receivables } i}{\sum_{i=D-7}^{D-6} \text{Group of Transferred Receivables } i}$$

$$\text{DRH} \quad \text{Defaulted Receivables Horizon} = \frac{\sum_{i=D-5}^D \text{Group of Transferred Receivables } i}{\text{Outstanding Eligible Receivables Amount}}$$

$$\text{SC} \quad \text{Stress Coefficient} = 2$$

$$\text{SDR}_{\text{Defaulted}} \quad \text{Subordinated Deposit Rate for Defaulted Receivables} = \text{DRR} * \text{DRH} * \text{SC}$$

B- Subordinated Deposit Rate for Dilution ($SDR_{Dilution}$) :

$$DR \quad \text{Dilution Rate} = \frac{\sum_{i=D-1}^D \text{Dilution Amount } i}{\sum_{i=D-3}^{D-2} \text{Group of Transferred Receivables}}$$

RA3 Rolling Average of the Dilution Rates relating to the last three Principal Transaction Dates

Max DR Maximum of Dilution Rates within the last twelve Principal Transaction Dates.

$$DH \quad \text{Dilution Horizon} = \frac{\sum_{i=D-1}^D \text{Transferable Receivables } i}{\text{Outstanding Eligible Receivables Amount } i}$$

$$SDR_{Dilution} \quad \text{Subordinated Deposit Rate for Dilution} = \frac{(2 * RA3 + (\text{Max DR} - RA3) * \text{Max DR} / RA3) * DH}{1}$$

C- Subordinated Deposit Rate

<p>Subordinated Deposit Rate = $\max [20,48\% ; 1 / (1 - \max \text{ of } (SDR_{Defaulted} + SDR_{Dilution}) \text{ within the last twelve Principal Transaction Dates}) - 1]$</p>

SCHEDULE 11A

Form of the Originator's Auditors Certificate (Effective Date)

[Letterhead of PwC]

In [] on [] 200[]

BNP Paribas Bank N.V.

Attention: []

Address: []

By mail and telecopy

Dear Sirs,

This letter is provided pursuant to the German Master Receivables Transfer and Servicing Agreement dated August 14, 2003 made by and between BNP Paribas Bank N.V. as Transferee, Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH as Originators and Ingram Micro Holding GmbH as Depositor (hereafter referred to as the **"GMRTS Agreement"**).

We have made inquiries at the competent court for insolvency proceedings (see Sec. 2 Insolvency Code - *Insolvenzgericht*) which - in the event of an insolvency - would be responsible for Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH at their respective registered addresses whether with regard to these companies, as at the date of this letter,

- (i) a petition for the commencement of the insolvency proceeding has been filed (Sec. 13 subseq Insolvency Code)
- (ii) or whether insolvency proceedings have commenced (Sec. 27 Insolvency Code) on either of these companies
- (iii) or whether a petition has been denied by the insolvency court due to insufficient assets (Sec. 26 Insolvency Code).

An employee of the Insolvency Court has verbally confirmed to us that there are no court documents with regard to any of the circumstances mentioned under (i) to (iii) above.

This letter is provided solely for the purpose set forth in the first paragraph and may not be used for any other purpose.

Yours very truly,

[Signature of a duly authorised representative of the Auditors]

SCHEDULE 11B

Form of the Originator's Auditors Certificate

[Letterhead of PwC]

In [] on [] 200[]

BNP Paribas Bank N.V.

Attention: []

Address: []

By mail and telecopy

Dear Sirs,

This letter is provided pursuant to the German Master Receivables Transfer and Servicing Agreement dated August 14, 2003 as amended and restated on December 29, 2003 made by and between BNP Paribas Bank N.V. as Transferee, Ingram Micro Distribution GmbH and Compu-Shack Electronic GmbH as Originators and Ingram Micro Holding GmbH as Depositor (hereafter referred to as the **"GMRTS Agreement"**).

We have made inquiries at the competent court for insolvency proceedings (see Sec. 2 Insolvency Code - *Insolvenzgericht*) which - in the event of an insolvency - would be responsible for Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH at their respective registered addresses whether with regard to these companies, as at the date of this letter,

- (iv) a petition for the commencement of the insolvency proceeding has been filed (Sec. 13 subseq Insolvency Code)
- (v) or whether insolvency proceedings have commenced (Sec. 27 Insolvency Code) on either of these companies
- (vi) or whether a petition has been denied by the insolvency court due to insufficient assets (Sec. 26 Insolvency Code).

An employee of the Insolvency Court has verbally confirmed to us that there are no court documents with regard to any of the circumstances mentioned under (i) to (iii) above.

This letter is provided solely for the purpose set forth in the first paragraph and may not be used for any other purpose.

Yours very truly,

[Signature of a duly authorised representative of the Auditors]

SCHEDULE 12A

Form of the Managing Director's Certificate (Effective Date)

[Letterhead of Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH]

In [] on [] 200[]

BNP Bank N.V.

[Branch]

Attention : []

by mail and telecopy

Dear Sirs,

The undersigned, [], managing director (*Geschäftsführer*) of [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH], a German limited liability company, having its registered offices at [], registered in the commercial registry of the Lower Local Court (*Amtsgericht*) [] under registration number HRB [],

represents, with reference to the German master receivables transfer and servicing agreement dated August 14, 2003 between BNP Paribas Bank N.V. as Transferee, Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH as Originators and Ingram Micro Holding GmbH as Depositor (the "**GMRTS Agreement**"),

to BNP Paribas Bank NV, a Dutch limited liability company, having its registered seat in the Netherlands, Herengracht 477, Postbus 10042, 1101 EA Amsterdam, registered with the Chamber of Commerce in Amsterdam under the number 33 166 364,

- (i) that, to the best of its knowledge, between the closing date of the audited accounts for the fiscal year 2002 and the date hereof, no event has occurred which could constitute a Material Adverse Effect;
- (ii) that [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH] is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments occurs in relation to it; and
- (iii) that there exists no provision currently in force and which has not been removed (with respect to any contract or agreement which is binding on it or to which it is a party) which could impede the execution of the GMRTS Agreement by [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH] or of any of its obligations hereunder, particularly any provisions limiting the transfer of its receivables or negative pledge clauses.

Capitalized terms and expressions in this certificate, unless herein defined shall have the same meaning as ascribed to such terms and expressions in the glossary attached as Schedule 1 to the GMRTS Agreement.

Best regards,

[Signature of the Managing Director of [Ingram Micro Distribution GmbH/Compu-Shack-Electronic

SCHEDULE 12B

Form of the Managing Director's Certificate

[Letterhead of Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH]

In [] on [] 200[]

BNP Bank N.V.

[Branch]

Attention : []

by mail and telecopy

Dear Sirs,

The undersigned, [], managing director (*Geschäftsführer*) of [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH], a German limited liability company, having its registered offices at [], registered in the commercial registry of the Lower Local Court (*Amtsgericht*) [] under registration number HRB [],

represents, with reference to the German master receivables transfer and servicing agreement dated August 14, 2003 as amended and restated on December 29, 2003 between BNP Paribas Bank N.V. as Transferee, Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH as Originators and Ingram Micro Holding GmbH as Depositor (the "**GMRTS Agreement**"),

to BNP Paribas Bank NV, a Dutch limited liability company, having its registered seat in the Netherlands, Herengracht 477, Postbus 10042, 1101 EA Amsterdam, registered with the Chamber of Commerce in Amsterdam under the number 33 166 364,

- (i) that, to the best of its knowledge, between the closing date of the audited accounts for the fiscal year 200[] and the date hereof, no event has occurred which could constitute a Material Adverse Effect;
- (ii) that [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH] is not under administration, insolvency, bankruptcy, dissolution, receivership or winding up and no stoppage of payments occurs in relation to it;
- (iii) that there exists no provision currently in force and which has not been removed (with respect to any contract or agreement which is binding on it or to which it is a party) which could impede the execution of the GMRTS Agreement by [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH] or of any of its obligations hereunder, particularly any provisions limiting the transfer of its receivables or negative pledge clauses; and
- (iv) that [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH] will fulfill all its obligations under tax laws and applicable interpretative guidelines to provide the relevant tax authorities on a timely basis with all and complete tax returns, filings and reports (including, without limitation, with all monthly self-assessed VAT filings (*Umsatzsteuervoranmeldungen*) and annual VAT returns (*Umsatzsteuerjahreserklärungen*)); [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH] will use the payments which it receives from the Transferee under the GMRTS Agreement to discharge its VAT liabilities to the competent German tax authorities fully and in a timely manner.

HENGELER MUELLER

Capitalized terms and expressions in this certificate, unless herein defined shall have the same meaning as ascribed to such terms and expressions in the glossary attached as Schedule 1 to the GMRTS Agreement.

Best regards,

[Signature of the Managing Director of [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH]]

SCHEDULE 15

Form of ERoT-Certificate

[Letterhead of Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH]

In [], on [] 200[]

BNP Bank N.V.

[Branch]

Attention : []

by mail and telecopy

Dear Sirs,

The undersigned, [], managing director (*Geschäftsführer*) of [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH], a German limited liability company, having its registered offices at [], registered in the commercial registry of the Lower Local Court (*Amtsgericht*) [] under registration number HRB [],

represents, with reference to the German master receivables transfer and servicing agreement dated August 14, 2003 as amended and restated on December 29, 2003 between BNP Paribas Bank N.V. as Transferee, Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH as Originators and Ingram Micro Holding GmbH as Depositor (the "**GMRTS Agreement**"),

to BNP Paribas Bank NV, a Dutch limited liability company, having its registered seat in the Netherlands, Herengracht 477, Postbus 10042, 1101 EA Amsterdam, registered with the Chamber of Commerce in Amsterdam under the number 33 166 364,

that since the most recent ERoT-Certificate, none of [Ingram Micro Distribution GmbH/Compu-Shack- Electronic GmbH]'s suppliers has withdrawn the authority to collect Receivables which are subject to an Extended Retention of Title Clause.

Capitalized terms and expressions in this certificate, unless herein defined shall have the same meaning as ascribed to such terms and expressions in the glossary attached as Schedule 1 to the GMRTS Agreement.

Best regards,

[Signature of the Managing Director of [Ingram Micro Distribution GmbH/Compu-Shack-Electronic GmbH]]

SCHEDULE 16

Part I: US Guarantee (Collections)

Pursuant to this Guaranty (the "**Guaranty**"), dated as of _____ August 2003, Ingram Micro Inc., a Delaware corporation (the "**Guarantor**"), hereby unconditionally, absolutely and irrevocably guarantees as primary obligor and not as a surety merely, to the Beneficiary (as defined below), with offset or deduction, the full and punctual payment when due of all the retransfer of Collections (as defined under the GMRTS Agreement referred to below) payable by Ingram Micro Distribution GmbH and Compu- Shack-Electronic GmbH, companies organised and existing under the laws of Germany (the "**Originators**") and Ingram Micro Holding GmbH, a company organised and existing under the laws of Germany (the "**Depositor**"), being collectively, the "**Obligors**", under the German Master Receivables Transfer and Servicing Agreement (together with all amendments and other modifications, if any, from time to time made to it, the "**GMRTS Agreement**") dated _____ August 2003 made by and between the "**Obligors**" and BNP Bank NV, a company organized and existing under the laws of The Netherlands (thereunder, the "**Transferee**" and hereunder, the "**Beneficiary**"); unless otherwise defined herein, all capitalised terms used herein without definition have the meanings provided for in the GMRTS Agreement (all of the foregoing guaranteed obligations being the "**Guaranteed Obligations**").

This Guaranty is a continuing guarantee and will extend to the ultimate balance of all sums payable under the Guaranteed Obligations, PROVIDED THAT all payments by the Guarantor hereunder shall be limited to an aggregate maximum amount of Euros 230,000,000 or the US dollar equivalent thereof converted at the spot rate.

Pursuant to this Guaranty, the Guarantor undertakes to pay to BNP Paribas, a company organised and existing under the laws of France, acting hereby as agent on behalf of the Transferee (in this capacity, the "**Agent**"), any amount denominated in euros requested by the Agent in relation to this Guaranty, upon first written demand sent by the Agent on any Business Day US in the form of Exhibit 1 hereto (the "**Notification**") specifying (i) the amount requested for payment by the Guarantor hereunder (the "**Requested Amount**") along with explanation of how such Requested Amount is calculated pursuant to the GMRTS Agreement and the date such amount was due from the Obligors, (ii) the account of the Beneficiary (the "**Beneficiary's Account**") and (iii) a certification from an officer of the Agent that the Requested Amount is the past due amount owed by the Obligors to the Beneficiary under the GMRTS Agreement. The Notification shall be sent by the Agent to the Guarantor by facsimile and confirmed by email before 11.00 a.m. (Los Angeles Time) on the date of its receipt (the "**Notification Date**"). The Guarantor waives any right it may have to dispute such demand and the amount requested to avoid a payment hereunder. The foregoing provision shall be without prejudice to any claim the Guarantor may have against the Beneficiary after the making of any payment pursuant to the terms hereof.

The Guarantor shall send the appropriate payment instructions and confirm the sending thereof to the Agent at the latest at 5.00 p.m. (Los Angeles time) on the Notification Date and credit the Beneficiary's Account with the Requested Amount in euros and immediately available funds, at the latest at 5.00 p.m. (Los Angeles time) on the fourth Business Day US following the Notification Date.

SECTION I. Consents and Waivers by Guarantor.

- (a) This Guaranty shall be binding upon the Guarantor, its successors and assigns, and shall remain in full force and effect irrespective of, and shall not be terminated by, the existence of any law, regulation or order now or hereafter in effect in any jurisdiction affecting the terms of the GMRTS Agreement or any other agreement or instrument relating thereto (the foregoing agreements, documents and instruments being, collectively, the “**Credit Documents**”), or the rights or obligations of any Obligor under or with respect to any of the Credit Documents. The liability of the Guarantor under this guaranty shall be absolute, unconditional and irrevocable irrespective of:
- (i) any lack of validity or enforceability of any Obligor’s obligations under or with respect to any Credit Document;
 - (ii) any change, whether or not agreed to by the Beneficiary, in the time, manner or place of payment of, or in any other term of, all or any of the Credit Documents or any other amendment, renewal, extension, acceleration, compromise or waiver of or any consent or departure from the terms of provisions of any of the Credit Documents;
 - (iii) the lack of power or authority of any of the Obligors to execute and deliver any of the Credit Documents, any set-off or counterclaim which may at time be available to or asserted by any Obligor against the Beneficiary with respect to such Obligor’s obligations under any of the Credit Documents; the existence or continuance of any Obligor as a legal entity; the consolidation or merger of any Obligor with or into any other corporation, or the sale, lease or other disposition by any Obligor of all or substantially all of its assets to any other business entity, whether or not effected in compliance with provisions of any of the Credit Documents; or the bankruptcy or insolvency of any Obligor, the admission in waiting by any Obligor of its inability to pay its debts as they mature, or the making by any Obligor of a general assignment for the benefit of, or entering into a composition or arrangement with, creditors; and
 - (iv) any other circumstance which might otherwise constitute a defence available to, or legal or equitable discharge of, the Obligors or the Guarantor;

it being the purpose and intent of this Guaranty that the obligation of the Guarantor hereunder shall be absolute, unconditional and irrevocable and shall not be discharged or terminated except by full and complete performance of all of the Guaranteed Obligations but without prejudice to any claim the Guarantor may have against the Beneficiary after the making of any payment pursuant to the terms hereof.

- (b) The Guarantor agrees that it is directly and primarily liable to the Beneficiary, that the obligations hereunder are independent of the obligations of each Obligor, and that a separate action or actions may be brought and presented against the Guarantor, whether or not an action is brought against any of the Obligors or any other person, or whether the Obligors or any other person is joined in any such action or actions. The Guarantor agrees that any releases which may be given by the Beneficiary to any Obligor or endorser shall not release it from this Guaranty.

- (c) The Guarantor does hereby waive and relinquish, so far as it may lawfully and effectively do so, the benefit and advantage of any and all valuation, stay, appraisal, extension or redemption law or laws now in effect or hereafter enacted, and also waives promptness, diligence, notice of acceptance, default, dishonour, non-payment, non-performance or any other notice to or upon any Obligors or the Guarantor.

3.2 No Subrogation

- (a) Any and all present and future debts and obligations of each Obligor to the Guarantor, including rights of reimbursement and subrogation, are hereby postponed in favour of and subordinated to the payment in full in cash of all of the Guaranteed Obligations.
- (b) Notwithstanding any payment or payments made or expenses incurred by the Guarantor pursuant to this Guaranty, the Guarantor shall not be subrogated, in whole or in part, to the rights of the Beneficiary against any Obligor under the Credit Documents until the Guaranteed Obligations shall have been paid in cash in full. If any amount shall be paid to the Guarantor in violation of the preceding sentence, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for, the Beneficiary and, in addition, shall forthwith be paid to the Agent for the account of the Beneficiary to be credited and applied upon the Guaranteed Obligations if then matured or forthwith be repaid to the relevant Obligor if such obligations are then unmatured. The Guarantor hereby agrees that, as between itself on the one hand and the Beneficiary on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable notwithstanding any stay, injunction or other prohibition preventing such declaration as against any Obligors and that, in the event of any such declaration, the Guaranteed Obligations (whether or not then due and payable by any Obligors) shall forthwith become due and payable by the Guarantor for purposes of this Guaranty.

3.3 Reinstatement of Guaranty

This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by the Beneficiary upon the insolvency, bankruptcy or reorganization of any Obligor, the Guarantor or otherwise, all as though such payment had not been made.

3.4 Undertakings of the Guarantor

1. The Guarantor undertakes not to permit that at any time during this Guaranty:
- (a) the ratio of (x) Consolidated EBITDA for any period of four consecutive Fiscal Periods of the Guarantor to (y) Consolidated Interest Charges for such period to be less than 2.5 to 1.0; provided that, for purposes of calculating the preceding ratio the contribution of any Subsidiary of the Guarantor acquired (to the extent the acquisition is treated for accounting purposes as a purchase) during those four Fiscal Periods to Consolidated EBITDA shall be calculated on a pro forma basis as if it had been a Subsidiary of the Guarantor during all of those four Fiscal Periods.
- (b) the Consolidated Tangible Net Worth at the end of any Fiscal Period to be less than the sum of (i) USD 991,445,000, plus (ii) 50 % of Consolidated Net Income (without taking into account any losses incurred in any Fiscal Year of the Guarantor) for each Fiscal Year of the Guarantor ended on or after December 28, 2002.

The accounting terms used in bold type for the calculation of the ratios under l.(a) and l.(b) above (the **“Financial Ratios”**) shall have the meaning ascribed to them in Exhibit 3 hereto.

2. The Guarantor undertakes to provide the Agent with its annual consolidated audited accounts for each of its fiscal year (and for the first time for the fiscal year ended on December 28, 2002) no later than 90 days after the end of each subsequent fiscal year.

3. Assignment - Successors

This Guaranty is a continuing guaranty and shall be binding upon the Guarantor and its successors and assigns. This Guaranty shall inure to the benefit of the Beneficiary hereunder and its successors and assigns and shall be considered to be assigned upon the assignment or transfer by the Beneficiary of any of its rights and obligations under the Credit Documents without requiring any act of or consent or acknowledgment from the Guarantor. In furtherance of the foregoing, the Guarantor shall execute and deliver to any assignee or transferee or the Beneficiary such additional counterparts of this Guaranty as the Agent, on behalf of the Beneficiary, may request in writing at any time and from time to time.

3.6 Governing law - Submission to jurisdiction

This guaranty shall be governed by and its provisions construed under the laws of the State of California any litigation based hereon, or arising out of, under, or in connection with, this guaranty or any course of conduct, course of dealing, statements (whether oral or written), or actions of the Beneficiary or the Guarantor pursuant to this guaranty shall be brought and maintained, to the extent permitted by applicable law, exclusively in the state or federal courts in the State of California. The Guarantor hereby expressly and irrevocably submits to such jurisdiction for the purpose of any such litigation as set forth above and irrevocably consents to the service of any and all process in such litigation or proceeding by the mailing of copies of such process to the Guarantor at its address specified in Exhibit 2 hereto, in each case marked for the attention of the Worldwide Treasurer and the General Counsel, Ingram Micro Inc., or by personal service within or without the State of California in the manner permitted by the laws of each such state.

3.7 Miscellaneous Provisions

- (a) No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor here from, shall in any event be effective unless the same shall be in writing and signed by the Agent on behalf of the Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
- (b) All notices and other communications provided to any party hereto shall be made in the manner, and subject to the provisions set forth in Exhibit 2 hereto.
- (c) Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.
- (d) Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision of the remaining provisions of this Guaranty.

3.8 Waives of Jury Trial

The Beneficiary and the Guarantor hereby knowing, voluntarily and intentionally waive any rights they may have to a by jury in respect of any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Beneficiary or the Guarantor.

*[Remainder of page intentionally blank
Signature pages to follow.]*

IN WITNESS WHEREOF, the undersigned corporation has caused this Guaranty to be executed on its behalf as of the date above written by one of its officers duly authorised thereto.

INGRAM MICRO INC., a corporation
organised and existing under the laws of the State
of Delaware,
United States of America

By

Thomas A. Madden,
Executive Vice President and Chief Financial
Officer

Exhibit 3**Definitions of accounting terms**

The accounting terms used in bold type in Section 3.4 (Undertakings of the Guarantor) § 1 shall have the following meanings:

“Business Improvement Program Charges” means, for any period, the aggregate business improvement program charges recorded in accordance with GAAP by the Guarantor and its Consolidated Subsidiaries during such period with respect to the comprehensive business improvement program described in the September 18, 2002 press release of the Guarantor.

“Capitalized Lease Liabilities” of any Person means, at any time, any obligation of such Person at such time to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property, which obligation is, or in accordance with GAAP (including FASB Statement 13) is required to be, classified and accounted for as a capital lease on a balance sheet of such Person at the time incurred; and for purposes of this Guaranty the amount of such obligation shall be the capitalized amount thereof determined in accordance with such FASB Statement 13.

“Cash Business Improvement Program Charges” means Business Improvement Program Charges that will require a corresponding cash expenditure.

“Consolidated Assets” means, at any date, the total assets of the Guarantor and its Consolidated Subsidiaries that would be reflected on a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as at such date in accordance with GAAP.

“Consolidated EBITDA” means, for any period, Consolidated Income (or Loss) from Operations for such period adjusted by adding thereto (a) the amount of all amortization of intangibles, depreciation and any other non-cash charges that were deducted in arriving at Consolidated Income (or Loss) from Operations for such period and (b) the amount of Cash Business Improvement Program Charges recorded in accordance with GAAP during such period; provided that the cumulative amount of Cash Business Improvement Program Charges added may not exceed \$50,000,000.

“Consolidated Income (or Loss) from Operations” means, for any period, the amount of “income or loss from operations” (or any substituted or replacement line item) reflected on a consolidated statement of income of the Guarantor and its Consolidated Subsidiaries for such period in accordance with GAAP.

“Consolidated Interest Charges” means, for any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Guarantor and its Consolidated Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Guarantor and its Consolidated Subsidiaries in accordance with GAAP):

- (a) aggregate Net Interest Expense for such period plus, to the extent not deducted in determining Consolidated Net Income for such period, the amount of all interest previously capitalized or deferred that was amortized during such period, plus
- (b) all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Income for such period, plus

- (c) all attributable interest, fees in lieu of interest and “losses on sales of receivables” (or any substituted or replacement line item) reflected on a consolidated statement of income of the Guarantor and its Consolidated Subsidiaries for such period, in each case associated with any securitization program by the Guarantor or any of its Consolidated Subsidiaries.

“**Consolidated Liabilities**” means, at any date, the sum of all obligations of the Guarantor and its Consolidated Subsidiaries that would be reflected on a consolidated balance sheet of the Guarantor and its consolidated Subsidiaries as at such date in accordance with GAAP.

“**Consolidated Net Income**” means, for any period, the consolidated net income of the Guarantor and its Consolidated Subsidiaries as reflected on a consolidated statement of income of the Guarantor and its Consolidated Subsidiaries for such period in accordance with GAAP.

“**Consolidated Stockholders’ Equity**” means, at any date:

- (a) Consolidated Assets as at such date,

less

- (b) Consolidated Liabilities as at such date.

“**Consolidated Subsidiary**” means any Subsidiary whose financial statements are required in accordance with GAAP to be consolidated with the consolidated financial statements delivered by the Guarantor from time to time.

“**Consolidated Tangible Net Worth**” means, at any date:

- (a) Consolidated Stockholders’ Equity as at such date plus the accumulated aftertax amount of non-cash charges and adjustments to income and Consolidated Stockholders’ Equity attributable to employee stock options and stock purchases through such date,

less

- (b) goodwill and other Intangible Assets of the Guarantor and its Consolidated Subsidiaries.

“**Fiscal Period**” means a fiscal period of the Guarantor or any of its Subsidiaries, which shall be either a calendar quarter or an aggregate period comprised of three (3) consecutive periods of four (4) weeks and five (5) weeks (or, on occasion, six (6) weeks instead of five), currently commencing on or about each January 1, April 1, July 1 or October 1.

“**Fiscal Year**” means, with respect to any Person, the fiscal year of such Person. The term Fiscal Year, when used without reference to any Person, shall mean a Fiscal Year of the Guarantor, which currently ends on the Saturday nearest December 31.

“**GAAP**” means U.S. generally accepted accounting principles as of the date hereof provided however, that if, after the date hereof, there shall be any change in the Guarantor’s Fiscal Year or GAAP (whether such modification is adopted or imposed by the Federal Accounting Standards Board, the American Institute of Certified Public Accountants or any other professional body) which changes result in a change in the method of calculation of financial covenants set forth herein, the parties hereto

agree to promptly enter into negotiations in order to amend such financial covenants so as to reflect equitably such changes, with the desired result that the evaluations of the Guarantor's financial condition shall be the same after such changes as if such changes had not been made; provided, further, that until the parties hereto have reached a definitive agreement on such amendments, the Guarantor's financial condition shall continue to be evaluated on the same principles as those in effect on the date hereof.

"Intangible Assets" means, with respect to any Person, that portion of the book value of the assets of such Person which would be treated as intangibles under GAAP, including all items such as goodwill, trademarks, trade names, brands, trade secrets, customer lists, copyrights, patents, licenses, franchise conversion rights and rights with respect to any of the foregoing and all unamortized debt or equity discount and expenses.

"Net Interest Expense" means, for any applicable period, the aggregate interest expense of the Guarantor and its Consolidated Subsidiaries (including computed interest on Capitalized Lease Liabilities) deducted in determining Consolidated Net Income for such period, net of interest income of the Guarantor and its Consolidated Subsidiaries included in determining Consolidated Net Income for such applicable period.

"Person" means any natural person, company, partnership, firm, limited liability company or partnership, association, trust, government, government agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Subsidiary" means, with respect to any Person, any corporation, company, partnership or other entity of which more than fifty percent (50%) of the outstanding shares or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors of, or other persons performing similar functions for, such corporation, company, partnership or other entity (irrespective of whether at the time shares or other ownership interests of any other class or classes of such corporation, company, partnership or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

Part II: US Guarantee (Fees)

Pursuant to this Guaranty (the “**Guaranty**”), dated as of ____ August 2003, Ingram Micro Inc., a Delaware corporation (the “**Guarantor**”), hereby unconditionally, absolutely and irrevocably guarantees as primary obligor and not as a surety merely, to the Beneficiary (as defined below), with offset or deduction, the full and punctual payment when due of whole or part of the Total Fees and Expenses (as defined under the GMRTS Agreement referred to below) payable by Ingram Micro Distribution GmbH and Compu-Shack-Electronic GmbH, companies organised and existing under the laws of Germany (the “**Originators**”) and Ingram Micro Holding GmbH, a company organised and existing under the laws of Germany (the “**Depositor**”), being collectively, the “**Obligors**”, under the German Master Receivables Transfer and Servicing Agreement (together with all amendments and other modifications, if any, from time to time made to it, the “**GMRTS Agreement**”) dated ____ August 2003 made by and between the “**Obligors**” and BNP Bank NV, a company organized and existing under the laws of The Netherlands (thereunder, the “**Transferee**” and hereunder, the “**Beneficiary**”); unless otherwise defined herein, all capitalised terms used herein without definition have the meanings provided for in the GMRTS Agreement (all of the foregoing guaranteed obligations being the “**Guaranteed Obligations**”).

This Guaranty is a continuing guarantee and will extend to the ultimate balance of all sums payable under the Guaranteed Obligations, PROVIDED THAT all payments by the Guarantor hereunder shall be limited to an aggregate maximum amount of Euros 15,000,000 or the US dollar equivalent thereof converted at the spot rate.

Pursuant to this Guaranty, the Guarantor undertakes to pay to BNP Paribas, a company organised and existing under the laws of France, acting hereby as agent on behalf of the Transferee (in this capacity, the “**Agent**”), any amount denominated in euros requested by the Agent in relation to this Guaranty, upon first written demand sent by the Agent on any Business Day US in the form of Exhibit 1 hereto (the “**Notification**”) specifying (i) the amount requested for payment by the Guarantor hereunder (the “**Requested Amount**”) along with explanation of how such Requested Amount is calculated pursuant to the GMRTS Agreement and the date such amount was due from the Obligors, (ii) the account of the Beneficiary (the “**Beneficiary’s Account**”) and (iii) a certification from an officer of the Agent that the Requested Amount is the past due amount owed by the Obligors to the Beneficiary under the GMRTS Agreement. The Notification shall be sent by the Agent to the Guarantor by facsimile and confirmed by email before 11.00 a.m. (Los Angeles Time) on the date of its receipt (the “**Notification Date**”). The Guarantor waives any right it may have to dispute such demand and the amount requested to avoid a payment hereunder. The foregoing provision shall be without prejudice to any claim the Guarantor may have against the Beneficiary after the making of any payment pursuant to the terms hereof.

The Guarantor shall send the appropriate payment instructions and confirm the sending thereof by mail to the Agent at the latest at 5.00 p.m. (Los Angeles time) on the Notification Date and credit the Beneficiary’s Account with the Requested Amount in euros and immediately available funds, at the latest at 5.00 p.m. (Los Angeles time) on the fourth Business Day US following the Notification Date.

SECTION I. Consents and Waivers by Guarantor.

- (a) This Guaranty shall be binding upon the Guarantor, its successors and assigns, and shall remain in full force and effect irrespective of, and shall not be terminated by, the existence of any law, regulation or order now or hereafter in effect in any jurisdiction affecting the terms of the GMRTS Agreement or any other agreement or instrument relating thereto (the foregoing agreements, documents and instruments being, collectively, the “**Credit Documents**”), or the rights or obligations of any Obligor under or with respect to any of the Credit Documents. The liability of the Guarantor under this guaranty shall be absolute, unconditional and irrevocable irrespective of:
- (i) any lack of validity or enforceability of any Obligor’s obligations under or with respect to any Credit Document;
 - (ii) any change, whether or not agreed to by the Beneficiary, in the time, manner or place of payment of, or in any other term of, all or any of the Credit Documents or any other amendment, renewal, extension, acceleration, compromise or waiver of or any consent or departure from the terms of provisions of any of the Credit Documents;
 - (iii) the lack of power or authority of any of the Obligors to execute and deliver any of the Credit Documents, any set-off or counterclaim which may at time be available to or asserted by any Obligor against the Beneficiary with respect to such Obligor’s obligations under any of the Credit Documents; the existence or continuance of any Obligor as a legal entity; the consolidation or merger of any Obligor with or into any other corporation, or the sale, lease or other disposition by any Obligor of all or substantially all of its assets to any other business entity, whether or not effected in compliance with provisions of any of the Credit Documents; or the bankruptcy or insolvency of any Obligor, the admission in waiting by any Obligor of its inability to pay its debts as they mature, or the making by any Obligor of a general assignment for the benefit of, or entering into a composition or arrangement with, creditors; and
 - (iv) any other circumstance which might otherwise constitute a defence available to, or legal or equitable discharge of, the Obligors or the Guarantor;

it being the purpose and intent of this Guaranty that the obligation of the Guarantor hereunder shall be absolute, unconditional and irrevocable and shall not be discharged or terminated except by full and complete performance of all of the Guaranteed Obligations but without prejudice to any claim the Guarantor may have against the Beneficiary after the making of any payment pursuant to the terms hereof.

- (b) The Guarantor agrees that it is directly and primarily liable to the Beneficiary, that the obligations hereunder are independent of the obligations of each Obligor, and that a separate action or actions may be brought and presented against the Guarantor, whether or not an action is brought against any of the Obligors or any other person, or whether the Obligors or any other person is joined in any such action or actions. The Guarantor agrees that any releases which may be given by the Beneficiary to any Obligor or endorser shall not release it from this Guaranty.

- (c) The Guarantor does hereby waive and relinquish, so far as it may lawfully and effectively do so, the benefit and advantage of any and all valuation, stay, appraisal, extension or redemption law or laws now in effect or hereafter enacted, and also waives promptness, diligence, notice of acceptance, default, dishonour, non-payment, non-performance or any other notice to or upon any Obligors or the Guarantor.

3.2 No Subrogation

- (a) Any and all present and future debts and obligations of each Obligor to the Guarantor, including rights of reimbursement and subrogation, are hereby postponed in favour of and subordinated to the payment in full in cash of all of the Guaranteed Obligations.
- (b) Notwithstanding any payment or payments made or expenses incurred by the Guarantor pursuant to this Guaranty, the Guarantor shall not be subrogated, in whole or in part, to the rights of the Beneficiary against any Obligor under the Credit Documents until the Guaranteed Obligations shall have been paid in cash in full. If any amount shall be paid to the Guarantor in violation of the preceding sentence, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for, the Beneficiary and, in addition, shall forthwith be paid to the Agent for the account of the Beneficiary to be credited and applied upon the Guaranteed Obligations if then matured or forthwith be repaid to the relevant Obligor if such obligations are then unmatured. The Guarantor hereby agrees that, as between itself on the one hand and the Beneficiary on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable notwithstanding any stay, injunction or other prohibition preventing such declaration as against any Obligors and that, in the event of any such declaration, the Guaranteed Obligations (whether or not then due and payable by any Obligors) shall forthwith become due and payable by the Guarantor for purposes of this Guaranty.

3.3 Reinstatement of Guaranty

This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by the Beneficiary upon the insolvency, bankruptcy or reorganization of any Obligor, the Guarantor or otherwise, all as though such payment had not been made.

3.4 Undertakings of the Guarantor

1. The Guarantor undertakes not to permit that at any time during this Guaranty:
- (a) the ratio of (x) Consolidated EBITDA for any period of four consecutive Fiscal Periods of the Guarantor to (y) Consolidated Interest Charges for such period to be less than 2.5 to 1.0; provided that, for purposes of calculating the preceding ratio the contribution of any Subsidiary of the Guarantor acquired (to the extent the acquisition is treated for accounting purposes as a purchase) during those four Fiscal Periods to Consolidated EBITDA shall be calculated on a pro forma basis as if it had been a Subsidiary of the Guarantor during all of those four Fiscal Periods.
- (b) the Consolidated Tangible Net Worth at the end of any Fiscal Period to be less than the sum of (i) USD 991,445,000, plus (ii) 50 % of Consolidated Net Income (without taking into account any losses incurred in any Fiscal Year of the Guarantor) for each Fiscal Year of the Guarantor ended on or after December 28, 2002.

The accounting terms used in bold type for the calculation of the ratios under 1.(a) and 1.(b) above (the **“Financial Ratios”**) shall have the meaning ascribed to them in Exhibit 3 hereto.

2. The Guarantor undertakes to provide the Agent with its annual consolidated audited accounts for each of its fiscal year (and for the first time for the fiscal year ended on December 28, 2002) no later than 90 days after the end of each subsequent fiscal year.

3. Assignment - Successors

This Guaranty is a continuing guaranty and shall be binding upon the Guarantor and its successors and assigns. This Guaranty shall inure to the benefit of the Beneficiary hereunder and its successors and assigns and shall be considered to be assigned upon the assignment or transfer by the Beneficiary of any of its rights and obligations under the Credit Documents without requiring any act of or consent or acknowledgment from the Guarantor. In furtherance of the foregoing, the Guarantor shall execute and deliver to any assignee or transferee or the Beneficiary such additional counterparts of this Guaranty as the Agent, on behalf of the Beneficiary, may request in writing at any time and from time to time.

3.6 Governing law - Submission to jurisdiction

This guaranty shall be governed by and its provisions construed under the laws of the State of California any litigation based hereon, or arising out of, under, or in connection with, this guaranty or any course of conduct, course of dealing, statements (whether oral or written), or actions of the Beneficiary or the Guarantor pursuant to this guaranty shall be brought and maintained, to the extent permitted by applicable law, exclusively in the state or federal courts in the State of California. The Guarantor hereby expressly and irrevocably submits to such jurisdiction for the purpose of any such litigation as set forth above and irrevocably consents to the service of any and all process in such litigation or proceeding by the mailing of copies of such process to the Guarantor at its address specified in Exhibit 2 hereto, in each case marked for the attention of the Worldwide Treasurer and the General Counsel, Ingram Micro Inc., or by personal service within or without the State of California in the manner permitted by the laws of each such state.

3.7 Miscellaneous Provisions

- (a) No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor here from, shall in any event be effective unless the same shall be in writing and signed by the Agent on behalf of the Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
- (b) All notices and other communications provided to any party hereto shall be made in the manner, and subject to the provisions set forth in Exhibit 2 hereto.
- (c) Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.
- (d) Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision of the

remaining provisions of this Guaranty.

3.8 Waives of Jury Trial

The Beneficiary and the Guarantor hereby knowing, voluntarily and intentionally waive any rights they may have to a by jury in respect of any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Beneficiary or the Guarantor.

*[REMAINDER OF PAGE INTENTIONALLY BLANK
SIGNATURE PAGES TO FOLLOW.]*

IN WITNESS WHEREOF, the undersigned corporation has caused this Guaranty to be executed on its behalf as of the date above written by one of its officers duly authorised thereto.

INGRAM MICRO INC., a corporation
organised and existing under the laws of the State
of Delaware,
United States of America

By _____

Thomas A. Madden, Executive Vice President
and Chief Financial Officer

Exhibit 3**Definitions of accounting terms**

The accounting terms used in bold type in Section 3.4 (Undertakings of the Guarantor) § 1 shall have the following meanings:

“Business Improvement Program Charges” means, for any period, the aggregate business improvement program charges recorded in accordance with GAAP by the Guarantor and its Consolidated Subsidiaries during such period with respect to the comprehensive business improvement program described in the September 18, 2002 press release of the Guarantor.

“Capitalized Lease Liabilities” of any Person means, at any time, any obligation of such Person at such time to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property, which obligation is, or in accordance with GAAP (including FASB Statement 13) is required to be, classified and accounted for as a capital lease on a balance sheet of such Person at the time incurred; and for purposes of this Guaranty the amount of such obligation shall be the capitalized amount thereof determined in accordance with such FASB Statement 13.

“Cash Business Improvement Program Charges” means Business Improvement Program Charges that will require a corresponding cash expenditure.

“Consolidated Assets” means, at any date, the total assets of the Guarantor and its Consolidated Subsidiaries that would be reflected on a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as at such date in accordance with GAAP.

“Consolidated EBITDA” means, for any period, Consolidated Income (or Loss) from Operations for such period adjusted by adding thereto (a) the amount of all amortization of intangibles, depreciation and any other non-cash charges that were deducted in arriving at Consolidated Income (or Loss) from Operations for such period and (b) the amount of Cash Business Improvement Program Charges recorded in accordance with GAAP during such period; provided that the cumulative amount of Cash Business Improvement Program Charges added may not exceed \$50,000,000.

“Consolidated Income (or Loss) from Operations” means, for any period, the amount of “income or loss from operations” (or any substituted or replacement line item) reflected on a consolidated statement of income of the Guarantor and its Consolidated Subsidiaries for such period in accordance with GAAP.

“Consolidated Interest Charges” means, for any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Guarantor and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Guarantor and its Consolidated Subsidiaries in accordance with GAAP):

- (a) aggregate Net Interest Expense for such period plus, to the extent not deducted in determining Consolidated Net Income for such period, the amount of all interest previously capitalized or deferred that was amortized during such period, plus
- (b) all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Income for such period, plus

- (c) all attributable interest, fees in lieu of interest and “losses on sales of receivables” (or any substituted or replacement line item) reflected on a consolidated statement of income of the Guarantor and its Consolidated Subsidiaries for such period, in each case associated with any securitization programs by the Guarantor or any of its Consolidated Subsidiaries.

“**Consolidated Liabilities**” means, at any date, the sum of all obligations of the Guarantor and its Consolidated Subsidiaries that would be reflected on a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as at such date in accordance with GAAP.

“**Consolidated Net Income**” means, for any period, the consolidated net income of the Guarantor and its Consolidated Subsidiaries as reflected on a consolidated statement of income of the Guarantor and its Consolidated Subsidiaries for such period in accordance with GAAP.

“**Consolidated Stockholders’ Equity**” means, at any date:

- (a) Consolidated Assets as at such date,

less

- (c) Consolidated Liabilities as at such date.

“**Consolidated Subsidiary**” means any Subsidiary whose financial statements are required in accordance with GAAP to be consolidated with the consolidated financial statements delivered by the Guarantor from time to time.

“**Consolidated Tangible Net Worth**” means, at any date:

- (c) Consolidated Stockholders’ Equity as at such date plus the accumulated after-tax amount of non-cash charges and adjustments to income and Consolidated Stockholders’ Equity attributable to employee stock options and stock purchases through such date,

less

- (d) goodwill and other Intangible Assets of the Guarantor and its Consolidated Subsidiaries.

“**Fiscal Period**” means a fiscal period of the Guarantor or any of its Subsidiaries, which shall be either a calendar quarter or an aggregate period comprised of three (3) consecutive periods of four (4) weeks and five (5) weeks (or, on occasion, six (6) weeks instead of five), currently commencing on or about each January 1, April 1, July 1 or October 1.

“**Fiscal Year**” means, with respect to any Person, the fiscal year of such Person. The term Fiscal Year, when used without reference to any Person, shall mean a Fiscal Year of the Guarantor, which currently ends on the Saturday nearest December 31.

“**GAAP**” means U.S. generally accepted accounting principles as of the date hereof provided however, that if, after the date hereof, there shall be any change in the Guarantor’s Fiscal Year or GAAP (whether such modification is adopted or imposed by the Federal Accounting Standards Board, the American Institute of Certified Public Accountants or any other professional body) which changes result in a change in the method of calculation of financial covenants set forth herein, the parties hereto

agree to promptly enter into negotiations in order to amend such financial covenants so as to reflect equitably such changes, with the desired result that the evaluations of the Guarantor's financial condition shall be the same after such changes as if such changes had not been made; provided, further, that until the parties hereto have reached a definitive agreement on such amendments, the Guarantor's financial condition shall continue to be evaluated on the same principles as those in effect on the date hereof.

"Intangible Assets" means, with respect to any Person, that portion of the book value of the assets of such Person which would be treated as intangibles under GAAP, including all items such as goodwill, trademarks, trade names, brands, trade secrets, customer lists, copyrights, patents, licenses, franchise conversion rights and rights with respect to any of the foregoing and all unamortized debt or equity discount and expenses.

"Net Interest Expense" means, for any applicable period, the aggregate interest expense of the Guarantor and its Consolidated Subsidiaries (including computed interest on Capitalized Lease Liabilities) deducted in determining Consolidated Net Income for such period, net of interest income of the Guarantor and its Consolidated Subsidiaries included in determining Consolidated Net Income for such applicable period.

"Person" means any natural person, company, partnership, firm, limited liability company or partnership, association, trust, government, government agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Subsidiary" means, with respect to any Person, any corporation, company, partnership or other entity of which more than fifty percent (50%) of the outstanding shares or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors of, or other persons performing similar functions for, such corporation, company, partnership or other entity (irrespective of whether at the time shares or other ownership interests of any other class or classes of such corporation, company, partnership or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

SCHEDULE 17**Liquidity Fees**

- if no drawdown is made pursuant to the Liquidity Agreement, a commitment fee calculated at an annual interest rate of: (i) maximum 0.75% for the period starting from the execution date of this Agreement and ending on the last Transaction Date occurring prior to the third anniversary date of the execution date of this Agreement; then (ii) maximum 0.45% for the two (2) successive periods of 364 days each subsequent to the period mentioned in (i) above and for which the Liquidity Agreement may be renewed in accordance with its terms, provided that (A) the same annual interest rate shall be applied if the Final Transfer Date is extended pursuant to Clause 4 (D) of the German Master Receivables Agreement the above rates shall be applied on the 102% of the Maximum Financing Amount; and
- if a drawdown is made pursuant to the Liquidity Agreement, EURIBOR + maximum 1.30% (or EONIA + 1.30% for a period of less than one (1) calendar month).

The applicable EURIBOR and EONIA upon the financing costs of the Issuer of Reference in connection with the Liquidity Agreement shall be the one published the day upon which a drawing is made under such agreement.

EXECUTION PAGE

BNP PARIBAS BANK N.V.

By: _____

INGRAM MICRO DISTRIBUTION GMBH

By: _____

COMPU-SHACK-ELECTRONIC GMBH

By: _____

INGRAM MICRO HOLDING GMBH

By: _____

**Waiver Letter**

Date: 26 January 2004

To: BNP Paribas Bank N.V.
Represented by BNP Paribas
3,rue d' Antin
75002 Paris
France
(the "**Transferee**")
To the attention of: Marylene Monci/Eric Lefol

by mail and telecopy: +33 1 42 98 69 19

CC: Ingram Micro Coordination Center BVBA/Sprl.
Luohthavenlaan 25 A
1800 Vilvoorde
Belgium
To the attention of: Bèatrioe Ransquin/Luc Vlaminck

by mail and telecopy: +32 2 254 92 90

From: Compu-Shack Electronic GmbH
Ringstraße 56-58
56564 Neuwied
Germany
(**"Compu-Shack"**)

Dear Sirs,

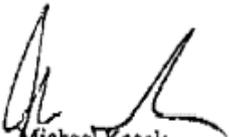
1. We refer to the German Master Receivables Transfer and Servicing Agreement (the "**GMRTS Agreement**") entered into between the Transferee, Ingram Micro Distribution GmbH and Compu-Shack as Originators and Ingram Micro Holding GmbH as Depositor, dated August 14, 2003 as amended and restated on December 29, 2003.
-

2. Capitalized terms and expressions not defined herein shall have the meaning ascribed to them in the glossary attached as Schedule 1 to the GMRTS Agreement.
 3. We hereby request that you, the Transferee, agree to
 - (a) expressly waive in accordance with Clause 52 (*Exercise of Rights*) of the GMRTS Agreement with respect to the period from the date hereof (inclusive) through 30 June 2004 (inclusive) (the **“Waiver Period”**) each of the following:
 - (i) the failure by Compu-Shaok to make Offers thereby satisfying the conditions set out in Clause 10.1 A (b) (*Transfer of Receivables*) of the GMRTS Agreement. The Transferee hereby agrees that the Final Transfer Date shall not consequently be deemed to have occurred on the second Information Date on which no Offer is made; and
 - (ii) the failure by Compu-Shack to comply with Clause 12 A (*Information Obligations of the Originators*) of the GMRTS Agreement;
 - (b) acknowledge that during the Waiver Period none of the items listed in paragraph 3 (a) hereof constitutes an Event of Default pursuant to Clause 40.1 (ii) (*Events of Default and Termination of Transferee’s Commitment*) of the GMRTS Agreement as each such item has been waived.
 4. Each party hereto hereby agrees that Clause 49 (*Confidentiality*), Clause 50 (*Benefit of Agreement*), Clause 51 (*Notices, Communication and Documents*) and Clause 54 (*Indivisibility*) of the GMRTS Agreement shall apply *mutatis mutandis* to this Waiver Letter.
 5. This Waiver Letter shall be governed by, and construed in accordance with, German law. Any dispute as to the validity, execution, interpretation or any other matter arising from this Waiver Letter shall be subject to the jurisdiction of the District Court (*Landgericht*) in Frankfurt am Main, Germany.
-

6. This Waiver Letter may be executed (including by facsimile) in one or more counterparts. Each signed counterpart shall constitute an original.
7. Please confirm your consent to the terms of this Waiver Letter by countersigning below.

Sincerely yours,

Compu-Shack-Electronic GmbH


Michael Kaack
Managing Director


Ingo Möller
CFO Central Region

Acknowledgement and consent

We hereby acknowledge and consent to the terms of this Waiver Letter:

BNP Paribas Bank N.V.

By:

October 24, 2003

Ingram Funding Inc.
1610 East St. Andrew Place
Santa Ana, CA 92705

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, CA 92705

Re: The Pooling Agreement and the Series 1994-3 Supplement (each
as defined below)

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Ingram Funding Master Trust Amended and Restated Pooling Agreement dated as of March 8, 2000, among Ingram Funding Inc. ("Funding"), Ingram Micro Inc., as master servicer (the "Master Servicer"), and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as trustee (the "Trustee") (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Pooling Agreement"), and (ii) that certain Ingram Funding Master Trust Series 1994-3 Supplement dated as of March 8, 2000, among Funding, the Master Servicer and the Trustee (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Series 1994-3 Supplement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Pooling Agreement or the Series 1994-3 Supplement, as the case may be.

The Master Servicer has requested the consent of the Class A Certificateholder to (1) terminate that certain Lockbox Agreement dated as of March 8, 2000 among Funding, the Master Servicer, the Trustee and Bank of America N.A. (the "Bank of America Lockbox Agreement"), (2) close the Lockbox Accounts referred to in the Bank of America Lockbox Agreement (the "Bank of America Lockbox Accounts") and (3) open new Lockbox Accounts at Fleet National Bank (such Lockbox Accounts, the "Fleet Lockbox Accounts"). Each of the undersigned parties hereby consents to (a) the termination of the Bank of America Lockbox Agreement, (b) the closing of the Bank of America Lockbox Accounts and (c) the opening of the Fleet Lockbox Accounts; provided that the foregoing consent is conditioned upon the receipt by the Agent of a fully-executed Lockbox Agreement with respect to the Fleet Lockbox Accounts in the form attached hereto as Exhibit A.

Except as otherwise expressly provided herein, this letter agreement shall not operate as a waiver of any Early Amortization Event, or of any right, power, or remedy of the Class A Certificateholder or the Trustee under the Pooling Agreement or the Series 1994-3 Supplement or any other applicable Transaction Document; and the Pooling Agreement and the Series 1994-3 Supplement and the other Transaction Documents shall remain in full force and effect and are hereby ratified and confirmed.

This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York. This letter agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Very truly yours,

The Prudential Insurance Company of America,
as Class A Certificateholder
By: Prudential Investment Management, Inc.,
as Investment Advisor

By: /s/ Michael J. Bozzo

Name: Michael J. Bozzo
Title: Vice President

Acknowledged and agreed to:

JPMORGAN CHASE BANK, not in its individual capacity but solely as Trustee

By: /s/ Joseph M. Costantino

Name: Joseph M. Costantino
Title: Trust Officer

October 24, 2003

Ingram Funding Inc.
1610 East St. Andrew Place
Santa Ana, CA 92705

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, CA 92705

Re: The Pooling Agreement and the Series 2000-1 Supplement (each
as defined below)

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Ingram Funding Master Trust Amended and Restated Pooling Agreement dated as of March 8, 2000, among Ingram Funding Inc. ("Funding"), Ingram Micro Inc., as master servicer (the "Master Servicer"), and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as trustee (the "Trustee") (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Pooling Agreement"), and (ii) that certain Ingram Funding Master Trust Series 2000-1 Supplement dated as of March 8, 2000, among Funding, the Master Servicer, Redwood Receivables Corporation, as the initial purchaser ("Redwood"), the several financial institutions party thereto from time to time as liquidity banks (the "Liquidity Banks"), General Electric Capital Corporation, as agent for Redwood and the Liquidity Banks (the "Agent"), and the Trustee (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Series 2000-1 Supplement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Pooling Agreement or the Series 2000-1 Supplement, as the case may be.

The Master Servicer has requested the consent of the Agent and Redwood to (1) terminate that certain Lockbox Agreement dated as of March 8, 2000 among Funding, the Master Servicer, the Trustee and Bank of America N.A. (the "Bank of America Lockbox Agreement"), (2) close the Lockbox Accounts referred to in the Bank of America Lockbox Agreement (the "Bank of America Lockbox Accounts") and (3) open new Lockbox Accounts at Fleet National Bank (such Lockbox Accounts, the "Fleet Lockbox Accounts"). Each of the undersigned parties hereby consents to (a) the termination of the Bank of America Lockbox Agreement, (b) the closing of the Bank of America Lockbox Accounts and (c) the opening of the Fleet Lockbox Accounts; provided that the foregoing consent is conditioned upon the receipt by the Agent of a fully-executed Lockbox Agreement with respect to the Fleet Lockbox Accounts in the form attached hereto as Exhibit A.

Except as otherwise expressly provided herein, this letter agreement shall not operate as a waiver of any Early Amortization Event, or of any right, power, or remedy of Redwood, the Liquidity Banks, the Trustee or the Agent under the Pooling Agreement or the Series 2000-1 Supplement or any other applicable Transaction Document; and the Pooling Agreement and the Series 2000-1 Supplement and the other Transaction Documents shall remain in full force and effect and are hereby ratified and confirmed.

This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York. This letter agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Very truly yours,

GENERAL ELECTRIC CAPITAL CORPORATION,
as Agent and sole Liquidity Bank

By: /s/ Howard Bailey

Name: Howard Bailey
Title: Duly Authorized Signatory

REDWOOD RECEIVABLES CORPORATION,
as Initial Purchaser and as sole VFC Certificateholder

By: /s/ [ILLEGIBLE]

Name: [ILLEGIBLE]
Title: Assistant Secretary

Acknowledged and agreed to:

AMBAC ASSURANCE CORPORATION,
as Insurer

By: /s/ Nicholas G. Goumas

Name: Nicholas G. Goumas
Title: Managing Director

JPMORGAN CHASE BANK, not in its
individual capacity but solely as
Trustee

By: /S/ Joseph M. Costantino

Name: Joseph M. Costantino
Title: Trust Officer

EXECUTIVE OFFICER SEVERANCE POLICY

ADOPTED OCTOBER 2003

1.0 PURPOSE

Provide eligible executive officers of the Company continuing financial security in the event the Company terminates their employment without "cause." This policy sets forth the terms and conditions regarding the payment of severance benefits for eligible executive officers.

2.0 APPLICABILITY

This policy applies to (i) Ingram Micro's chief executive officer, (ii) executive officers of the Company elected by the Company's Board of Directors who report to either the chief executive officer or the chief operating officer of the Company, and (iii) such other executive officers elected by the Company's Board of Directors as the Human Resources Committee of the Board of Directors may determine from time to time in their discretion.

3.0 POLICY

3.1 ELIGIBILITY - Eligible executive officers are entitled to the severance benefits described in this policy if their employment is terminated by the Company without "cause". Eligible executive officers shall not be entitled to receive severance benefits if their employment with the Company is terminated (i) by the Company for "cause", (ii) due to their resignation for any reason; (iii) due to their disability; (iv) due to their retirement; or (v) as a result of their death.

3.2 BENEFITS - The following severance benefits will be provided to eligible executive officers meeting the eligibility criteria for severance set forth above:

3.2.1 The greater of:

3.2.1.1 The sum of: (i) the eligible executive officer's Base Salary in effect on the effective date of the termination of employment with the Company ("Effective Date"); and (ii) the executive officer's Target Annual Bonus in effect on the Effective Date; OR

3.2.1.2 The product of 1/12th times the sum of (i) the executive officer's Base Salary in effect on the Effective Date and (ii) the executive officer's Target Annual Bonus in effect on the Effective Date, multiplied by the number of full years' of employment with the Company.

3.2.1.3 Such amounts shall be payable in cash in equal installments at such times and in accordance with the applicable Company payroll periods over a period of months equal to the greater of (i) twelve (12); or (ii) the number of full years' of employment with the Company ("Continuation Period"). All payments will be subject to applicable tax and related payroll withholding requirements.

3.2.2 An amount equal to the executive officer's unpaid annual bonus established for the bonus plan year in which the Effective Date occurs, multiplied by a fraction, the numerator of which is the number of days completed in the then

EXECUTIVE OFFICER SEVERANCE POLICY

ADOPTED OCTOBER 2003

existing fiscal year through the Effective Date, and the denominator of which is three hundred sixty-five (365). This amount will be calculated and paid after the close of the applicable fiscal year at such time and in the same manner as annual bonus payments are made to actively employed executive officers. This amount will be calculated based on actual performance achieved during the fiscal year relative to the performance objectives set forth in the applicable annual bonus plan.

3.2.3 Continuation of the Company-sponsored health and welfare benefits of medical insurance, dental insurance and vision insurance for the eligible executive officer and enrolled dependents as of the Effective Date through the "Continuation Period". These benefits shall be available to the executive officer at a cost equal to 100% of the Company's premium rate for such plans as in effect as of the Effective Date and shall be payable on a pre-tax basis through payroll withholdings. In the event the Company's premium costs change for the referenced welfare benefits during the "Continuation Period", the executive officer's cost for these benefits shall change in a corresponding manner.

3.2.4 Participation in a Company paid outplacement program for up to one year following the Effective Date, up to a maximum cost to the Company of \$20,000. The selection of the outplacement assistance firm shall be at the discretion of the Company. The executive officer may not select a cash payment in lieu of this benefit.

3.3 EXECUTIVE PHYSICAL EXAMINATION PROGRAM - Participation in the Company's Executive Physical Examination Program will cease on the Effective Date.

3.4 RETIREMENT PLANS - Participation in the Company's retirement plan(s) and deferred compensation plan(s) will cease on the Effective Date. Payment of accrued benefits and account balances in these plans will be made in accordance with the plans' provisions and the executive officer's distribution election forms on file as of the Effective Date.

3.5 STOCK AWARDS - Any unvested stock options, restricted stock awards, or other stock-based incentive compensation awards will be cancelled on the Effective Date. Vested stock options, restricted stock awards, or other stock-based incentive compensation awards shall be governed by the terms of the plan(s) and award agreement(s) for each such award.

EXECUTIVE OFFICER SEVERANCE POLICY

ADOPTED OCTOBER 2003

- 3.6 LONG-TERM EXECUTIVE CASH INCENTIVE AWARD PROGRAM - The executive officer's participation in the Company's Long-Term Executive Cash Incentive Award Program shall cease on the Effective Date. Payment(s) of earned awards shall be made in accordance with the terms of the plan(s) and award agreement(s) for each such award.
- 3.7 MITIGATION OF BENEFITS - The executive officer will not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this policy. Obtaining any other employment will in no event affect any of the Company's obligations to make payments and arrangements referenced within this policy.
- 3.8 RELEASE AND COVENANT - The entitlement of the executive officer to the severance benefits provided in this policy is contingent upon the executive officer's execution of a release and covenant agreement satisfactory to the Company which may include, but is not limited to, confidentiality, non-competition, non-solicitation, and no-raid provisions for a period equal to the Continuation Period.
- 3.9 EFFECT OF EMPLOYMENT CONTRACTS -- If an executive officer has an employment agreement with the Company in force on the Effective Date, he or she may elect to receive the severance benefits and limitations provided for in such agreement or those provided by the terms of this policy, but not both. Any such election shall be in writing delivered to the Senior Vice President, Human Resources of the Company. In the absence of any such election, the terms of the executive officer's employment agreement shall control.
- 3.10 AUTHORITY - The provisions of this policy have been established by the Human Resources Committee of the Board of Directors of Ingram Micro Inc. The Committee maintains the right to modify or terminate this policy at any time, with or without prior notification.

4.0 RESPONSIBILITIES

5.0 PROCEDURES

6.0 RELATED DOCUMENTS

7.0 DEFINITIONS

For purposes of this policy, the following terms will have the meanings set forth below:

- 7.1 COMPANY - Company means Ingram Micro Inc., a Delaware corporation, and its wholly owned subsidiaries and affiliates. Company also means Ingram Micro Inc.'s predecessor companies and their wholly-owned subsidiaries and affiliates.

EXECUTIVE OFFICER SEVERANCE POLICY

ADOPTED OCTOBER 2003

7.2 BASE SALARY - The fixed annual cash compensation that is generally paid in substantially equal periodic payments over the course of the 12-month period approximating the calendar year.

7.3 TARGET ANNUAL BONUS - The executive officer's annual base salary in effect on the Effective Date multiplied by the incentive award percentage applicable to such executive officer's salary grade or position as specified in the Company's annual Executive Incentive Award Plan in effect for the fiscal year in which the Effective Date occurs.

7.4 TERMINATION FOR CAUSE - Refers to the occurrence of any one or more of the following:

- (i) A willful and/or deliberate material act or failure to act (other than as a result of incapacity due to physical or mental illness), which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which act or inaction is not remedied within fifteen (15) business days of written notice from the Company;
- (ii) Gross negligence in the performance of duties;
- (iii) Conviction for committing an act of fraud, theft, embezzlement, or any other act constituting a felony involving moral turpitude.

8.0 REVISION HISTORY

8.1 No prior revisions.

SIGNATURES

MANAGEMENT CONTRACT

Between

INGRAM MICRO A/S
Datavej 58
3450 Birkerød
DENMARK

And

Asger FALSTRUP
Doktorvaenget 7
2960 Rungsted Kyst
DENMARK

DEFINITION

- * "Ingram Micro Holding Inc." is the sole shareholder of Ingram Micro A/S, with its registered office mentioned above, hereinafter called "Ingram Micro Holding Inc."
- * Datateam Denmark AS (Ingram Micro Denmark AS) is part of Ingram Micro Holding Inc. for which a Managing Director will be appointed, hereinafter called "the Company".

ARTICLE 1 - POSITION AND SCOPE OF DUTIES

- (1) Asger FALSTRUP will be appointed by Ingram Micro Holding Inc. as Managing Director of the Company. In such capacity, he will be responsible for the management of the operations of the Company.
- (2) Asger FALSTRUP shall report to the Vice President of Northern European Operations for Ingram Micro Holdings Inc., or such other officer of such company as its board shall determine.
- (3) Asger FALSTRUP shall perform his duties as manager by observing the diligence of a prudent businessman in accordance with the provisions of this Management Contract, Ingram Micro Holding Inc.'s Articles of Association, the general and specific directives or instructions given by his supervisor, the chairman(men) of the board of Ingram Micro Holdings Inc. and in accordance with the law.
- (4) Asger FALSTRUP will be based at the Company's office in Denmark. If the location of the Company's headquarters changed so that Asger FALSTRUP is required or requested to move his residence, the Company will pay Asger FALSTRUP's reasonable relocation expenses.

ARTICLE 2 - LIMITS ON AUTHORITY

Notwithstanding his position as Managing Director of the Company, Asger FALSTRUP shall be required to follow the procedures set forth hereinbelow in connection with the actions so specified:

- (1) No budgeted capital expenditure in excess of US \$ 10,000 (DKK 61,250) or unbudgeted capital expenditure in excess of US \$ 1,000 (DKK 6,125) may be authorized, except in accordance with the procedure set forth in the Ingram Micro Capital Expenditures Procedure dated April 15, 1992, as it may be amended from time to time.
- (2) No employee may be hired without receipt of the prior approval in accordance with the Ingram Micro Europe Procedure dated January 18, 1993, as it may be amended from time to time, including submission and approval of the appropriate "Request for Personnel - Ingram Micro Europe" form. No employee with an annual total compensation level of US \$75,000 (DKK 459,375) or more may be hired without the prior approval of either the Senior Vice President of European Operations or Chief Executive Officer of Ingram Micro Holdings Inc.
- (3) No salary adjustments may be made for any employee whose annual compensation is US \$75,000 (DKK 459,375) or more or for any other employee which would cause the total salary of such employee to be raised in excess of seven percent within a 12-month period without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc. The Senior Vice President of European Operations of Ingram Micro Holdings Inc. must approve the aggregate amount awarded to all employees pursuant to the annual review for merit salary increases before such increases are announced.
- (4) No employees fringe benefit may be established without submission to the VP HR at the I.E.C.C. and the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc. or, in the case of insurance or pension benefits, approval of the Vice President, Human Resources of both Ingram Micro Inc. and Ingram Industries Inc.
- (5) Ingram Micro Holding Inc.'s standard employment agreement and any modifications thereof must be approved by the Senior Vice President of European Operations of Ingram Micro Holdings Inc. and the Director of European Legal Affairs at the Ingram European Coordination Center. Ingram Micro Holding Inc. may not enter into non-standard employment agreements or any employment agreement involving a term of more than one year or a termination notice period of more than 90 days without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc. and the Director of European Legal Affairs at the Ingram European Coordination Center.
- (6) The Company may not enter into a new vendor agreement without the prior approval of either the Senior Vice Present of European Operations of Ingram Micro Holdings Inc. or the Director of European Legal Affairs at the Ingram European Coordination Center. The Company may not make an initial purchase order under a new vendor agreement in excess of US \$ 25,000 (DKK 153,125) without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc.
- (7) No customer credit limit may be established except in accordance with the procedures of the Ingram Micro Inc. Credit Policy, as it may be modified from time to time.

- (8) The Company may not establish payment terms involving a due date of more than 30 days from the date of invoice or an early pay discount of more than two percent without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc.
- (9) The Company may not enter into a lease with a term greater than one year or involving total budgeted payments in excess of US \$ 10,000 (DKK 61,250) or unbudgeted payments in excess of US \$ 1,000 (DKK 6,125), except in compliance with the provisions of the Ingram Micro Capital Expenditure Procedure dated April 15, 1992, as it may be amended from time to time, and in accordance with the Contract Review Policy of Ingram Industries Inc.
- (10) The Company may not incur any indebtedness for borrowed money without the prior approval of the Chief Executive Officer of Ingram Micro Holdings Inc.
- (11) The Company may not execute or deliver any guarantees of indebtedness of third parties without the prior approval of the Vice President and Chief Financial Officer of Ingram Micro Holdings Inc.
- (12) The Company may not confess a judgment or settle any litigation brought by a third party against Ingram Micro Holding Inc. which involves the payment of money or incurrence of a liability without the prior approval of the Chief Executive Officer of Ingram Micro Holdings Inc.
- (13) The Company may not acquire any securities or assets of another business except in the ordinary course of business without the prior approval of the Chief Executive Officer of Ingram Micro Holdings Inc.
- (14) The Company may not sell any of its assets except in the ordinary course of business without the prior approval of the Chief Executive Officer of Ingram Micro Holdings Inc.
- (15) The Company may not merge, consolidate or enter into any share exchange with any other company without the prior approval of the Chief Executive Officer of Ingram Micro Holdings Inc.
- (16) No action may be taken by the Company to wind up its affairs or otherwise commence any proceedings under any liquidation, bankruptcy or insolvency laws without the without the approval of the Chief Executive Officer of Ingram Micro Holdings Inc.
- (17) The Company may not file any litigation against third parties except for actions to collect moneys owed to the Company within the ordinary course of business without the prior approval of the Chief Executive Officer of Ingram Micro Holdings Inc. and notification to the Senior Vice President of European Operations of Ingram Micro Holdings Inc. and the Director of European Legal Affairs at the Ingram European Coordination Center.
- (18) The Company may not execute any confidentiality agreements involving inspection of third party data or Company data for purposes other than granting or receiving credit without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc. and the Director of European Legal Affairs at the Ingram European Coordination Center.
- (19) The Company may not execute any agreements prohibiting solicitation by Ingram Micro Holding Inc. or any affiliate of the Company of employees of third parties without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc. and the Director of European Legal Affairs at the Ingram European Coordination Center.

- (20) The Company may not execute any agreements to acquire, sell or transfer intellectual property of any kind without the prior approval of the Senior Vice President of European Operations of Ingram Micro Holdings Inc. and the Director of European Legal Affairs at the Ingram European Coordination Center.

ARTICLE 3 - OTHER ACTIVITIES

- (1) Asger FALSTRUP shall devote his full working time and ability to the Company's business. Any other activity for remuneration and any activity which normally is entitled to remuneration, including any part-time work, is subject to the explicit prior written consent of Ingram Micro Holding Inc. Ingram Micro Holding Inc. may refuse to grant such consent without given reasons therefor.
- (2) Scientific and literary activity is permitted, provided that it does not adversely affect the working capacity of Asger FALSTRUP and does not give rise to the divulging of confidential information to the detriment of the Company.

ARTICLE 4 - REMUNERATION

- (1) Asger FALSTRUP shall be entitled to a gross monthly salary in the amount of 75,000 DKK payable in arrears. Asger FALSTRUP's salary shall be reviewed annually in December of each year.
- (2) Asger FALSTRUP will be eligible to earn a bonus for each calendar year of his appointment. His targeted bonus will be 35% of the earned management fee with the opportunity to exceed such an amount by up to 25% (for a total potential bonus of 43.75% of his earned salary). The bonus will be based upon the criteria established from time to time pursuant to the Ingram Micro Executive Bonus Plan. The bonus will be paid at the times provided in the Ingram Micro Executive Bonus Plan.
- (3) By payment of the above mentioned remuneration, all activities which Asger FALSTRUP has to perform under this Management Contract shall be compensated.

ARTICLE 5 - OTHER BENEFITS

- (1) Travel expenses and other necessary out-of-pocket expenses incurred by Asger FALSTRUP in the furtherance of the Company's business shall be reimbursed to Asger FALSTRUP according to the guidelines of the Company, and within the framework of the principles applicable in Denmark for tax purposes.
- (2) The Company shall furnish Asger FALSTRUP with a Company car for business and personal use in accordance with the Company's guidelines. Initially, this car is expected to be a Audi 100 or equivalent. The value of the personal use per month as determined by the Danish tax regulations for the particular type of car shall constitute additional compensation to Asger FALSTRUP which will be subject to wage withholding tax.
- (3) In the event of Asger FALSTRUP's incapacity to fulfill his duties under this Management contract by reason of illness or similar factors during the term of this Management Contract, the Company will continue to pay his then base management fee and all other benefits for a period of up to six months from the date such incapacity commences.

- (4) The Company shall continue to pay the cost of disability and life insurance as previously granted to Asger FALSTRUP by the predecessor company (Datateam).

ARTICLE 6 - INABILITY TO PERFORM DUTIES

In case Asger FALSTRUP shall be unable to perform such duties under this Management contract, be it for health or other reasons, Asger FALSTRUP shall inform the Company immediately. In case the inability to perform shall last for a period longer than ten days, Asger FALSTRUP shall provide the Sr. VP European Operations with an appropriate medical certificate.

ARTICLE 7 - VACATION

- (1) Asger FALSTRUP shall be entitled to 30 work days annual vacation, excluding Saturdays, and all legal holidays in Denmark, in accordance with Danish vacation act.
- (2) The time of vacation shall be determined in agreement with the VP Europe.

ARTICLE 8 - SECRECY

- (1) Asger FALSTRUP shall not disclose to any third party or use for his personal gain, any confidential information which has been entrusted to him, or which has otherwise become known to him and which relates to the Company or to any of its affiliated companies. In particular, no information may be disclosed concerning the organization of the business, the relations with customers and suppliers and the Company's know-how. This obligation shall not expire upon termination of this Management contract but shall remain in force.
- (2) Business records of any kind, including private notes concerning the affairs and activities of the Company and its affiliated companies, shall be carefully kept and shall be used only for business purposes. It is not permitted to make copies or extracts or duplicates of drawings, calculations, statistics and the like or of any other business records for purposes other than for the business of Ingram Micro Holding Inc. and its affiliated companies.
- (3) Upon termination of this contract, Asger FALSTRUP shall return of his own accord all business records and copies thereof which are in his possession. Asger FALSTRUP shall have no right of retention.

ARTICLE 9 - TERM OF MANAGEMENT CONTRACT AND NOTICE

- (1) The contract shall become effective as of January 1, 1995, and is not entered into for an indefinite period. However, the management contract shall end not later than the expiry of the month following attainment of the age of 65 by Asger FALSTRUP, without the need to give notice.
- (2) The contract may be terminated by either party when at least 8 months' prior written notice has been given.

- (3) Upon termination of the Management contract by the Company, Asger FALSTRUP shall be entitled to 18 months of base salary severance payment.
- (4) Either party may terminate this Management contract with an important reason for immediate effect.
- (5) In case notice of termination of this Management contract has been given, Ingram Micro Holding Inc. is entitled to relieve Asger FALSTRUP of his duties to perform at any time. In such case, the Company shall continue to pay the contractual remuneration to Asger FALSTRUP.
- (6) Notice of termination must be given in writing.

ARTICLE 10 - FINAL PROVISIONS

- (1) This Management contract represents the entire agreement and understanding of the parties and supersedes any prior written agreement between parties.
- (2) Any amendments or additions to this Management contract shall be made in writing in order to be effective.
- (3) If one of the provisions of this Management contract is held to be invalid, the other provisions shall remain valid and the invalid provision shall be replaced by a valid one which shall have a similar economic effect.
- (4) In the event of disputes in connection with this Management contract, the place of jurisdiction shall be Denmark.
- (5) This Management contract shall be governed by and interpreted in accordance with the laws of Denmark.

Copenhagen, the 28 day of August, 1995

/s/ John Winkelhaus, II

 For Ingram Micro

/s/ Asger Falstrup

 Asger Falstrup

/s/ John Winkelhaus, II

 For Ingram Micro Holding Inc.

Asger FALSTRUP declares that he received all policies and procedures as mentioned in this contract.

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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-week or 53-week period ending on the Saturday nearest to December 31. References below to 2003, 2002, 2001, 2000, and 1999 represent the fiscal year (53 weeks) ended January 3, 2004, and the fiscal years (52 weeks) ended December 28, 2002, December 29, 2001, December 30, 2000, and January 1, 2000, respectively.

(Dollars in 000s, except per share data)	2003	2002	2001	2000	1999
Selected Operating Information					
Net sales	\$ 22,613,017	\$ 22,459,265	\$ 25,186,933	\$ 30,715,149	\$ 28,068,642
Gross profit	1,223,488	1,231,638	1,329,899	1,556,298	1,336,163
Income from operations ⁽¹⁾	156,193	50,208	92,930	353,437	200,004
Income before income taxes and cumulative effect of adoption of a new accounting standard ⁽²⁾	115,794	8,998	11,691	366,398	296,676
Income before cumulative effect of adoption of a new accounting standard ⁽³⁾	149,201	5,669	6,737	226,173	183,419
Net income (loss) ⁽⁴⁾	149,201	(275,192)	6,737	226,173	183,419
Basic earnings per share – income before cumulative effect of adoption of a new accounting standard	0.99	0.04	0.05	1.55	1.28
Diluted earnings per share – income before cumulative effect of adoption of a new accounting standard	0.98	0.04	0.04	1.52	1.24
Basic earnings per share – net income (loss)	0.99	(1.83)	0.05	1.55	1.28
Diluted earnings per share – net income (loss)	0.98	(1.81)	0.04	1.52	1.24
Weighted average common shares outstanding:					
Basic	151,220,639	150,211,973	147,511,408	145,213,882	143,404,207
Diluted	152,308,394	152,145,669	150,047,807	148,640,991	147,784,712
Selected Balance Sheet Information ⁽⁵⁾					
Cash and cash equivalents	\$ 279,587	\$ 387,513	\$ 273,059	\$ 150,560	\$ 128,152
Total assets	5,474,162	5,144,354	5,302,007	6,608,982	8,271,927
Total debt ⁽⁶⁾	368,255	365,946	458,107	545,618	1,348,135
Stockholders’ equity	1,872,949	1,635,989	1,867,298	1,874,392	1,966,845

(1) Includes reorganization costs of \$21,570, \$71,135, \$41,411 and \$20,305 in 2003, 2002, 2001 and 1999, respectively, as well as other major-program costs of \$23,363 and \$43,944 in 2003 and 2002, respectively, charged to selling, general and administrative expenses, or SG&A expenses, and \$443 and \$1,552 in 2003 and 2002, respectively, charged to costs of sales, which were incurred in the implementation of our broad-based reorganization plan, our comprehensive profit enhancement program and additional profit enhancement opportunities; and \$22,893 of special items in 2001 (see Note 3 to our consolidated financial statements).

(2) Includes items noted in footnote (1) above as well as gains on sales of available-for-sale securities of \$6,535, \$111,458 and \$201,318 in 2002, 2000 and 1999, respectively. In accordance with Financial Accounting Standards No. 145, effective in fiscal 2003, we reclassified our pre-tax gains (losses) on the repurchase of convertible debentures of \$(4,244), \$3,889 and \$6,183 in 2001, 2000 and 1999, respectively from extraordinary item to income before income taxes and cumulative effect of adoption of a new accounting standard.

(3) Includes items noted in footnotes (1) and (2) above, as well as the reversal of a deferred tax liability of \$70,461 in 2003 related to the gain on sale of available-for-sale securities (see Note 8 to our consolidated financial statements).

(4) Includes items noted in footnotes (1), (2), and (3) above, as well as the cumulative effect of adoption of a new accounting standard, net of income taxes, of \$280,861 in 2002 (see Note 2 to our consolidated financial statements).

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

(6) Includes convertible debentures, senior subordinated notes, revolving credit facilities and other long-term debt including current maturities, but excludes off-balance sheet debt of \$60,000, \$75,000, \$222,253, \$910,188, and \$262,588 at the end of fiscal years 2003, 2002, 2001, 2000, and 1999, respectively, 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 our consolidated financial statements).

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

The following discussion includes forward-looking statements, including but not limited to, management's expectations of competition; revenues, expenses and other operating results or ratios; economic conditions; liquidity; capital requirements and exchange rate fluctuations. In evaluating our business, readers should carefully consider the important factors discussed in "Cautionary Statements for the Purpose of the 'Safe Harbor' Provisions of the Private Securities Litigation Reform Act of 1995" included in Exhibit 99.01 to our Annual Report on Form 10-K for the fiscal year ended January 3, 2004. We disclaim any duty to update any forward-looking statements.

Overview of Our Business

Sales

We are the largest distributor of information technology, or IT, products and services worldwide based on revenues. We offer a broad range of IT products and services and help generate demand and create efficiencies for our customers and suppliers around the world. Through fiscal 2000, we generated positive annual sales growth from expansion of our existing operations, the integration of numerous acquisitions worldwide, the addition of new product categories and suppliers, the addition of new customers, the increased sales to our existing customer base, and the growth in the IT products and services distribution industry in general. However, our worldwide net sales declined from \$28.1 billion and \$30.7 billion in 1999 and 2000, respectively, to \$25.2 billion in 2001, \$22.5 billion in 2002 and \$22.6 billion in 2003. These declines were primarily the result of the general decline in demand for technology products and services throughout the world, beginning in the fourth quarter of 2000 and continuing through most of 2003, as well as the decision of certain vendors to pursue a direct sales model, particularly in North America, and our exit from or downsizing of certain markets in Europe and Latin America. Recent economic reports indicate that broad IT demand may be improving compared to recent quarters; however there is no assurance that this will continue. The sluggish demand for technology products and services we have experienced over the past three years may continue, or worsen, over the near term. In addition, the expansion of a direct sales strategy by one or more of our major vendors could adversely affect our future revenues.

Gross Margin

The IT distribution industry in which we operate is characterized by narrow gross profit as a percentage of net sales ("gross margin") and narrow income from operations as a percentage of net sales ("operating margin"). Historically, our margins have been negatively impacted by intense price competition, as well as changes in vendor terms and conditions, including, but not limited to, significant reductions in vendor rebates and incentives, tighter restrictions on our ability to return inventory to vendors, and reduced time periods qualifying for price protection. We expect these competitive pricing pressures and restrictive vendor terms and conditions to continue in the foreseeable future. To mitigate these factors, we have implemented and continue to refine changes to our pricing strategies, inventory management processes, and vendor program processes. In addition, we continuously monitor and change, as appropriate, certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors. As a result, gross margin improved from 4.8% in 1999 to 5.5% in 2002, and remained relatively flat at 5.4% in 2003.

SG&A Expenses

We reduced SG&A expenses as a percentage of net sales to 3.9% in 2000 from 4.0% in 1999, reflecting the benefit of greater economies of scale from our revenue growth during this period. However, SG&A expenses as a percentage of net sales increased to 4.7% in 2001 and 5.0% in 2002 primarily due to the significant decline in our net revenues during these years. As a result, we initiated a broad-based reorganization plan in June 2001, a comprehensive profit enhancement program in September 2002, and other detailed actions across all our regions to streamline operations, improve service and generate operating income improvements. As a result of these actions, we reduced our SG&A expenses to 4.6% of net sales in 2003, despite the softness in revenue.

Working Capital

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, trade credit from vendors and accounts receivable financing programs for our working capital needs. At January 1, 2000 and December 30, 2000, we had total debt of \$1.35 billion and \$545.6 million, respectively, plus an additional \$262.6 million and \$910.2 million, respectively, in off-balance sheet debt from our accounts receivable financing programs. With the decline in revenue which began in late 2000 and our strong management of working capital we reduced total debt to \$365.9 million and \$368.3 million at December 28, 2002 and January 3, 2004, respectively, and reduced the amount financed through our accounts receivable financing programs to \$75.0 million and \$60.0 million, respectively, despite the surge in revenues in the fourth quarter of 2003.

Management's Discussion and Analysis (continued)

Our Reorganization and Profit Enhancement Programs

In June 2001, we initiated a broad-based reorganization plan to streamline operations and reorganize resources to increase flexibility, improve service and generate cost savings and operational efficiencies. This program resulted in restructuring several functions, consolidation of facilities, and reductions of workforce worldwide in each of the quarters through June 2002. Total reorganization costs associated with these actions were \$8.8 million and \$41.4 million in 2002 and 2001, respectively.

In September 2002, we announced a comprehensive profit enhancement program, which was designed to improve operating income through enhancements in gross margin and reduction of SG&A expense. Key components of this initiative included enhancement and/or rationalization of vendor and customer programs, optimization of facilities and systems, outsourcing of certain IT infrastructure functions, geographic consolidations and administrative restructuring. For 2003 and 2002, we incurred \$31.0 million and \$107.9 million, respectively, of costs (or \$138.9 million from inception of the program through the end of fiscal 2003) related to this profit enhancement program, which is within our original announced estimate of \$140 million. These costs have consisted primarily of reorganization costs of \$13.6 million and \$62.4 million in 2003 and 2002, respectively, and other program implementation costs, or other major-program costs, of \$17.4 million and \$43.9 million charged to SG&A expenses in 2003 and 2002, respectively, and \$1.6 million charged to cost of sales in 2002. Reorganization costs have included severance expenses, lease termination costs and other costs associated with the exit of facilities or other contracts. The other major-program costs have consisted of program management and consulting expenses, accelerated depreciation, losses on disposals of certain assets, costs related to the outsourcing of certain IT infrastructure functions, costs associated with geographic relocation, and inventory and vendor-program losses primarily associated with the exit of certain businesses.

During 2003, we incurred incremental reorganization costs of \$8.0 million and incremental other major-program costs of \$6.4 million (\$6.0 million charged to SG&A expenses and \$0.4 million charged to cost of sales), which were not part of the original scope of the profit enhancement program announced in September 2002. These costs primarily related to the further consolidation of our operations in the Nordic areas of Europe and a loss on the sale of a non-core German semiconductor equipment distribution business. These actions have provided additional operating income improvements primarily in the European region.

We have realized significant benefits from the reduction in certain SG&A expenses and gross margin improvements as a result of our comprehensive profit enhancement program. Our estimated savings realized in the fourth quarter of 2003 compared to the second quarter of 2002, the quarter immediately preceding the September 2002 announcement of our profit enhancement plan, totaled approximately \$44 million (or approximately \$176 million on an annualized basis), which have had the effect of improving our operating income and offsetting competitive pricing pressures and other factors in the market compared to the second quarter of 2002.

These actions are substantially complete; however, we continue to pursue business process improvements to create sustained cost reductions or operational improvements over the long term. Implementation of additional actions in the future, if any, could result in additional costs as well as additional operating income improvements.

The following table summarizes our reorganization costs, other major-program costs, and special items for the fiscal years 2003, 2002, and 2001 resulting from the detailed actions initiated under our broad-based reorganization plan, profit enhancement program and other actions we have taken (in millions):

	Fiscal Year					
	2003		2002		2001	
	Reorganization Costs	Other Major-Program Costs	Reorganization Costs	Other Major-Program Costs	Reorganization Costs	Special Items
North America	\$11.2	\$17.4	\$55.7	\$37.6	\$26.1	\$18.9
Europe	9.2	6.4	12.6	7.5	13.6	—
Asia-Pacific	0.1	—	0.4	0.4	1.3	—
Latin America	1.1	—	2.4	—	0.4	4.0
Total	<u>\$21.6</u>	<u>\$23.8</u>	<u>\$71.1</u>	<u>\$45.5</u>	<u>\$41.4</u>	<u>\$22.9</u>

Reorganization costs have generally consisted of employee termination benefits for workforce reductions; facility exit costs associated with the downsizing, consolidation and exit of facilities; and other costs associated with reorganization activities. Other major-program costs associated with our comprehensive profit enhancement program announced in September 2002 included \$23.4 million in 2003 charged to SG&A expenses (\$17.4 million in North America and \$6.0 million in Europe) and \$43.9 million in 2002 (\$37.6 million in North America, \$6.0 million in Europe and \$0.4 million in

Management's Discussion and Analysis (continued)

Asia-Pacific) primarily consisting of program management and consulting expenses; incremental depreciation resulting from the reduction of estimated useful lives of fixed assets to coincide with the planned exit of certain facilities, outsourcing of certain IT infrastructure functions, and software replaced by a more efficient solution; consulting fees; recruiting, retention, training and other transition costs associated with the relocation of major functions in North America and the outsourcing of certain IT infrastructure functions; the loss on the sale of a non-core German semiconductor equipment distribution business; and the gain on the sale of excess land near our headquarters in Southern California. Additionally, other major-program costs included \$0.4 million and \$1.6 million in 2003 and 2002, respectively, charged to cost of sales, primarily comprised of incremental inventory and vendor-program losses caused by the decision to further consolidate and exit certain European markets. Special items in 2001 consisted of write-offs of electronic storefront technologies that were replaced by other solutions and inventory management software which was no longer required because of our business process and systems improvements; an impairment charge to reduce our minority equity investment in an Internet-related company to estimated net realizable value; and a charge for our outstanding insurance claims with an independent and unrelated former credit insurer, which went into liquidation. See additional detail in Note 3 to our consolidated financial statements.

Our Critical Accounting Policies and Estimates

The discussions and analyses of our consolidated financial condition and results of operations are substantially based on our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America (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 significant 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, but not limited to, those that relate to accounts receivable; vendor programs; inventories; goodwill, intangible and other long-lived assets; income taxes; and contingencies and litigation. Our estimates are 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. Although we believe our estimates, judgments and assumptions are appropriate and reasonable based upon available information, these assessments are subject to a wide range of sensitivity, therefore, actual results could differ from these estimates.

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 our retained interest in securitized receivables, for estimated losses resulting from the inability of our customers to make required payments. Changes in the financial condition of our customers or other unanticipated events, which may affect their ability to make payments, could result in charges for additional allowances exceeding our expectations. In this regard, we recorded a charge of approximately \$20 million in North America in the third quarter of 2003 to fully reserve the receivable from Micro Warehouse, Inc. which filed for bankruptcy protection in September 2003. 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; a continuing credit evaluation of our customers' financial conditions; aging of receivables, individually and in the aggregate; credit insurance coverage; and the value and adequacy of collateral received from our customers in certain circumstances.
- **Vendor Programs** - We receive funds from vendors for price protection, product rebates, marketing, training, product returns and promotion programs which are recorded as adjustments to product costs, revenue, or SG&A expenses according to the nature of the program. Some of these programs may extend over one or more quarterly reporting periods. We accrue rebates or other vendor incentives as earned based on sales of qualifying products or as services are provided in accordance with the terms of the related program. 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. We also provide reserves for receivables on vendor programs for estimated losses resulting from vendors' inability to pay, or rejections of claims by vendors.

Management's Discussion and Analysis (continued)

- **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 could cause us to have excess and/or obsolete inventories. On an ongoing basis, we review for estimated excess or obsolete 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: protection from loss in value of inventory under our vendor agreements, our ability to return to vendors only a certain percentage of our purchases, aging of inventories, a sudden decline in demand due to an economic downturn, and rapid product improvements and technological changes.
- **Goodwill, Intangible Assets and Other Long-Lived Assets** - Effective the first quarter of 2002, we adopted the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). FAS 142 eliminated the amortization of goodwill. Instead, goodwill was reviewed for impairment upon adoption and will be reviewed at least annually thereafter. In connection with the initial impairment tests, we obtained valuations of our individual reporting units from an independent third-party valuation firm. The valuation methodologies included, but were not limited to, estimated net present value of the projected cash flows of these reporting units. As a result of these initial impairment tests, we recorded a noncash charge of \$280.9 million, net of income taxes of \$2.6 million, in the first quarter of 2002 for the cumulative effect of adopting this new standard, to reduce the carrying value of goodwill to its fair value in accordance with FAS 142.

In the fourth quarters of 2003 and 2002, we performed impairment tests of our goodwill totaling \$244.2 million at January 3, 2004 and \$233.9 million at December 28, 2002. In connection with each impairment test, which is required at least annually by FAS 142, we again obtained valuations of our individual reporting units from an independent third-party valuation firm. The valuation methodologies were consistent with those used in our initial impairment tests. No additional impairment was indicated based on these tests. However, if actual results are substantially lower than our projections underlying these valuations, or if market discount rates increase, this could adversely affect our future valuations and result in future impairment charges.

We also 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. The amount of an impairment loss would be recognized as the excess of the asset's carrying value over its fair value. Factors, which may cause 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.

- **Income Taxes** - As part of the process of preparing our consolidated financial statements, we 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 financial reporting 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 must 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 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 our consolidated financial statements), we provide for tax liabilities unless we consider it probable that additional taxes will not be due. As additional information becomes available, or these uncertainties are resolved with the taxing authorities, revisions to these liabilities may be required, resulting in additional provision for or benefit from income taxes in our consolidated income statement. In September 2003, our U.S. Federal tax returns for 1999 were closed, which resolved matters related to our gain on sale of Softbank common stock for U.S. Federal income tax purposes for that year. Accordingly, during the third quarter of 2003, we reversed the related Federal deferred tax liability of \$70.5 million associated with the Softbank gain on the 1999 sale, thereby reducing the income tax provision in our consolidated statement of income.

Management's Discussion and Analysis (continued)

- **Contingencies and Litigation** - There are various claims, lawsuits and pending actions against us incidental to our operations. If a loss arising from these actions is probable and can be reasonably estimated, we record the amount of the estimated loss. If the loss is estimated using a range within which no point is more probable than another, the minimum estimated liability is recorded. 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 (see Note 10 to 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 our consolidated results of operations, cash flows and financial position.

Results of Operations

Due to the significance of our Asia-Pacific region's net sales in 2003, we are now reporting Asia-Pacific and Latin America as separate segments. Previously, the Asia-Pacific and Latin America regions were combined and reported as our "Other International" segment. The following tables set forth our net sales by geographic region (excluding intercompany sales) and the percentage of total net sales represented thereby, as well as operating income and operating margin by geographic region for each of the fiscal years indicated (in millions).

	2003		2002		2001	
Net sales by geographic region:						
North America	\$10,965	48.5%	\$12,132	54.0%	\$14,882	59.1%
Europe	8,267	36.5	7,150	31.8	7,157	28.4
Asia-Pacific	2,320	10.3	1,961	8.8	1,796	7.1
Latin America	1,061	4.7	1,216	5.4	1,352	5.4
Total	<u>\$22,613</u>	<u>100.0%</u>	<u>\$22,459</u>	<u>100.0%</u>	<u>\$25,187</u>	<u>100.0%</u>

	2003		2002		2001	
Operating income (loss) and operating margin by geographic region:						
North America	\$ 94.5	0.9%	\$36.5	0.3%	\$104.7	0.7%
Europe	73.2	0.9	12.7	0.2	13.6	0.2
Asia-Pacific	(10.3)	(0.4)	1.0	0.1	(23.8)	(1.3)
Latin America	(1.2)	(0.1)	(0.0)	(0.0)	(1.6)	(0.1)
Total	<u>\$156.2</u>	<u>0.7%</u>	<u>\$50.2</u>	<u>0.2%</u>	<u>\$ 92.9</u>	<u>0.4%</u>

We generated approximately 40%, 41% and 44% of our net sales in fiscal 2003, 2002 and 2001, respectively, from products purchased from our top three vendors. Hewlett-Packard Company, or HP, and Compaq Computer Company, which was acquired by HP in 2002, were treated for this purpose as a single combined company since the beginning of 2001 and individually represents more than 10% of our net sales in each of the last three years. HP has increased the level of business it transacts directly with end-users and/or resellers in certain product categories, customer segments and/or geographies (principally in the North American region, which may be expanded to the European region in the near term). As a result, our net sales have been and could continue to be negatively affected.

Management's Discussion and Analysis (continued)

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.

	2003	2002	2001
Net sales	100.0%	100.0%	100.0%
Cost of sales	94.6	94.5	94.7
Gross profit	5.4	5.5	5.3
Operating expenses:			
Selling, general and administrative	4.6	5.0	4.7
Reorganization costs	0.1	0.3	0.2
Special items	—	—	0.0
Income from operations	0.7	0.2	0.4
Other expense, net	0.2	0.2	0.3
Income before income taxes and cumulative effect of adoption of a new accounting standard	0.5	0.0	0.1
Provision for (benefit from) income taxes	(0.2)	0.0	0.1
Income before cumulative effect of adoption of a new accounting standard	0.7	0.0	0.0
Cumulative effect of adoption of a new accounting standard	—	(1.3)	—
Net income (loss)	0.7%	(1.3)%	0.0%

Results of Operations for the Years Ended January 3, 2004, December 28, 2002 and December 29, 2001

Our consolidated net sales were \$22.6 billion, \$22.5 billion and \$25.2 billion in 2003, 2002 and 2001, respectively. Our worldwide net sales increased approximately 1% in 2003 compared to 2002, primarily due to the translation impact of the strengthening European currencies which contributed approximately 6% of the growth, an additional three selling days during the extra week in 2003, and higher relative demand in the emerging Asia-Pacific market, which offset the impact of softer demand experienced through most of 2003. The overall decrease in net sales from 2001 through 2003 was primarily attributable to the prolonged soft demand for technology products and services throughout most of the world, the decision of certain vendors to pursue a direct sales model, primarily in North America, and the exit or downsizing of certain markets in Europe and Latin America. The decline in demand initially surfaced in North America in the fourth quarter of 2000, but spread to all of our regions of operations during 2001 and has continued throughout most of 2003. In the fourth quarter of 2003, we generated approximately 15% year-over-year growth (of which the translation impact of the strengthening European currencies was approximately 7% of the growth). Recent economic reports indicate that broad IT demand may be improving compared to recent quarters; however there is no assurance that this will continue. The sluggish demand for technology products and services we have experienced over the past three years may continue, or worsen, over the near term. In addition, the expansion of a direct sales strategy by one or more of our major vendors could adversely affect our future revenues and profitability, over the near term.

Net sales from our North American operations were \$11.0 billion, \$12.1 billion and \$14.9 billion in 2003, 2002 and 2001, respectively. The decrease in our North American net sales from 2001 through 2003 was primarily due to the sluggish demand for IT products and services, consistent with the prolonged softness in the U.S. economy, as well as the decision of certain vendors to pursue a direct sales model. Net sales from our European operations increased 16% to \$8.3 billion in 2003 as compared to \$7.2 billion in both 2002 and 2001. The translation impact of the strengthening European currencies contributed approximately 18% and 5% to revenue in 2003 and 2002, respectively. The offsetting decreases in revenue reflect the soft demand for technology products and services in most countries in Europe and our downsizing and/or exit of operations in certain markets within the region. Net sales from our Asia-Pacific operations were \$2.3 billion, \$2.0 billion and \$1.8 billion in 2003, 2002 and 2001, respectively. The steady increase in our Asia-Pacific net sales from 2001 through 2003 was primarily due to the higher relative demand for IT products in this emerging market. Net sales from our Latin America operations were \$1.1 billion, \$1.2 billion and \$1.4 billion in 2003, 2002 and 2001, respectively. The decrease in our Latin American net sales from 2001 through 2003 was primarily due to weak economic conditions prevalent within the region and the downsizing of our operations in certain markets during 2002.

Management's Discussion and Analysis (continued)

Gross margin was 5.4% and 5.5% in 2003 and 2002, respectively, compared to 5.3% in 2001. The improvement over 2001 reflects benefits from our profit enhancement program and strategic pricing initiatives, which have offset the impact of competitive pressures on pricing. The slight decrease in gross margin from 2002 to 2003 was primarily due to continued pressures on pricing across all regions. We also continuously evaluate and modify our pricing policies and certain of the terms and conditions offered to our customers to reflect those being imposed by our vendors and general market conditions. As we continue to evaluate our existing pricing policies and make future changes, if any, we may experience moderated or negative sales growth in the near term. In addition, softness in economies throughout the world as well as increased competition may hinder our ability to maintain and/or improve gross margins from the levels realized in recent years.

Total SG&A expenses were \$1.0 billion, \$1.1 billion and \$1.2 billion in 2003, 2002 and 2001, respectively. We have taken actions to streamline our operations and reduce costs as discussed in our Reorganization and Profit Enhancement program section above. In 2002, we reduced SG&A expenses by \$62.4 million compared to 2001 primarily as a result of these actions and the lower volume of business, partially offset by other major-program costs of \$43.9 million required to implement these actions, and the translation impact of the strengthening European currencies of approximately \$17 million. However, SG&A expenses as a percentage of revenue increased to 5.0% in 2002 compared to 4.7% in 2001 primarily due to the decline in revenues during the period. SG&A expenses were further reduced by \$64.6 million in 2003 compared to 2002 as a result of the actions we have taken and the reduction of other major-program costs of \$20.6 million in 2003, partially offset by a charge of \$20 million in North America related to accounts receivable from Micro Warehouse, Inc. which filed for bankruptcy protection in September 2003, and the translation impact of the strengthening European currencies of approximately \$46 million. As of January 3, 2004, we believe we have substantially realized the benefits of our profit enhancement program and other actions implemented to date; however, we continue to pursue business process improvements and organizational changes to create sustained cost reductions without sacrificing customer service over the long term.

As previously discussed, reorganization costs were \$21.6 million, \$71.1 million and \$41.4 million in 2003, 2002 and 2001, respectively.

In 2001, we also recorded special items of \$22.9 million, which primarily consisted of \$10.2 million for the write-off of capitalized software; \$9.2 million in charges recorded for claims filed with one of our prior credit insurance companies, which was liquidated in 2001; and \$3.5 million to reduce our minority equity investment in an Internet-related company to estimated net realizable value (see Note 3 to our consolidated financial statements).

Our operating margin increased to 0.7% in 2003 from 0.2% and 0.4% in 2002 and 2001, respectively. Our North American operating margin increased to 0.9% in 2003 from 0.3% and 0.7% in 2002 and 2001, respectively. Operating margin for North America decreased in 2002 from 2001 due to the impact of reorganization and other major-program costs and the decline in revenues. Operating margin for North America increased in 2003 due to lower reorganization and other major-program costs in 2003 compared to 2002 and improvements realized from our profit enhancement program and other actions we have taken, partially offset by the \$20 million charge related to accounts receivable from Micro Warehouse, Inc. which filed for bankruptcy protection in September 2003 and increased competitive pressures on pricing. Our European operating margin increased to 0.9% in 2003 from 0.2% in both 2002 and 2001. Operating margin for Europe in 2003 was positively impacted by improvements from our profit enhancement program and other actions we have taken. Our Asia-Pacific region generated an operating loss of \$10.3 million in 2003 compared to operating profit of \$1.0 million in 2002 and an operating loss of \$23.8 million in 2001. The improvement in our Asia-Pacific operating profit in 2002 compared to 2001, primarily resulted from improved processes in our newest region. Operating results in the Asia-Pacific region deteriorated in 2003, largely due to higher inventory and bad debt losses in greater China, and intense price competition particularly in our components business, which were exacerbated by the impacts of SARS and the Gulf War on the region. We continue to implement process improvements in this region and expect improved operating margins in this developing market in the future. Our Latin American region has had negative operating margins of 0.1% or less in each of the past three years. The negative operating results in this region are primarily attributable to the continued market softness and competitive pressures in the region during this period as well as higher bad debt expense and inventory related issues in 2003 compared to 2002 and 2001. We believe additional process improvements being implemented in this region will improve operating margins in future periods.

Management's Discussion and Analysis (continued)

Other expense (income) consisted primarily of interest, losses on sales of receivables under our ongoing accounts receivable facilities, foreign currency exchange losses, and other non-operating gains and losses. We recorded net other expense of \$40.4 million or 0.2% as a percentage of net sales in 2003 compared to \$41.2 million or 0.2% as a percentage of net sales in 2002, and \$81.2 million or 0.3% as a percentage of net sales in 2001. The amount in 2002 includes a gain of \$6.5 million from the sale of our remaining shares of Softbank common stock. The amount in 2001 includes a loss on the repurchase of convertible debentures of \$4.2 million. The remaining components of net other expense decreased by \$29.3 million in 2002 compared to 2001 and decreased an additional \$7.3 million in 2003 compared to 2002. These reductions primarily result from reductions in our borrowings and sales of receivables, reflecting our continued strong working capital management and lower volume of business, particularly compared to 2001, as well as lower interest rates and lower foreign currency exchange losses.

Our benefit from income taxes was \$33.4 million in 2003 compared to a provision for income taxes of \$3.3 million and \$5.0 million in 2002 and 2001, respectively. Fiscal 2003 included a benefit of \$70.5 million for the reversal of previously accrued U.S. Federal income taxes relating to the gain realized on the sale of Softbank common stock in 1999 (see Note 8 to our consolidated financial statements). Our effective tax benefit rate in 2003 was 29%. The effective tax rates in 2002 and 2001 were 37% and 42%, respectively. The decrease in the effective tax rate from 2001 through 2003 is primarily attributable to the reversal of the previously accrued U.S. Federal income taxes as well as to changes in the proportion of income earned within the various taxing jurisdictions, our ongoing tax strategies, and the elimination of goodwill amortization in 2002, a substantial portion of which was not deductible for tax purposes.

As noted in our discussion of critical accounting policies and estimates, in the first quarter of 2002, we recorded a noncash charge of \$280.9 million, net of income taxes of \$2.6 million, for the cumulative effect of adopting FAS 142. In the fourth quarters of 2003 and 2002, we performed impairment tests of our goodwill and no additional impairment was indicated based on these tests.

Quarterly Data; Seasonality

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

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

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

Management's Discussion and Analysis (continued)

The following table sets forth certain unaudited quarterly historical financial data for each of the eight quarters in the period ended January 3, 2004. 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 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 Cumulative Effect of Adoption of a New Accounting Standard	Net Income (Loss)	Diluted Earnings (Loss) Per Share Before Cumulative Effect of Adoption of a New Accounting Standard	Diluted Earnings (Loss) Per Share
(in millions, except per share data)								
Fiscal Year Ended January 3, 2004								
(1)								
Thirteen Weeks Ended (2):								
March 29, 2003	\$5,474.2	\$296.2	\$27.1	\$ 15.5	\$ 10.1	\$ 10.1	\$ 0.07	\$ 0.07
June 28, 2003	5,170.6	281.4	27.3	17.7	11.5	11.5	0.08	0.08
September 27, 2003	5,207.4	282.6	20.8	14.4	81.2	81.2	0.53	0.53
January 3, 2004 (1)	6,760.8	363.3	81.0	68.2	46.4	46.4	0.30	0.30
Fiscal Year Ended December 28, 2002								
Thirteen Weeks Ended (3):								
March 30, 2002	\$5,616.6	\$303.6	\$30.8	\$ 24.5	\$ 15.5	\$(265.4)	\$ 0.10	\$(1.74)
June 29, 2002	5,352.8	293.1	26.0	14.0	8.8	8.8	0.06	0.06
September 28, 2002	5,600.2	303.7	(2.6)	(13.2)	(8.3)	(8.3)	(0.06)	(0.06)
December 28, 2002	5,889.7	331.2	(4.0)	(16.3)	(10.3)	(10.3)	(0.07)	(0.07)

(1) Fiscal 2003 is a 53-week year making the quarter ended January 3, 2004 a fourteen-week period.

(2) Includes impact of charges related to reorganization and other major-program costs. Pre-tax quarterly charges in 2003 were recorded as follows: first quarter, \$20.2 million; second quarter, \$12.5 million; third quarter, \$4.0 million; fourth quarter, \$8.7 million. The third quarter of 2003 also includes a pretax charge of \$20 million in North America related to accounts receivable from Micro Warehouse, Inc. which filed for bankruptcy in September 2003 and the reversal of the Softbank deferred tax liability of \$70.5 million.

(3) Includes impact of charges related to reorganization and other major-program costs. Pre-tax quarterly charges in 2002 were recorded as follows: first quarter, \$3.4 million; second quarter, \$5.4 million; third quarter, \$45.1 million; fourth quarter, \$62.7 million. The first quarter of 2002 also includes a pre-tax gain of \$6.5 million on the sale of available-for-sale securities and a charge of \$280.9 million, net of taxes, for the cumulative effect of adoption of a new accounting standard.

Liquidity and Capital Resources

Cash Flows

We have financed our growth and cash needs largely through income from operations, borrowings under revolving credit and other facilities, sales of accounts receivable through established accounts receivable facilities, trade and supplier credit, 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, January 2000 and March 2002 (see Notes 2 and 8 to our consolidated financial statements).

Our cash and cash equivalents totaled \$279.6 million and \$387.5 million at January 3, 2004 and December 28, 2002, respectively.

Net cash used by operating activities was \$94.8 million in 2003 compared to net cash provided by operating activities of \$270.6 million and \$309.4 million in 2002 and 2001, respectively. The net cash used by operating activities in 2003 principally reflects an increase in inventory and a decrease in accrued expenses, partially offset by income adjusted for noncash charges and by a decrease in accounts receivable. The increase in inventory largely reflects the increase in sales in the fourth quarter of 2003, increased inventory stocking levels in response to recent improvements in market conditions, and purchases for strategic growth areas. The reduction of accrued expenses primarily relates to the settlement of a currency interest rate swap in the first quarter of 2003 and payments of variable incentive compensation and profit enhancement program costs. The decrease in accounts receivable reflects strong working capital management during the year. The net cash provided by operating activities in 2002 and 2001 was primarily attributable to the overall reduction in our net working capital due to our focus on working capital management and the lower volume of business.

Management's Discussion and Analysis (continued)

Net cash used by investing activities was \$36.9 million, \$28.1 million and \$70.3 million in 2003, 2002 and 2001, respectively. The net cash used by investing activities in 2003 was primarily due to capital expenditures of \$35.0 million. The net cash used by investing activities in 2002 was primarily due to capital expenditures of approximately \$54.7 million, partially offset by cash proceeds of approximately \$31.8 million from the sale of Softbank common stock. In 2001, the net cash used was primarily related to \$86.4 million used for capital expenditures, partially offset by cash proceeds from the sale of property and equipment of \$20.3 million. The reduction in our capital expenditures over the period from 2001 to 2003 reflects the benefits of our profit enhancement program which has enabled us to streamline operations and optimize facilities as well as our decision to outsource certain IT infrastructure functions which have reduced our capital requirements. We presently expect our capital expenditures not to exceed \$60 million in 2004.

Net cash provided by financing activities was \$9.3 million in 2003 compared to cash used by financing activities of \$146.7 million and \$101.0 million in 2002 and 2001, respectively. The net cash provided by financing activities in 2003 primarily reflects proceeds received from the exercise of stock options of \$10.3 million. The net cash used by financing activities in 2002 primarily resulted from the net repayment of our revolving credit and other debt facilities of \$125.0 million. The paydown of debt was primarily enabled through cash provided by operations, continued focus on working capital management and lower financing needs as a result of the lower volume of business. The 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 of \$68.3 million. This was primarily enabled through cash provided by operations, continued focus on working capital management and lower volume of business, as well as by the proceeds from our issuance of senior subordinated notes of \$195.1 million.

Acquisitions

We account for all acquisitions after June 30, 2001 in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations." The results of operations of these businesses have been combined with our results of operations beginning on their acquisition dates.

In February 2003, we increased ownership in Ingram Macrotron AG, a German-based distribution company, by acquiring the remaining interest of approximately 3% held by minority shareholders. The purchase price of this acquisition consisted of a cash payment of \$6.3 million, resulting in the recording of \$5.3 million of goodwill. Court actions have been filed by several minority shareholders contesting the adequacy of the purchase price paid for the shares and various other actions, which could affect the purchase price. Depending upon the outcome of these actions, additional payments for such shares may be required. In addition, in April 2003, we increased our ownership in an India-based subsidiary by acquiring approximately 37% of the subsidiary held by minority shareholders. The total purchase price for this acquisition consisted of a cash payment of \$3.1 million, resulting in the recording of \$2.0 million of goodwill.

In June 2002, we increased our ownership in a Singapore-based subsidiary engaged in export operations to 100% by acquiring the remaining 49% interest held by minority shareholders. In addition, we acquired the Cisco Systems Inc. business unit of an IT distributor in The Netherlands in October 2002 and an IT distributor in Belgium in December 2002. The total purchase price for these acquisitions, consisting of aggregate net cash payments of \$8.3 million plus assumption of certain liabilities, was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the dates of acquisition, resulting in the recording of \$9.2 million of goodwill.

In December 2001, we concluded a business combination involving certain assets and liabilities of our former subdistributor in the People's Republic of China. In addition, during September 2001, we acquired certain assets of an IT distribution business in the United Kingdom. The purchase price for these transactions, consisting of aggregate cash payments of \$15.9 million plus assumption of certain liabilities, was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the transaction dates, resulting in the recording of \$105.4 million of goodwill.

The results of operations for companies acquired were not material to our consolidated results of operations on an individual or aggregate basis, and accordingly, pro forma results of operations have not been presented.

Capital Resources

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

Management's Discussion and Analysis (continued)

On-Balance Sheet Capital Resources

In June 2002, we entered into a three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of one of our European subsidiaries for Euro 107 million, or approximately \$135 million, with a financial institution that has an arrangement with a related issuer of third-party commercial paper. The facility requires certain commitment fees and a minimum-borrowing requirement of Euro 16 million over the term of the agreement. In addition, in August 2003, we entered into another three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of two other European subsidiaries for Euro 230 million, or approximately \$290 million, with the same financial institution and related issuer of third-party commercial paper. This additional facility also requires certain commitment fees and a minimum borrowing requirement of Euro 35 million by no later than December 31, 2003 and continuing through the term of the agreement. We obtained an extension for such requirement through mid January 2004, by which time we have been able to meet and maintain the minimum borrowing requirement of Euro 35 million by the substantially larger of the two subsidiaries. We obtained a further extension for the smaller subsidiary until June 30, 2004, after which trade accounts receivable of the smaller subsidiary will be required to support the program. However, further delays or failure to have trade accounts receivable available from our smaller subsidiary to support the program could adversely affect our ability to access these funds. Borrowings under both facilities incur financing costs at rates indexed to EURIBOR.

Our ability to access financing under both European facilities is dependent upon the level of eligible trade accounts receivable of three of our European subsidiaries, and the level of market demand for commercial paper. As of January 3, 2004, our actual aggregate capacity under the June 2002 European program based on eligible accounts receivable outstanding was approximately \$109 million.

We could lose access to all or part of our financing under these European facilities under certain circumstances, including: (a) a reduction in credit ratings of the third-party issuer of commercial paper or the back-up liquidity providers, if not replaced or (b) failure to meet certain defined eligibility criteria for the trade accounts receivable, such as receivables must be assignable and free of liens and dispute or set-off rights. In addition, in certain situations, we could lose access to all or part of our financing with respect to the August 2003 European facility as a result of the rescission of our authorization to collect the receivables by the relevant supplier under applicable local law. Based on our assessment of the duration of both programs, the history and strength of the financial partners involved, other historical data, various remedies available to us under both programs, and the remoteness of such contingencies, we believe that it is unlikely that any of these risks will materialize in the near term. At January 3, 2004 and December 28, 2002, we had borrowings of \$20.2 million and \$49.6 million, respectively, under the June 2002 European facility, of which \$20.2 million and \$16.8 million, respectively, is presented as long-term debt to reflect the minimum-borrowing requirement pursuant to this agreement. At January 3, 2004, there were no borrowings under the August 2003 European facility.

We have a \$150 million revolving senior unsecured credit facility with a bank syndicate that expires in December 2005. At January 3, 2004 and December 28, 2002, we had no borrowings outstanding under this credit facility. This facility can also be used to support letters of credit. At January 3, 2004 and December 28, 2002, letters of credit totaling approximately \$63.7 million and \$12.7 million, respectively, were issued principally to certain vendors to support purchases by our subsidiaries. The issuance of these letters of credit reduces our available capacity under the agreement by the same amounts.

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

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

On August 16, 2001, we also entered into interest rate swap agreements with two financial institutions, the effect of which was to swap our fixed-rate obligation on our senior subordinated notes for a floating rate obligation equal to 90-day LIBOR plus 4.260%. All other financial terms of the interest rate swap agreements are identical to those of the senior subordinated notes, except for the quarterly payments of interest, which will be on each February 15, May 15, August 15

Management's Discussion and Analysis (continued)

and November 15 and ending on the termination date of the swap agreements. These interest rate swap arrangements contain ratings conditions requiring posting of collateral by either party and at minimum increments based on the market value of the instrument and credit ratings of either party. The marked-to-market value of the interest rate swap amounted to \$20.5 million and \$24.8 million at January 3, 2004 and December 28, 2002, respectively, which is recorded in other assets with an offsetting adjustment to the hedged debt, bringing the total carrying value of the senior subordinated notes to \$219.7 million and \$223.8 million, respectively.

We also have additional lines of credit, commercial paper, short-term overdraft facilities and other credit facilities with various financial institutions worldwide, which provide for borrowing capacity aggregating approximately \$381 million at January 3, 2004. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At January 3, 2004 and December 28, 2002, we had approximately \$128.3 million and \$92.5 million, respectively, outstanding under these facilities. At January 3, 2004 and December 28, 2002, letters of credit totaling approximately \$29.3 million and \$16.4 million, respectively, were also issued principally to certain vendors to support purchases by our subsidiaries. The issuance of these letters of credit reduces our available capacity under these agreements by the same amounts. The weighted average interest rate on the outstanding borrowings under these credit facilities was 5.2% and 5.4% per annum at January 3, 2004 and December 28, 2002, respectively.

Off-Balance Sheet Capital Resources

We have a revolving accounts receivable securitization program in the U.S., which provides for the issuance of up to \$700 million in commercial paper secured by undivided interests in a pool of transferred receivables. In connection with this program, which expires in March 2005, most of our U.S. trade accounts receivable are transferred without recourse to a trust in exchange for a beneficial interest in the total pool of trade receivables. In addition, the trust has issued \$25 million of fixed-rate, medium-term certificates, which expire in February 2004, and are also secured by undivided interests in the pool of transferred receivables. Sales of undivided interests to third parties under this program result in a reduction of total accounts receivable on our consolidated balance sheet. The excess of the trade accounts receivable transferred over amounts sold to and held by third parties at any one point in time represents our retained interest in the transferred accounts receivable and is shown on our consolidated balance sheet as a separate caption under accounts receivable. Retained interests are carried at their fair market value, estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At January 3, 2004 and December 28, 2002, the amount of undivided interests sold to and held by third parties under this U.S. program totaled \$60.0 million and \$75.0 million, respectively.

We also have certain other revolving trade accounts receivable-based facilities in Canada and Europe, which provide up to approximately \$321 million of additional financing capacity. Approximately \$116 million of this capacity expires in December 2004 with the balance expiring in 2007. At January 3, 2004 and December 28, 2002, there were no trade accounts receivable sold to and held by third parties under these programs.

The aggregate amount of trade accounts receivable sold to and held by third parties under the U.S., Canadian, and European programs, or off-balance sheet debt, as of January 3, 2004 and December 28, 2002 totaled \$60.0 million and \$75.0 million, respectively. The decrease in amounts sold to and held by third parties resulted in an increase in our retained interests in securitized receivables, which was more than offset by an overall decrease in receivables resulting from the lower volume of business and reduction of our days sales outstanding. We believe that available funding under our accounts receivable financing programs provides us increased flexibility to make incremental investments in strategic growth initiatives and to manage working capital requirements.

Our financing capacity under these programs is dependent upon the level of our trade accounts receivable eligible to be transferred or sold into the accounts receivable financing programs. As of January 3, 2004, our actual aggregate capacity under these programs based on eligible accounts receivable outstanding was approximately \$696 million. We believe that there are sufficient eligible trade accounts receivable to support our anticipated financing needs under the U.S., Canadian, and European accounts receivable financing programs.

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

Management's Discussion and Analysis (continued)

Covenant Compliance

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

Contractual Obligations

The following summarizes our financing capacity and contractual obligations at January 3, 2004 (in millions), and the effect scheduled payments on such obligations are expected to have on our liquidity and cash flows in future periods.

Contractual Obligations	Total Capacity	Balance Outstanding	Payments Due by Period			
			Less Than 1 Year	1 - 3 Years	3 - 5 Years	After 5 years
Senior subordinated notes ⁽¹⁾	\$ 219.7	\$219.7	\$ —	\$ —	\$219.7	\$ —
European revolving trade accounts receivable backed financing facilities ⁽²⁾	425.0	20.2	—	20.2	—	—
Revolving senior unsecured credit facility ⁽³⁾	150.0	—	—	—	—	—
Bank overdrafts and other ⁽⁴⁾	381.0	128.4	128.4	—	—	—
Subtotal	1,175.7	368.3	128.4	20.2	219.7	—
Accounts receivable financing programs ⁽⁵⁾	1,046.0	60.0	25.0	35.0	—	—
Minimum payments under operating leases and IT outsourcing agreement ⁽⁶⁾	487.0	487.0	72.9	126.1	113.0	175.0
Total	\$2,708.7	\$915.3	\$226.3	\$181.3	\$332.7	\$175.0

(1) See Note 7 to our consolidated financial statements.

(2) The capacity amount in the table above represents the maximum capacity available under these facilities. Our actual capacity is dependent upon the actual amount of eligible trade accounts receivable outstanding that may be used to support these facilities. As of January 3, 2004, our actual aggregate capacity under these programs based on eligible accounts receivable outstanding was approximately \$109 million (see Note 7 to our consolidated financial statements).

(3) The capacity amount in the table above represents the maximum capacity available under this facility. This facility can also be used to support letters of credit. At January 3, 2004, letters of credit totaling approximately \$63.7 million were issued to certain vendors to support purchases by our subsidiaries. The issuance of these letters of credit reduces our available capacity by the same amount.

(4) One of these programs can also be used to support letters of credit. At January 3, 2004, letters of credit totaling approximately \$29.3 million were issued to certain vendors to support purchases by our subsidiaries. The issuance of these letters of credit also reduces our available capacity by the same amount.

(5) Payments due by period were classified based on the maturity dates of the related revolving accounts receivable financing programs. The total capacity amount in the table above represents the maximum capacity available under these programs. Our actual capacity is dependent upon the actual amount of eligible trade accounts receivable outstanding that may be transferred or sold into these programs. As of January 3, 2004, our actual aggregate capacity under these programs based on eligible accounts receivable outstanding was approximately \$696 million.

(6) In December 2002, we entered into an agreement with a third-party provider of IT outsourcing services. The services to be provided include mainframe, major server, desktop and enterprise storage operations, wide-area and local-area network support and engineering; systems management services; help desk services; and worldwide voice/PBX. This agreement expires in December 2009, but is cancelable at our option subject to payment of termination fees. Additionally, we lease the majority of our facilities and certain equipment under noncancelable operating leases. Renewal and purchase options at fair values exist for a substantial portion of the leases. Amounts in this table represent future minimum payments on operating leases that have remaining noncancelable lease terms in excess of one year as well as under the IT outsourcing agreement.

Management's Discussion and Analysis (continued)

Other Matters

In December 1998, we purchased 2,972,400 shares of common stock of Softbank for approximately \$50.3 million. During December 1999, we sold approximately 35% of our original investment in Softbank common stock for approximately \$230.1 million, resulting in a pre-tax gain of approximately \$201.3 million, net of expenses. In January 2000, we sold an additional approximately 15% of our original holdings in Softbank common stock for approximately \$119.2 million resulting in a pre-tax gain of approximately \$111.5 million, net of expenses. In March 2002, we sold our remaining shares of Softbank common stock for approximately \$31.8 million resulting in a pre-tax gain of \$6.5 million, net of expenses. We generally used the proceeds from these sales to reduce existing indebtedness. The realized gains, net of expenses, associated with the sales of Softbank common stock in March 2002, January 2000 and December 1999 totaled \$4.1 million, \$69.3 million and \$125.2 million, respectively, net of deferred taxes of \$2.4 million, \$42.1 million and \$76.1 million, respectively (see Notes 2 and 8 to our consolidated financial statements).

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

Transactions with Related Parties

We have loans receivable from certain of our executive officers and other associates. These loans, ranging up to \$0.1 million, have interest rates ranging from 2.74% to 6.75% per annum and are payable up to four years. All loans to executive officers, unless granted prior to their election to such position, were granted and approved by the Human Resources Committee of our Board of Directors prior to July 30, 2002, the effective date of the Sarbanes-Oxley Act of 2002. No material modification or renewals to these loans to executive officers have been made since that date or subsequent to the employee's election as an executive officer, if later. At January 3, 2004 and December 28, 2002, our employee loans receivable balance was \$0.9 million and \$1.3 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.

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 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 2003, hedged transactions were denominated primarily in U.S. dollars, euros, pounds sterling, Canadian dollars, Australian dollars, Danish krone, Swedish krona, Swiss francs, Hungarian forint, Norwegian kroner, Indian rupees, Thai baht, Brazilian reals, and Mexican pesos.

Management's Discussion and Analysis (continued)

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. In August 2001, we 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%. As of January 3, 2004 and December 28, 2002, substantially all of our outstanding debt had variable interest rates.

Market Risk Management

Foreign exchange and interest rate risk and related derivatives used 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). The model includes all of our forwards, cross-currency and other interest rate swaps, fixed-rate debt and nonfunctional currency denominated cash and 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). 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 January 3, 2004	\$10.5	\$0.1	\$9.0
VaR as of December 28, 2002	7.0	0.1	5.7

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, including but not limited to statements about future sales levels, margins, restructuring charges, major-program costs, cost savings, operating efficiencies, and profitability, are based on current management expectations that involve certain risks which if realized, in whole or in part, could have a material adverse effect on our business, financial condition and results of operations, including, without limitation: (1) intense competition, regionally and internationally, including competition from alternative business models, such as manufacturer-to-end-user selling, which may lead to reduced prices, lower sales or reduced sales growth, lower gross margins, extended payment terms with customers, increased capital investment and interest costs, bad debt risks and product supply shortages; (2) termination of a supply or services agreement with a major supplier or customer or a significant change in supplier terms or conditions of sale; (3) failure of information systems could result in significant disruption of business and/or additional costs to us; (4) worsening economic conditions (particularly in purchases of technology products) and failure to adjust costs in a timely fashion in response to a sudden decrease in demand; (5) losses resulting from significant credit exposure to reseller customers and negative trends in their businesses; (6) delays or failure to achieve the benefits of process or organizational changes we may implement in the business; (7) disruptions in business

Management's Discussion and Analysis (continued)

operations due to reorganization activities; (8) rapid product improvement and technological change and resulting obsolescence risks; (9) possible disruption in commercial activities caused by terrorist activity or armed conflict, including changes in logistics and security arrangements as a result thereof, and reduced customer demand; (10) dependence on key individuals and inability to retain personnel; (11) reductions in credit ratings and/or unavailability of adequate capital; (12) interest rate and foreign currency fluctuations; (13) adverse impact of governmental controls and actions or political or economic instability which could adversely affect foreign operations; (14) failure to attract new sources of business from expansion of products or services or entry into new markets; (15) inability to manage future adverse industry trends; (16) difficulties and risks associated with integrating operations and personnel in acquisitions; (17) future periodic assessments required by current or new accounting standards which may result in additional charges; and (18) dependence on independent shipping companies.

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

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

	Fiscal Year End	
	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 279,587	\$ 387,513
Accounts receivable:		
Trade accounts receivable	1,955,979	1,770,988
Retained interest in securitized receivables	499,923	583,918
Total accounts receivable (less allowances of \$91,613 and \$89,889)	2,455,902	2,354,906
Inventories	1,915,403	1,564,065
Other current assets	317,201	293,902
Total current assets	4,968,093	4,600,386
Property and equipment, net	210,722	250,244
Goodwill	244,174	233,922
Other	51,173	59,802
Total assets	<u>\$5,474,162</u>	<u>\$5,144,354</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$2,821,518	\$2,623,188
Accrued expenses	390,244	438,787
Current maturities of long-term debt	128,346	124,894
Total current liabilities	3,340,108	3,186,869
Long-term debt, less current maturities	239,909	241,052
Deferred income taxes and other liabilities	21,196	80,444
Total liabilities	<u>3,601,213</u>	<u>3,508,365</u>
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; 151,963,667 and 150,778,355 shares issued and outstanding in 2003 and 2002, respectively	1,520	1,508
Class B Common Stock, \$0.01 par value, 135,000,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	720,810	707,689
Retained earnings	1,101,954	952,753
Accumulated other comprehensive income (loss)	48,812	(25,548)
Unearned compensation	(147)	(413)
Total stockholders' equity	<u>1,872,949</u>	<u>1,635,989</u>
Total liabilities and stockholders' equity	<u>\$5,474,162</u>	<u>\$5,144,354</u>

See accompanying notes to these consolidated financial statements.

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

	Fiscal Year		
	2003	2002	2001
Net sales	\$22,613,017	\$22,459,265	\$25,186,933
Cost of sales	<u>21,389,529</u>	<u>21,227,627</u>	<u>23,857,034</u>
Gross profit	<u>1,223,488</u>	<u>1,231,638</u>	<u>1,329,899</u>
Operating expenses:			
Selling, general and administrative	1,045,725	1,110,295	1,172,665
Reorganization costs	21,570	71,135	41,411
Special items	<u>—</u>	<u>—</u>	<u>22,893</u>
	<u>1,067,295</u>	<u>1,181,430</u>	<u>1,236,969</u>
Income from operations	<u>156,193</u>	<u>50,208</u>	<u>92,930</u>
Other expense (income):			
Interest income	(9,933)	(11,870)	(16,256)
Interest expense	33,447	32,702	55,624
Losses on sales of receivables	10,206	9,363	20,332
Net foreign exchange loss	3,695	8,736	5,204
Loss on repurchase of debentures	<u>—</u>	<u>—</u>	<u>4,244</u>
Gain on sale of available-for-sale securities	<u>—</u>	<u>(6,535)</u>	<u>—</u>
Other	<u>2,984</u>	<u>8,814</u>	<u>12,091</u>
	<u>40,399</u>	<u>41,210</u>	<u>81,239</u>
Income before income taxes and cumulative effect of adoption of a new accounting standard	115,794	8,998	11,691
Provision for (benefit from) income taxes	<u>(33,407)</u>	<u>3,329</u>	<u>4,954</u>
Income before cumulative effect of adoption of a new accounting standard	149,201	5,669	6,737
Cumulative effect of adoption of a new accounting standard, net of \$(2,633) in income taxes	<u>—</u>	<u>(280,861)</u>	<u>—</u>
Net income (loss)	<u>\$ 149,201</u>	<u>\$ (275,192)</u>	<u>\$ 6,737</u>
Basic earnings per share:			
Income before cumulative effect of adoption of a new accounting standard	\$ 0.99	\$ 0.04	\$ 0.05
Cumulative effect of adoption of a new accounting standard	<u>—</u>	<u>(1.87)</u>	<u>—</u>
Net income (loss)	<u>\$ 0.99</u>	<u>\$ (1.83)</u>	<u>\$ 0.05</u>
Diluted earnings per share:			
Income before cumulative effect of adoption of a new accounting standard	\$ 0.98	\$ 0.04	\$ 0.04
Cumulative effect of adoption of a new accounting standard	<u>—</u>	<u>(1.85)</u>	<u>—</u>
Net income (loss)	<u>\$ 0.98</u>	<u>\$ (1.81)</u>	<u>\$ 0.04</u>

See accompanying notes to these consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total
	Class A	Class B					
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		1,447				1,448
Stock-based compensation expense			69			1,293	1,362
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
Stock options exercised	17		10,359				10,376
Income tax benefit from exercise of stock options			2,951				2,951
Grant of restricted Class A Common Stock			310			(310)	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	1		1,276				1,277
Stock-based compensation expense			835			576	1,411
Comprehensive income (loss)				(275,192)	27,868		(247,324)
December 28, 2002	1,508	—	707,689	952,753	(25,548)	(413)	1,635,989
Stock options exercised	11		10,251				10,262
Income tax benefit from exercise of stock options			1,151				1,151
Grant of restricted Class A Common Stock			460			(460)	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	1		474				475
Stock-based compensation expense			785			726	1,511
Comprehensive income				149,201	74,360		223,561
January 3, 2004	\$1,520	\$ —	\$720,810	\$1,101,954	\$ 48,812	\$ (147)	\$1,872,949

See accompanying notes to these consolidated financial statements.

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

	Fiscal Year		
	2003	2002	2001
Cash flows from operating activities:			
Net income (loss)	\$ 149,201	\$(275,192)	\$ 6,737
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:			
Cumulative effect of adoption of a new accounting standard, net of income taxes	—	280,861	—
Depreciation	78,519	98,763	94,017
Amortization of goodwill	—	—	20,963
Noncash charges for impairments and losses (gains) on disposals of property and equipment and investments	(980)	16,813	21,504
Loss on sale of a business	5,067	—	—
Noncash charges for interest and compensation	3,218	2,277	6,993
Deferred income taxes	(53,903)	(40,112)	7,553
Pre-tax gain on sale of available-for-sale securities	—	(6,535)	—
Loss on repurchase of debentures	—	—	4,244
Changes in operating assets and liabilities, net of effects of acquisitions:			
Changes in amounts sold under accounts receivable programs	(15,000)	(147,253)	(687,935)
Accounts receivable	95,248	240,645	643,836
Inventories	(245,070)	134,246	1,292,429
Other current assets	(812)	(2,898)	45,011
Accounts payable	34,626	(72,263)	(1,077,620)
Accrued expenses	(144,902)	41,279	(68,375)
Cash provided (used) by operating activities	<u>(94,788)</u>	<u>270,631</u>	<u>309,357</u>
Cash flows from investing activities:			
Purchase of property and equipment	(35,003)	(54,679)	(86,438)
Proceeds from sale of property and equipment	7,826	2,920	20,289
Acquisitions, net of cash acquired	(9,416)	(8,256)	(15,923)
Net proceeds from sale of available-for-sale securities	—	31,840	—
Other	(307)	68	11,764
Cash used by investing activities	<u>(36,900)</u>	<u>(28,107)</u>	<u>(70,308)</u>
Cash flows from financing activities:			
Repurchase of redeemable Class B Common Stock	—	—	(39)
Proceeds from exercise of stock options	10,262	10,376	19,912
Repurchase of debentures	(446)	—	(224,977)
Net proceeds from issuance of senior subordinated notes	—	—	195,084
Net repayments of debt	(5,631)	(124,999)	(68,310)
Changes in book overdrafts	5,144	(32,115)	(22,659)
Cash provided (used) by financing activities	<u>9,329</u>	<u>(146,738)</u>	<u>(100,989)</u>
Effect of exchange rate changes on cash and cash equivalents	14,433	18,668	(15,561)
Increase (decrease) in cash and cash equivalents	(107,926)	114,454	122,499
Cash and cash equivalents, beginning of year	387,513	273,059	150,560
Cash and cash equivalents, end of year	<u>\$ 279,587</u>	<u>\$ 387,513</u>	<u>\$ 273,059</u>
Supplemental disclosures of cash flow information:			
Cash payments during the year:			
Interest	\$ 38,581	\$ 31,926	\$ 47,246
Income taxes	41,603	40,670	43,858
Noncash investing activities during the year:			
Assets acquired in exchange for liabilities assumed	—	—	157,700

See accompanying notes to these consolidated financial statements.

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

Note 1 - Organization and Basis of Presentation

Ingram Micro Inc. ("Ingram Micro") and its subsidiaries are primarily engaged in the distribution of information technology ("IT") products and supply chain solutions worldwide. Ingram Micro operates in North America, Europe, 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 "2003", "2002" and "2001" represent the 53-week fiscal year ended January 3, 2004, and the 52-week fiscal years ended December 28, 2002, and December 29, 2001, respectively.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S.") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 the realizable value of accounts receivable, vendor programs, inventories, goodwill, intangible and other long-lived assets; income taxes; and contingencies and litigation. Actual results could differ from these estimates.

Revenue Recognition

Revenue on products shipped is recognized when title and risk of loss transfers, delivery has occurred, the price to the buyer is determinable and collectibility is reasonably assured. Service revenues are recognized upon delivery of the services. Service revenues have represented less than 10% of total net sales for 2003, 2002 and 2001. 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, training, product returns and promotion programs are recorded as adjustments to product costs, revenue, or selling, general and administrative expenses according to the nature of the program. Some of these programs may extend over one or more quarterly reporting periods. The Company accrues rebates or other vendor incentives as earned based on sales of qualifying products or as services are provided in accordance with the terms of the related program.

The Company sells products purchased from many vendors. In fiscal 2003, 2002, and 2001, the Company's top three vendors (as measured by the Company's net sales of all products purchased from vendors) contributed approximately 40%, 41% and 44%, respectively, of the Company's net sales.

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 its services with regard to products that it configures for its customers and products that it builds to order from components purchased from other sources. In addition, the Company is obligated to provide warranty protection for sales of certain IT products within the European Union ("EU") where vendors have not affirmatively agreed to provide pass-through protection for up to two years as required under the EU directive. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. Warranty expense and the related obligations are not material to the Company's consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

(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 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 operations in Latin America and certain operations within the Company's Asia-Pacific and European regions 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 operations as well as gains and losses from foreign currency transactions are included in the consolidated statement of income.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, 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 January 3, 2004 and December 28, 2002, the carrying value of the Company's 9.875% Senior Subordinated Notes due in 2008 was \$219,702 and \$223,846, respectively, which approximated their fair value at the respective dates. See discussion of Derivative Financial Instruments below.

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 \$135,315 and \$130,171 as of January 3, 2004 and December 28, 2002, respectively, are included in accounts payable.

Inventories

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

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives noted below, except for the lives of assets which have been reduced as a result of actions from the Company's profit enhancement program as discussed in Note 3. 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	5-10 years
Computer equipment and software	3-8 years

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

Long-Lived and Intangible Assets

In 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-lived Assets" ("FAS 144"). In accordance with FAS 144, the Company assesses potential impairments to its long-lived assets when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If required, an impairment loss is recognized as the difference between the carrying value and the fair value of the assets.

Notes to Consolidated Financial Statements (continued)*(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. Effective the first quarter of 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). FAS 142 eliminated the amortization of goodwill. Instead, goodwill was reviewed for impairment upon adoption and will be reviewed at least annually thereafter. In connection with the initial impairment tests, the Company obtained valuations of its individual reporting units from an independent third-party valuation firm. The valuation methodologies included, but were not limited to, estimated net present value of the projected future cash flows of these reporting units. As a result of these impairment tests, the Company recorded a noncash charge of \$280,861, net of income taxes of \$2,633 to reduce the carrying value of goodwill to its implied fair value in accordance with FAS 142. This charge is reflected as a cumulative effect of adoption of a new accounting standard in the Company's consolidated statement of income.

In the fourth quarters of 2003 and 2002, the Company performed impairment tests of its remaining goodwill. In connection with these tests, valuations of the individual reporting units were obtained from an independent third-party valuation firm. The valuation methodologies were consistent with those used in the initial impairment tests. No additional impairment was indicated based on these tests.

The changes in the carrying amount of goodwill for fiscal 2002 and 2003 are as follows:

	North America	Europe	Asia- Pacific	Latin America	Total
Balance at December 29, 2001	\$78,304	\$ 75,510	\$ 314,347	\$ 40,066	\$ 508,227
Impairment charge upon adoption of FAS 142	—	(75,510)	(167,918)	(40,066)	(283,494)
Acquisitions	—	2,152	7,007	—	9,159
Foreign currency translation	6	(41)	65	—	30
Balance at December 28, 2002	78,310	2,111	153,501	—	233,922
Acquisitions	—	5,281	2,017	—	7,298
Foreign currency translation	134	1,916	904	—	2,954
Balance at January 3, 2004	<u>\$78,444</u>	<u>\$ 9,308</u>	<u>\$ 156,422</u>	<u>\$ —</u>	<u>\$ 244,174</u>

In accordance with FAS 142, no amortization of goodwill was recorded in 2003 or 2002. If amortization expense of \$20,963 had not been recorded in 2001, net income for that period would have been \$27,505 or \$0.18 per diluted share.

Investments in Available-for-Sale Securities

The Company classified 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 were 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 were 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 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, resulting in a pre-tax gain of approximately \$111,458, net of expenses. In March 2002, the Company sold its remaining 1,486,200 shares or approximately 50% of its original investment in Softbank common stock for approximately \$31,840, resulting in a pre-tax gain of approximately \$6,535, net of expenses. The realized gains, net of expenses, associated with the sales of Softbank common stock in March 2002, January 2000 and December 1999 totaled \$4,117, \$69,327 and \$125,220, respectively, net of deferred income taxes of \$2,418, \$42,131 and \$76,098, respectively (see Note 8).

Notes to Consolidated Financial Statements (continued)

(Dollars in 000s, except per share data)

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 estimated credit losses.

Derivative Financial Instruments

The Company operates 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 Company currently does not use derivative financial instruments for trading or speculative purposes, nor is the Company a party to leveraged derivatives.

Foreign exchange risk is managed primarily by using forward contracts to hedge receivables and payables. Currency interest rate swaps are used to hedge foreign currency denominated principal and interest payments related to intercompany loans.

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.

The notional amount of forward exchange contracts 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:

	Fiscal Year End			
	2003		2002	
	Notional Amounts	Estimated Fair Value	Notional Amounts	Estimated Fair Value
Foreign exchange forward contracts	\$1,039,839	\$(12,633)	\$713,158	\$ (6,406)
Currency interest rate swaps	426,707	(59,400)	376,004	(75,333)
Interest rate swaps	700,478	19,795	200,000	24,840

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 (continued)*(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 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)
Change in foreign currency translation adjustment	27,196	—	27,196
Unrealized holding loss arising during the period	—	4,789	4,789
Reclassification adjustment for realized gain included in net income	—	(4,117)	(4,117)
Balance at December 28, 2002	(25,548)	—	(25,548)
Change in foreign currency translation adjustment	74,360	—	74,360
Balance at January 3, 2004	<u>\$ 48,812</u>	<u>\$ —</u>	<u>\$ 48,812</u>

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:

	Fiscal Year		
	2003	2002	2001
Income before cumulative effect of adoption of a new accounting standard	\$ 149,201	\$ 5,669	\$ 6,737
Weighted average shares	151,220,639	150,211,973	147,511,408
Basic earnings per share before cumulative effect of adoption of a new accounting standard	\$ 0.99	\$ 0.04	\$ 0.05
Weighted average shares including the dilutive effect of stock options and warrants (1,087,755; 1,933,696; and 2,536,399 for 2003, 2002, and 2001, respectively)	152,308,394	152,145,669	150,047,807
Diluted earnings per share before cumulative effect of adoption of a new accounting standard	\$ 0.98	\$ 0.04	\$ 0.04

There were approximately 23,756,000, 18,182,000, and 16,155,000 options and warrants in 2003, 2002, and 2001, 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.

Notes to Consolidated Financial Statements (continued)*(Dollars in 000s, except per share data)***Accounting for Stock-Based Compensation**

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

	Fiscal Year		
	2003	2002	2001
Net income (loss), as reported	\$ 149,201	\$(275,192)	\$ 6,737
Compensation expense as determined under FAS 123, net of related tax effects	28,363	31,610	26,651
Pro forma net income (loss)	<u>\$ 120,838</u>	<u>\$(306,802)</u>	<u>\$(19,914)</u>
Earnings per share:			
Basic – as reported	<u>\$ 0.99</u>	<u>\$(1.83)</u>	<u>\$ 0.05</u>
Basic – pro forma	<u>\$ 0.80</u>	<u>\$(2.04)</u>	<u>\$(0.13)</u>
Diluted – as reported	<u>\$ 0.98</u>	<u>\$(1.81)</u>	<u>\$ 0.04</u>
Diluted – pro forma	<u>\$ 0.79</u>	<u>\$(2.04)</u>	<u>\$(0.13)</u>

The weighted average fair value per option granted in 2003, 2002, and 2001 was \$3.93, \$6.88, and \$6.66, 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		
	2003	2002	2001
Risk-free interest rate	1.90%	3.49%	3.67%
Expected years until exercise	3.0 years	3.0 years	2.5 years
Expected stock volatility	49.3%	61.8%	68.3%

New Accounting Standards

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statement No. 4, 44, and 64, Amendment of FASB No. 13, and Technical Corrections as of April 2002" ("FAS 145"). Effective for fiscal year 2003, the adoption of FAS 145 required the Company to reclassify its pre-tax loss on the repurchase of convertible debentures of \$4,244 in 2001 from extraordinary items to income from continuing operations. The adoption of FAS 145 did not have a material impact on the Company's consolidated financial position or results of operations.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"). FIN 46 provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights; such entities are known as variable-interest entities ("VIEs"). FIN 46 applies to new entities that are created after the effective date, as well as to existing entities. For VIEs created after January 31, 2003, the recognition and measurement provisions of FIN 46 were effective immediately, while for VIEs created before February 1, 2003, the recognition and measurement provisions of FIN 46 are effective beginning with the Company's first fiscal quarter ending April 3, 2004. The adoption of FIN 46 did not have a material impact on the Company's consolidated financial position or results of operations.

Notes to Consolidated Financial Statements (continued)

(Dollars in 000s, except per share data)

In January 2003, the Emerging Issues Task Force reached a consensus on Issue No. 02-16 "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor" ("EITF No. 02-16"). EITF No. 02-16 provides guidance regarding how a reseller of a vendor's products should account for cash consideration received from that vendor. The provisions of EITF No. 02-16 apply to vendor arrangements entered into after December 31, 2002, including modifications of existing arrangements. The Company believes that its historical treatment of funds received from vendors has been substantially consistent with the requirements of EITF No. 02-16. Accordingly, the adoption of EITF No. 02-16 did not have a material impact on the Company's consolidated financial position or results of operations.

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("FAS 149"). FAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under the Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 149 is to be applied prospectively and is effective for contracts entered into or modified after June 30, 2003, except for certain aspects of the standard that relate to previously issued guidance, which should continue to be applied in accordance with the previously set effective dates. The adoption of FAS 149 did not have a material impact on the Company's consolidated financial position or results of operations.

Reclassifications

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

Note 3 - Reorganization Costs, Profit Enhancement Program and Special Items

In June 2001, the Company initiated a broad-based reorganization plan to streamline operations and reorganize resources to increase flexibility, improve service and generate cost savings and operational efficiencies. This program resulted in restructuring several functions, consolidation of facilities, and reductions of workforce worldwide in each of the quarters through June 2002. Total reorganization costs associated with these actions were \$8,780 and \$41,411 in 2002 and 2001, respectively.

In September 2002, the Company announced a comprehensive profit enhancement program, which was designed to improve operating income through enhancements in gross margins and reduction of selling, general, and administrative expenses. Key components of these initiatives included enhancement and/or rationalization of vendor and customer programs, optimization of facilities and systems, outsourcing of certain IT infrastructure functions, geographic consolidations and administrative restructuring.

For 2003 and 2002, the Company incurred \$31,008 and \$107,851, respectively, of costs related to this profit enhancement program. These costs have consisted primarily of reorganization costs of \$13,609 and \$62,355 in 2003 and 2002, respectively, and other program implementation costs charged to cost of sales and SG&A expenses, or other major-program costs, of \$17,399 and \$45,496 in 2003 and 2002 respectively. Reorganization costs have included severance expenses, lease termination costs and other costs associated with the exit of facilities or other contracts. The other major-program costs have consisted of program management and consulting expenses, accelerated depreciation, losses on disposals of certain assets, costs associated with geographic relocation, costs related to the outsourcing of certain IT infrastructure functions, and inventory and vendor-program losses primarily associated with the exit of certain businesses.

During 2003, the Company incurred incremental reorganization costs of \$7,961 and incremental other major-program costs of \$6,407, which were not part of the original scope of the profit enhancement program announced in September 2002. These costs primarily related to the further consolidation of operations in the Nordic areas of Europe and a loss on the sale of a non-core German semiconductor equipment distribution business.

Reorganization Costs

In the first quarter of 2003, the Company adopted Statement of Financial Accounting Standards No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" ("FAS 146"). FAS 146 requires the Company to recognize restructuring liabilities at fair value. The fair value of restructuring charges recorded in 2003 approximates the undiscounted obligations.

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

Within the context of the broad-based reorganization plan and the comprehensive profit enhancement program, the Company has developed and implemented detailed plans for restructuring actions. The following table summarizes the components of the Company's reorganization costs by region for each of the quarters in fiscal years 2003, 2002 and 2001 resulting from the detailed actions initiated under the broad-based reorganization plan and the profit enhancement program:

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

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

Quarter Ended	Headcount Reduction	Employee Termination Benefits	Facility Costs	Other Costs	Total Cost
December 28, 2002					
North America	265	\$ 1,824	\$25,431	\$6,980	\$34,235
Europe	150	3,216	512	1,145	4,873
Asia-Pacific	35	(28)	(28)	—	(56)
Latin America	25	496	—	—	496
Subtotal	475	5,508	25,915	8,125	39,548
September 28, 2002					
North America	265	2,435	15,470	—	17,905
Europe	165	2,482	1,324	775	4,581
Asia-Pacific	10	156	(141)	(9)	6
Latin America	85	315	—	—	315
Subtotal	525	5,388	16,653	766	22,807
June 29, 2002					
North America	270	1,629	897	—	2,526
Europe	90	1,883	437	(392)	1,928
Asia-Pacific	30	389	—	—	389
Latin America	80	527	—	—	527
Subtotal	470	4,428	1,334	(392)	5,370
March 30, 2002					
North America	105	996	—	—	996
Europe	20	448	814	—	1,262
Asia-Pacific	40	73	—	—	73
Latin America	50	257	822	—	1,079
Subtotal	215	1,774	1,636	—	3,410
Full year 2002	1,685	\$17,098	\$45,538	\$8,499	\$71,135
December 29, 2001					
North America	110	\$ 1,082	\$ 49	\$ 87	\$ 1,218
Europe	120	2,505	4,941	966	8,412
Asia-Pacific	45	282	234	17	533
Latin America	25	447	—	—	447
Subtotal	300	4,316	5,224	1,070	10,610
September 29, 2001					
North America	65	413	6,274	—	6,687
Europe	150	1,189	1,316	1,785	4,290
Asia-Pacific	35	768	—	—	768
Subtotal	250	2,370	7,590	1,785	11,745
June 30, 2001					
North America	1,480	9,292	8,490	402	18,184
Europe	120	732	115	25	872
Subtotal	1,600	10,024	8,605	427	19,056
Full year 2001	2,150	\$16,710	\$21,419	\$3,282	\$41,411

Notes to Consolidated Financial Statements (continued)

(Dollars in 000s, except per share data)

The following table provides a summary of the adjustments to previous actions recorded during fiscal 2003, which are included in the amounts disclosed above:

Adjustments to detailed actions taken in quarter ended:	Adjustments Recorded in Quarter Ended				Total Fiscal 2003
	January 3, 2004	September 27, 2003	June 28, 2003	March 29, 2003	
September 27, 2003	\$ 9	\$ —	\$ —	\$ —	\$ 9
June 28, 2003	29	135	—	—	164
March 29, 2003	63	76	68	—	207
December 28, 2002	(890)	(188)	(2,834)	42	(3,870)
September 28, 2002	2,438	261	481	—	3,180
Actions prior to June 30, 2002	191	180	102	—	473
	<u>\$1,840</u>	<u>\$ 464</u>	<u>\$(2,183)</u>	<u>\$42</u>	<u>\$ 163</u>

The following are descriptions of the detailed actions under the broad-based reorganization plan and the profit enhancement program as well as adjustments recorded during 2003.

Quarter ended January 3, 2004

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

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

	Reorganization Costs	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at January 3, 2004
Employee termination benefits	\$3,055	\$2,166	\$ —	\$ 889
Facility costs	1,941	125	—	1,816
Other costs	13	13	—	—
Total	<u>\$5,009</u>	<u>\$2,304</u>	<u>\$ —</u>	<u>\$2,705</u>

Quarter ended September 27, 2003

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

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

	Reorganization Costs	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at January 3, 2004
Employee termination benefits	\$ 864	\$878	\$ 55	\$ 41
Facility costs	158	112	(46)	—
Other costs	4	4	—	—
Total	<u>\$1,026</u>	<u>\$994</u>	<u>\$ 9</u>	<u>\$ 41</u>

The adjustments reflect higher costs of employee termination benefits in North America totaling \$55 and a credit of \$46 for lower costs of terminating leases associated with facility consolidations in Europe recorded in the fourth quarter of 2003.

Notes to Consolidated Financial Statements (continued)*(Dollars in 000s, except per share data)**Quarter ended June 28, 2003*

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

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

	<u>Reorganization Costs</u>	<u>Amounts Paid and Charged Against the Liability</u>	<u>Adjustments</u>	<u>Remaining Liability at January 3, 2004</u>
Employee termination benefits	\$1,800	\$1,944	\$164	\$ 20
Facility costs	1,627	747	—	880
Other costs	48	—	—	48
Total	<u>\$3,475</u>	<u>\$2,691</u>	<u>\$164</u>	<u>\$948</u>

The adjustments reflect higher costs of employee termination benefits in North America totaling \$135 and \$29 recorded in the third quarter and fourth quarter of 2003, respectively.

Quarter ended March 29, 2003

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

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

	<u>Reorganization Costs</u>	<u>Amounts Paid and Charged Against the Liability</u>	<u>Adjustments</u>	<u>Remaining Liability at January 3, 2004</u>
Employee termination benefits	\$ 4,614	\$4,219	\$235	\$ 630
Facility costs	5,731	3,629	—	2,102
Other costs	1,552	995	(28)	529
Total	<u>\$11,897</u>	<u>\$8,843</u>	<u>\$207</u>	<u>\$3,261</u>

The adjustments reflect higher costs of employee termination benefits in North America totaling \$68, \$104, and \$63 recorded in the second, third, and fourth quarters of 2003, respectively, as well as a credit of \$28 for lower than expected other costs in Europe recorded in the third quarter of 2003.

Quarter ended December 28, 2002

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

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

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

	Outstanding Liability at December 28, 2002	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at January 3, 2004
Employee termination benefits	\$ 4,477	\$ 3,622	\$ (590)	\$ 265
Facility costs	25,243	11,934	(3,009)	10,300
Other costs	7,413	7,142	(271)	—
Total	<u>\$37,133</u>	<u>\$22,698</u>	<u>\$(3,870)</u>	<u>\$10,565</u>

The adjustments reflect lower costs of employee termination benefits totaling \$14 and \$104 in Europe and \$472 in North America recorded in the first, second and fourth quarters of 2003, respectively; lower costs of terminating the lease associated with the downsizing of the Williamsville, New York office facility totaling \$2,600 and \$188 recorded in the second and third quarters of 2003, respectively, and lower estimated lease obligations associated with the consolidation of the Mississauga, Canada office facility totaling \$418 recorded in the fourth quarter of 2003, partially offset by higher estimated lease obligations in Europe totaling \$56 and \$141 recorded in the first and second quarters of 2003, respectively; and lower costs of terminating contracts in Europe totaling \$271 recorded in the second quarter of 2003.

Quarter ended September 28, 2002

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

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

	Outstanding Liability at December 28, 2002	Amounts Paid and Charged Against the Liability	Adjustments	Remaining Liability at January 3, 2004
Employee termination benefits	\$ 2,147	\$2,097	\$ (50)	\$ —
Facility costs	8,496	5,340	3,230	6,386
Other costs	635	635	—	—
Total	<u>\$11,278</u>	<u>\$8,072</u>	<u>\$3,180</u>	<u>\$6,386</u>

The adjustments reflect lower costs of employee termination benefits in North America totaling \$50 recorded in the second quarter of 2003 and higher estimated lease obligations associated with the closure of the Harrisburg, Pennsylvania returns center totaling \$531 and \$61 recorded in the second and third quarters of 2003, respectively, the closure of the Memphis, Tennessee configuration center totaling \$200 and \$2,390 recorded in the third and fourth quarters of 2003, respectively, and the Carol Stream, Illinois distribution center totaling \$48 recorded in the fourth quarter of 2003 due to lower than expected sublease income on the facilities.

Actions prior to June 30, 2002

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

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

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

	<u>Outstanding Liability at December 28, 2002</u>	<u>Amounts Paid and Charged Against the Liability</u>	<u>Adjustments</u>	<u>Remaining Liability at January 3, 2004</u>
Employee termination benefits	\$ 931	\$ 601	\$ (98)	\$ 232
Facility costs and other	2,359	1,487	571	1,443
Total	<u>\$3,290</u>	<u>\$2,088</u>	<u>\$473</u>	<u>\$1,675</u>

The adjustments reflect lower costs of employee termination benefits in North America totaling \$98 recorded in the second quarter of 2003 and higher estimated lease obligations associated with the exit of the Fullerton, California distribution center totaling \$200 and \$98 recorded in the second and fourth quarters of 2003, respectively, due to lower than expected sublease income on the exited facility and higher estimated costs associated with the consolidation of the Company's North American headquarters in Santa Ana, California and consolidation of a warehouse in Europe totaling \$180 and \$93, respectively, recorded in the third and fourth quarters of 2003, respectively.

Other Profit Enhancement Program Implementation Costs

Other costs recorded in SG&A expenses and cost of sales in 2003 related to the implementation of the Company's profit enhancement program totaled \$23,806, of which \$17,399 related to actions contemplated under the original profit enhancement program announced on September 18, 2002 and \$6,407 related to new profit improvement opportunities primarily consisting of a loss on the sale of a non-core German semiconductor equipment distribution business and further consolidation of the Company's operations in the Nordic areas of Europe. The \$23,806 in other major-program costs included \$23,363 recorded in SG&A, comprised of \$11,741 of incremental accelerated depreciation (\$10,834 in North America and \$907 in Europe) of fixed assets associated with the planned exit of facilities, the outsourcing of certain IT infrastructure functions in North America and software replaced by a more efficient solution; \$9,502 in recruiting, retention, training and other transition costs associated with the relocation of major functions and outsourcing of certain IT infrastructure functions in North America; and \$5,057 related to a loss on the sale of a non-core German semiconductor equipment distribution business; partially offset by a gain of \$2,937 on the sale of excess land near the Company's corporate headquarters in Southern California. In addition, other major-program costs of \$443 were recorded in cost of sales, primarily comprised of incremental inventory losses caused by the decision to further consolidate Nordic areas in Europe.

Other costs incurred during 2002 related to the implementation of the profit enhancement program included \$43,944 recorded as SG&A expenses, comprised of \$16,034 of incremental depreciation (\$12,268 in North America, \$3,688 in Europe and \$78 in Asia-Pacific), resulting from the reduction of estimated useful lives of fixed assets to coincide with the planned exit of certain facilities; \$7,642 for losses on disposals of assets associated with outsourcing certain IT infrastructure functions in North America; \$15,543 for consulting costs directly related to the profit enhancement program in North America; \$2,462 (\$2,112 in North America and \$350 in Asia-Pacific) for recruiting, retention and training associated with the relocation of major functions; and \$2,263 of other costs primarily related to the Company's decision to exit certain markets in Europe. The program implementation also resulted in \$1,552 recorded in cost of sales, primarily comprised of incremental inventory and vendor-program related costs caused by the decision to exit certain markets in Europe.

Special Items

During the third and fourth quarters of 2001, the Company recorded special items of \$22,893, which were comprised of the following charges: \$10,227 for the write-off of electronic storefront technologies that were replaced by the Company with other solutions, 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 a charge of \$9,166 for the Company's outstanding insurance claims with an independent and unrelated former credit insurer, which went into liquidation in 2001.

Notes to Consolidated Financial Statements (continued)

(Dollars in 000s, except per share data)

Note 4 - Acquisitions

The Company accounts for all acquisitions after June 30, 2001 in accordance with Statements of Financial Accounting Standards No. 141, "Business Combinations." The results of operations of these businesses have been combined with the Company's results of operations beginning on their acquisition dates.

In February 2003, the Company increased ownership in Ingram Macrotron AG, a German-based distribution company, by acquiring the remaining interest of approximately 3% held by minority shareholders. The purchase price of this acquisition consisted of a cash payment of \$6,271, resulting in the recording of \$5,281 of goodwill. Court actions have been filed by several minority shareholders contesting the adequacy of the purchase price paid for the shares and various other actions, which could affect the purchase price. Depending upon the outcome of these actions, additional payments for such shares may be required. In addition, in April 2003, the Company increased its ownership in an India-based subsidiary by acquiring approximately 37% of the subsidiary held by minority shareholders. The total purchase price for this acquisition consisted of a cash payment of \$3,145, resulting in the recording of \$2,017 of goodwill.

In June 2002, the Company increased its ownership in a Singapore-based subsidiary engaged in export operations to 100% by acquiring the remaining 49% interest held by minority shareholders. In addition, the Company acquired the Cisco Systems Inc. business unit of an IT distributor in The Netherlands in October 2002 and an IT distributor in Belgium in December 2002. The total purchase price for these acquisitions, consisting of aggregate net cash payments of \$8,256 plus assumption of certain liabilities, was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the dates of acquisition, resulting in the recording of \$9,159 of goodwill.

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. 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, consisting of aggregate cash payments of \$15,923 plus assumption of certain liabilities, was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the transaction dates, resulting in the recording of \$105,376 of goodwill.

The results of operations for companies acquired were not material to the Company's consolidated results of operations on an individual or aggregate basis, and accordingly, pro forma results of operations have not been presented.

Note 5 - Accounts Receivable

The Company has a revolving accounts receivable securitization program in the U.S., which provides for the issuance of up to \$700,000 in commercial paper secured by undivided interests in a pool of transferred receivables. In connection with this program, which expires in March 2005, most of the Company's U.S. trade accounts receivable are transferred without recourse to a trust in exchange for a beneficial interest in the total pool of trade receivables. In addition, the trust has issued \$25,000 of fixed-rate, medium-term certificates, which expire in February 2004, and are also secured by undivided interests in the pool of transferred receivables. Sales of undivided interests to third parties under this program result in a reduction of total accounts receivable in the Company's consolidated balance sheet. The excess of the trade accounts receivable transferred over amounts sold to and held by third parties at any one point in time represents the Company's retained interest in the transferred accounts receivable and is shown in the Company's consolidated balance sheet as a separate caption under accounts receivable. Retained interests are carried at their fair market value, estimated as the net realizable value, which considers the relatively short liquidation period and includes an estimated provision for credit losses. At January 3, 2004 and December 28, 2002, the amount of undivided interests sold to and held by third parties totaled \$60,000, and \$75,000, respectively.

The Company also has certain other trade accounts receivable-based facilities in Canada and Europe, which provide up to approximately \$321,000 of additional financing capacity, depending upon the level of trade accounts receivable eligible to be transferred or sold. Approximately \$116,000 of this capacity expires in December 2004 with the balance expiring in 2007. At January 3, 2004 and December 28, 2002, there were no trade accounts receivable sold to and held by third parties under these programs.

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

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

Losses in the amount of \$10,206, \$9,363 and \$20,332 in 2003, 2002, and 2001, 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	
	2003	2002
Land	\$ 1,329	\$ 8,722
Buildings and leasehold improvements	125,095	126,555
Distribution equipment	206,504	206,698
Computer equipment and software	303,269	307,943
	<u>636,197</u>	<u>649,918</u>
Accumulated depreciation	(425,475)	(399,674)
	<u>\$ 210,722</u>	<u>\$ 250,244</u>

Note 7 - Long-Term Debt

The Company's long-term debt consists of the following:

	Fiscal Year End	
	2003	2002
Revolving unsecured credit facilities and other long-term debt	\$ 128,346	\$ 92,515
European revolving trade accounts receivable backed financing facility	20,207	49,585
Senior subordinated notes	219,702	223,846
	<u>368,255</u>	<u>365,946</u>
Current maturities of long-term debt	(128,346)	(124,894)
	<u>\$ 239,909</u>	<u>\$ 241,052</u>

In June 2002, the Company entered into a three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of one of its European subsidiaries for Euro 107,000, or approximately \$135,000, with a financial institution that has an arrangement with a related issuer of third-party commercial paper. The facility requires certain commitment fees and a minimum borrowing requirement of Euro 16,000 over the term of the agreement. In addition, in August 2003, the Company entered into another three-year European revolving trade accounts receivable backed financing facility supported by the trade accounts receivable of two other European subsidiaries for Euro 230,000, or approximately \$290,000, with the same financial institution and related issuer of third-party commercial paper. This additional facility also requires certain commitment fees and a minimum borrowing requirement of Euro 35,000 by no later than December 31, 2003 and continuing through the term of the agreement. The Company obtained an extension for such requirement through mid January 2004, by which time it was able to meet and maintain the minimum borrowing requirement of Euro 35,000 by the substantially larger of the two European subsidiaries. The Company obtained an extension in January 2004 for the smaller subsidiary until June 30, 2004, after which trade accounts receivable of the smaller subsidiary will be required to support the program. However, further delays or failure to have trade accounts receivable available by the Company's smaller subsidiary to support the program could adversely affect the Company's ability to access these funds. Borrowings under both facilities incur financing costs at rates indexed to EURIBOR.

Notes to Consolidated Financial Statements (continued)

(Dollars in 000s, except per share data)

The Company's ability to access financing under both European facilities is dependent upon the level of eligible trade accounts receivable of three of the Company's European subsidiaries, and the level of market demand for commercial paper. As of January 3, 2004, actual aggregate capacity under the June 2002 European program based on eligible accounts receivable outstanding was \$108,960.

The Company could lose access to all or part of its financing under these European facilities under certain circumstances, including: (a) a reduction in credit ratings of the third-party issuer of commercial paper or the back-up liquidity providers, if not replaced or (b) failure to meet certain defined eligibility criteria for the trade accounts receivable, such as receivables must be assignable and free of liens and dispute or set-off rights. In addition, in certain situations, the Company could lose access to all or part of its financing with respect to the August 2003 European facility as a result of the rescission of its authorization to collect the receivables by the relevant supplier under applicable local law. Based on the Company's assessment of the duration of its programs, the history and strength of the financial partners involved, other historical data, various remedies available to the Company, and the remoteness of such contingencies, the Company believes that it is unlikely that any of these risks will materialize in the near term. At January 3, 2004 and December 28, 2002, the Company had borrowings of \$20,207 and \$49,585, respectively, under the June 2002 European facility, of which \$20,207 and \$16,779, respectively, is presented as long-term debt to reflect the minimum borrowing requirement pursuant to this agreement. At January 3, 2004, there were no borrowings outstanding under the August 2003 European facility.

The Company has a \$150,000 revolving senior unsecured credit facility with a bank syndicate that expires in December 2005. At January 3, 2004 and December 28, 2002, the Company had no borrowings outstanding under this credit facility. This facility can also be used to support letters of credit. At January 3, 2004 and December 28, 2002, letters of credit totaling approximately \$63,661 and \$12,650 were issued principally to certain vendors to support purchases by the Company's subsidiaries. The issuance of these letters of credit reduces the Company's available capacity under the agreement by the same amounts.

On August 16, 2001, the Company sold \$200,000 of 9.875% senior subordinated notes due 2008 at an issue price of 99.382%, resulting in net cash proceeds of approximately \$195,084, net of issuance costs of approximately \$3,680.

Interest on the notes is payable semi-annually in arrears on each February 15 and August 15. 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 an aggregate of 35% of the notes at a redemption price of 109.875% of their principal amount plus accrued interest using the proceeds from sales of certain kinds of common stock.

On August 16, 2001, the Company also entered into interest rate swap agreements with two financial institutions, the effect of which was to swap the fixed-rate obligation on the senior subordinated notes for a floating rate obligation equal to 90-day LIBOR plus 4.260%. All other financial terms of the interest rate swap agreements are identical to those of the senior subordinated notes, except for the quarterly payments of interest, which will be on each February 15, May 15, August 15 and November 15 and ending on the termination date of the swap agreements. These interest rate swap arrangements contain ratings conditions requiring posting of collateral by either party and at minimum increments based on the market value of the instrument and credit ratings of either party. The marked-to-market value of the interest rate swap amounted to \$20,518 and \$24,840 at January 3, 2004 and December 28, 2002, respectively, which is recorded in other assets with an offsetting adjustment to the hedged debt, bringing the total carrying value of the senior subordinated notes to \$219,702 and \$223,846, respectively.

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 approximately \$381,000 at January 3, 2004. Most of these arrangements are on an uncommitted basis and are reviewed periodically for renewal. At January 3, 2004 and December 28, 2002, the Company had \$128,346 and \$92,515, respectively, outstanding under these facilities. At January 3, 2004 and December 28, 2002, letters of credit totaling approximately \$29,300 and \$16,372, respectively, were also issued principally to certain vendors to support purchases by the Company's subsidiaries. The issuance of these letters of credit reduces the Company's available capacity under these agreements by the same amounts. The weighted average interest rate on the outstanding borrowings under these credit facilities was 5.2% and 5.4% per annum at January 3, 2004 and December 28, 2002, respectively.

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

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

Note 8 - Income Taxes

The components of income before income taxes and cumulative effect of adoption of a new accounting standard consist of the following:

	Fiscal Year		
	2003	2002	2001
United States	\$ 36,477	\$3,058	\$12,919
Foreign	79,317	5,940	(1,228)
Total	<u>\$115,794</u>	<u>\$8,998</u>	<u>\$11,691</u>

The provision for (benefit from) income taxes before cumulative effect of adoption of a new accounting standard consist of the following:

	Fiscal Year		
	2003	2002	2001
Current:			
Federal	\$ 414	\$ 9,901	\$(16,650)
State	—	2,364	(6,805)
Foreign	20,082	31,176	20,856
	<u>20,496</u>	<u>43,441</u>	<u>(2,599)</u>
Deferred:			
Federal	(55,630)	(4,917)	21,150
State	2,069	(2,493)	7,827
Foreign	(342)	(32,702)	(21,424)
	<u>(53,903)</u>	<u>(40,112)</u>	<u>7,553</u>
Provision for (benefit from) income taxes	<u>\$ (33,407)</u>	<u>\$ 3,329</u>	<u>\$ 4,954</u>

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 Ended	
	2003	2002
Net deferred tax assets and (liabilities):		
Net operating loss carryforwards	\$ 71,916	\$ 69,945
Allowance on accounts receivable	21,316	22,093
Available tax credits	17,111	19,097
Inventories	(6,212)	(8,349)
Realized gains on available-for-sale securities not currently taxable	(50,282)	(120,647)
Depreciation and amortization	(26,343)	(35,611)
Employee benefits and compensation	15,484	16,833
Restructuring charges	8,178	16,208
Other	(6,122)	(4,238)
Total	<u>\$ 45,046</u>	<u>\$ (24,669)</u>

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

Net current deferred tax assets of \$44,643 and \$35,267 were included in other current assets at January 3, 2004 and December 28, 2002, respectively. Net non-current deferred tax assets of \$403 were included in other assets at January 3, 2004 and net non-current deferred tax liabilities of \$59,936 were included in other liabilities at December 28, 2002.

At December 28, 2002, the Company had deferred tax liabilities of \$2,418, \$42,131 and \$76,098 related to the gains of \$6,535, \$111,458, and \$201,318, respectively, realized on the sales of Softbank common stock in 2002, 2000, and 1999, respectively. The Softbank common stock was sold in the public market by certain of Ingram Micro's foreign subsidiaries, which are located in a low-tax jurisdiction. At the time of sale, the Company concluded that U.S. taxes were not currently payable on the gains based on its internal assessment and opinions received from its advisors. However, in situations involving uncertainties in the interpretation of complex tax regulations by various taxing authorities, the Company provides for tax liabilities unless it considers it probable that taxes will not be due. The level of opinions received from its advisors and the Company's internal assessment did not allow the Company to reach that conclusion on this matter. In September 2003, the U.S. Federal tax returns for 1999 were closed, which resolved this matter for U.S. Federal income tax purposes for that year. Accordingly, during the third quarter of 2003 the Company reversed the related Federal deferred income tax liability of \$70,461 associated with the gain on the 1999 sale, thereby reducing the Company's income tax provision in the consolidated statement of income. Although the Company reviews its assessments in these matters on a regular basis, it cannot currently determine when the remaining deferred tax liabilities of \$2,418, \$42,131 and \$5,637 related to the 2002, 2000 and 1999 sales will be finally resolved with the taxing authorities, or if the deferred taxes will ultimately be paid. Accordingly, the Company continues to provide for these tax liabilities. If the Company is successful in obtaining a favorable resolution of this matter, the Company's tax provision would be reduced to reflect the elimination of some or all of these deferred tax liabilities. However, in the event of an unfavorable resolution, the Company believes that it will be able to fund any such taxes that may be assessed on this matter with available sources of liquidity.

Reconciliation of statutory U.S. federal income tax rate to the Company's effective rate is as follows:

	Fiscal Year		
	2003	2002	2001
U.S. statutory rate	\$ 40,528	\$3,149	\$ 4,092
Reversal of Softbank federal deferred tax liability	(70,461)	—	—
State income taxes, net of federal income tax benefit	1,345	(83)	1,022
Effect of international operations	(4,021)	834	(4,537)
Goodwill	—	—	4,352
Other	(798)	(571)	25
Total tax provision	<u>\$ (33,407)</u>	<u>\$3,329</u>	<u>\$ 4,954</u>

The Company had net operating tax loss carryforwards of \$305,564 at January 3, 2004 of which approximately 76% have no expiration date. The remaining net operating tax loss carryforwards expire through the year 2023.

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. The amount of the foreign undistributed earnings is not practicably determinable.

Note 9 - Transactions with Related Parties

The Company has loans receivable from certain of its executive officers and other associates. These loans, ranging up to \$120, have interest rates ranging from 2.74% to 6.75% per annum and are payable up to four years. All loans to executive officers, unless granted prior to their election to such position, were granted and approved by the Human Resources Committee of the Company's Board of Directors prior to July 30, 2002, the effective date of the Sarbanes-Oxley Act of 2002. No material modification or renewals to these loans to executive officers have been made since that date or subsequent to the employee's election as an executive officer of the Company, if later. At January 3, 2004 and December 28, 2002, the Company's employee loans receivable balance was \$876, and \$1,310, respectively.

Notes to Consolidated Financial Statements (continued)*(Dollars in 000s, except per share data)***Note 10 - Commitments and Contingencies**

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

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

During 2002 and 2003, one of the Company's Latin American subsidiaries was audited by the Brazilian taxing authorities in relation to certain commercial taxes. As a result of this audit, the subsidiary received an assessment for approximately \$9,000, including interest and penalties, alleging these commercial taxes were not properly remitted for the period January 2002 through September 2002. The Brazilian taxing authorities may make similar claims for periods subsequent to September 2002. It is management's opinion, based upon the opinions of outside legal advisors, that the Company has valid defenses related to this matter. Although the Company is vigorously pursuing administrative and judicial action to challenge the assessment, no assurance can be given as to the ultimate outcome. An unfavorable resolution of this matter is not expected to have a material impact on the Company's financial condition, but depending upon the time period and amounts involved it may have a material negative effect on the Company's results of operations.

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 2003, 2002 and 2001 was \$89,809, \$92,489 and \$97,555, respectively.

In December 2002, the Company entered into an agreement with a third-party provider of IT outsourcing services. The services to be provided include mainframe, major server, desktop and enterprise storage operations, wide-area and local-area network support and engineering; systems management services; help desk services; and worldwide voice/PBX. This agreement expires in December 2009, but is cancelable at the option of the Company subject to payment of termination fees.

Future minimum rental commitments on operating leases that have remaining noncancelable lease terms in excess of one year as well as minimum contractual payments under the IT outsourcing agreement as of January 3, 2004 were as follows:

2004	\$ 72,924
2005	65,767
2006	60,389
2007	57,007
2008	55,979
Thereafter	174,951
	<u>\$487,017</u>

The above minimum payments have not been reduced by minimum sublease rental income of \$70,741 due in the future under noncancelable sublease agreements as follows: \$7,658, \$7,203, \$6,828, \$7,278, \$7,381 and \$34,393 in 2004, 2005, 2006, 2007, 2008 and thereafter, respectively.

Note 11 - Segment Information

The Company operates predominantly in a single industry segment as a distributor of IT products and services. The Company's operating segments are based on geographic location, and the measure of segment profit is income from operations. Due to the significance of the Company's Asia-Pacific region's net sales in 2003, the Company is now reporting Asia-Pacific and Latin America as separate segments. Previously, the Asia-Pacific and Latin America regions were combined and reported as its "Other International" segment. Prior year amounts have been disclosed to conform to the current segment reporting structure.

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

Geographic areas in which the Company operated during 2003 include North America (United States and Canada), Europe (Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom), Asia-Pacific (Australia, The People's Republic of China [including Hong Kong], India, Malaysia, New Zealand, Singapore, and Thailand), and Latin America (Brazil, Chile, Mexico, and the Company's Latin American export operations in Miami). Inter-geographic sales primarily represent intercompany sales that are accounted for based on established sales prices between the related companies and are eliminated in consolidation.

Financial information by geographic segments is as follows:

	As of and for the Fiscal Year Ended		
	2003	2002	2001
Net sales			
North America			
Sales to unaffiliated customers	\$10,964,761	\$12,132,099	\$14,882,004
Intergeographic sales	130,804	147,459	169,452
Europe	8,267,000	7,150,128	7,156,840
Asia-Pacific	2,319,982	1,961,458	1,796,317
Latin America	1,061,274	1,215,580	1,351,772
Eliminations of intergeographic sales	(130,804)	(147,459)	(169,452)
Total	<u>\$22,613,017</u>	<u>\$22,459,265</u>	<u>\$25,186,933</u>
Income (loss) from operations			
North America	\$ 94,501	\$ 36,498	\$ 104,673
Europe	73,248	12,739	13,642
Asia-Pacific	(10,335)	1,020	(23,749)
Latin America	(1,221)	(49)	(1,636)
Total	<u>\$ 156,193</u>	<u>\$ 50,208</u>	<u>\$ 92,930</u>
Identifiable assets			
North America	\$ 3,387,133	\$ 3,391,571	\$ 3,369,369
Europe	1,668,710	1,278,812	1,264,164
Asia-Pacific	173,573	191,104	305,366
Latin America	244,746	282,867	363,108
Total	<u>\$ 5,474,162</u>	<u>\$ 5,144,354</u>	<u>\$ 5,302,007</u>
Capital expenditures			
North America	\$ 23,128	\$ 38,401	\$ 62,206
Europe	7,317	10,773	14,598
Asia-Pacific	2,182	3,868	4,462
Latin America	2,376	1,637	5,172
Total	<u>\$ 35,003</u>	<u>\$ 54,679</u>	<u>\$ 86,438</u>
Depreciation			
North America	\$ 55,426	\$ 70,791	\$ 70,837
Europe	17,491	21,297	17,257
Asia-Pacific	3,194	3,428	2,763
Latin America	2,408	3,247	3,160
Total	<u>\$ 78,519</u>	<u>\$ 98,763</u>	<u>\$ 94,017</u>
Goodwill Amortization			
North America	\$ —	\$ —	\$ 6,374
Europe	—	—	3,300
Asia-Pacific	—	—	8,307
Latin America	—	—	2,982
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,963</u>

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

Supplemental information relating to reorganization costs, special items and other profit enhancement program costs by geographic segment is as follows:

	Fiscal Year		
	2003	2002	2001
Reorganization costs			
North America	\$11,234	\$55,662	\$26,089
Europe	9,202	12,644	13,574
Asia-Pacific	74	412	1,301
Latin America	1,060	2,417	447
Total	<u>\$21,570</u>	<u>\$71,135</u>	<u>\$41,411</u>
Special items			
North America	\$ —	\$ —	\$18,868
Latin America	—	—	4,025
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$22,893</u>
Other profit enhancement program costs:			
Charged to cost of sales			
Europe	\$ 443	\$ 1,552	\$ —
Charged to operating expenses			
North America	\$17,399	\$37,565	\$ —
Europe	5,964	5,951	—
Asia-Pacific	—	428	—
Total	<u>\$23,363</u>	<u>\$43,944</u>	<u>\$ —</u>

Note 12 - Stock Options and Equity Incentive Plans

The following summarizes the Company's existing stock option and equity incentive plans.

Equity Incentive Plans

In 2003, the Company's shareowners approved the Ingram Micro Inc. 2003 Equity Incentive Plan, which replaced the Company's three existing shareowner-approved equity incentive plans, the 1996, 1998, and 2000 Equity Incentive Plans (collectively called "the Equity Incentive Plans") for the granting of stock-based incentive 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. As of January 3, 2004, approximately 22,800,000 shares were available for grant. 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 2003, 2002 and 2001 the Company granted a total of 40,676, 17,322 and 55,973 shares, respectively, of restricted Class A Common Stock to board members and an executive under the Equity Incentive Plans. These shares have no purchase price and vest over a one-year period. The Company recorded unearned compensation in 2003, 2002 and 2001 of \$460, \$310 and \$790 respectively, as a component of stockholders' equity upon issuance of these grants.

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 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. A noncash compensation charge of \$785, \$835 and \$69 was recorded in 2003, 2002 and 2001 respectively, relating to this modification.

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

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

	Shares (000s)	Weighted Average Exercise Price
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
Stock options granted during the year	7,233	15.66
Stock options exercised	(1,627)	6.38
Forfeitures	(2,516)	17.72
Outstanding at December 28, 2002	29,392	16.42
Stock options granted during the year	10,445	11.23
Stock options exercised	(1,106)	9.28
Forfeitures	(2,297)	15.71
Outstanding at January 3, 2004	<u>36,434</u>	15.19

The following table summarizes information about stock options outstanding and exercisable at January 3, 2004.

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at January 3, 2004 (000s)	Weighted- Average Remaining Life	Weighted- Average Exercise Price	Number Exercisable at January 3, 2004 (000s)	Weighted- Average Exercise Price
\$7.00	348	0.2	\$ 7.00	348	\$ 7.00
\$9.75 - \$12.35	13,830	8.3	11.29	4,265	11.64
\$12.56 - \$15.90	8,439	7.5	13.50	5,144	13.48
\$16.20 - \$19.69	10,701	5.6	17.50	7,943	17.51
\$20.75 - \$27.00	996	1.9	24.25	948	24.20
\$27.06 - \$53.56	<u>2,120</u>	2.6	32.87	<u>1,989</u>	33.06
	<u>36,434</u>	6.7	15.19	<u>20,637</u>	16.92

Stock options exercisable totaled approximately 20,637,000, 15,817,000 and 12,567,000 at January 3, 2004, December 28, 2002 and December 19, 2001, respectively, at weighted average exercise prices of \$16.92, \$16.98 and \$16.34, respectively.

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 expire in December 2004.

Employee Stock Purchase Plans

In 1998, the board of directors and the Company's shareowners 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 2003 and 2002. The 2003 and 2002 offerings ended on December 31, 2003 and 2002, respectively. In January 2004 and 2003, the Company issued approximately 64,000 and 38,000 of the authorized shares and converted approximately \$760 and \$475, respectively, in accrued employee contributions into stockholders' equity as a result. This Plan was discontinued by the Company effective fiscal 2004.

Notes to Consolidated Financial Statements (continued)*(Dollars in 000s, except per share data)***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 \$4,133 in 2003, \$5,046 in 2002, and \$5,031 in 2001.

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 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.

The detail of changes in the number of issued and outstanding shares of Class A and Class B Common Stock for the three-year period ended January 3, 2004, is as follows:

	Common Stock	
	Class A	Class B
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)
Grant of restricted Class A Common Stock	55,973	—
Issuance of Class A Common Stock Related to Employee Stock Purchase Plan	138,235	—
Forfeiture of restricted Class A Common Stock	(1,500)	—
December 29, 2001	149,024,793	—
Stock options exercised	1,626,973	—
Grant of restricted Class A Common Stock	17,322	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	109,267	—
December 28, 2002	150,778,355	—
Stock options exercised	1,106,229	—
Grant of restricted Class A Common Stock	40,676	—
Issuance of Class A Common Stock related to Employee Stock Purchase Plan	38,407	—
January 3, 2004	151,963,667	—

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 accounting principles generally accepted in the United States of America 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 auditors 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 engagement and ongoing assessment of the activities of the independent auditors and internal auditors. The independent auditors 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

Kent B. Foster
Chairman of the Board and
Chief Executive Officer

/s/ THOMAS A. MADDEN

Thomas A. Madden
Executive Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

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 January 3, 2004 and December 28, 2002, and the results of their operations and their cash flows for each of the three years in the period ended January 3, 2004 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.

As discussed in Note 2 to the consolidated financial statements, effective December 30, 2001, the Company adopted Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets."

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Los Angeles, California
March 11, 2004

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

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

LARRY C. BOYD

Senior Vice President, Acting Secretary and Acting General Counsel

MATTHEW A. SAUER

Senior Vice President, Human Resources

JAMES F. RICKETTS

Corporate Vice President and Treasurer

REGIONAL MANAGEMENT

HANS T. KOPPEN

Executive Vice President

ALAIN MONIE

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 2004 Annual Meeting of Shareowners will be held at 10 a.m. (Pacific Daylight Time), Tuesday, May 25, 2004 at Ingram Micro Inc., 1600 E. St. Andrew Place, Santa Ana, CA 92705. Shareowners are cordially invited to attend.

INDEPENDENT AUDITORS

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

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company, N.A.
P.O. Box 43069
Providence, RI 02940-3069
Web: www.equiserve.com
Phone: 816.843.4299
TDD: 800.952.9245

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 2003	First Quarter	\$13.24	\$ 9.30
	Second Quarter	11.70	9.43
	Third Quarter	14.97	10.60
	Fourth Quarter	16.05	12.84
Fiscal 2002	First Quarter	\$18.85	\$15.10
	Second Quarter	16.70	12.76
	Third Quarter	13.85	10.00
	Fourth Quarter	15.68	11.52

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.

THE INGRAM MICRO CODE OF CONDUCT

Our Ingram Micro value of Integrity states: “We employ the highest ethical standards, demonstrating honesty and fairness in every action that we take.” Just as important is our value of Accountability: “We take responsibility for our performance in all of our decisions and actions.” Building upon these values and upon long-standing company policies of legal and ethical compliance, the following Code of Conduct reaffirms the company’s commitment to the highest standards of legal and ethical conduct.

DOES THIS CODE APPLY TO ME?

This Code of Conduct applies to everyone at Ingram Micro, in every region—all members of the Board of Directors, officers appointed by the Board of Directors and associates.

WHAT ARE THE POLICIES AND PRINCIPLES?

Central to this Code is the principle that members of the Board of Directors (“directors”), officers and associates are expected to conform to the highest standards of legal and ethical conduct, including compliance with all the laws and regulations of the countries in which the company does business.

Abiding by this principle means that directors, officers and associates must comply with specific company policies regarding legal and ethical conduct. Those policies, which may be amended or supplemented from time-to-time, can be found on the Policies and Procedures section of the company intranet site, <http://10.20.2.55/worldwidefinance.policiesandprocedures>. Some of the key policies are summarized as follows:

- **Anti-Boycott Laws.** Ingram Micro complies with the U.S. Anti-Boycott Law and will not cooperate in any act that supports the boycott of Israel.
- **Antitrust and Competition Laws.** As part of its policy of fair and honest dealing with customers, suppliers and competitors, Ingram Micro complies with applicable antitrust or competition laws, including the prohibitions on fixing prices or margins with our competitors.
- **Conflicts of Interest.** Directors, officers and associates must avoid situations that they know, or should know, create actual or potential conflicts of interest and immediately disclose them to the company, following the procedures described in this Code. Furthermore, directors, officers and associates cannot use company property for personal gain nor take for themselves business opportunities that arise through the use of company property, information or position.
- **Export Laws.** Ingram Micro complies with the export control laws of the United States and all other countries in which it operates, including restrictions on transactions with parties on the Restricted Parties List and with certain designated countries.
- **Financial Disclosures.** Ingram Micro’s filings with the Securities and Exchange Commission as well as all other public communications about the financial condition of the company and the results of operations must represent full, fair, accurate, timely and understandable disclosure.
- **Foreign Corrupt Practices.** Directors, officers and associates cannot pay or offer to pay money or anything else of value to government officials, officials of public international organizations, political candidates or political parties for the purpose of obtaining or retaining business for Ingram Micro. Ingram Micro policy also prohibits the payment of bribes to commercial customers to obtain or retain their business.

- Guidelines in Gathering Competitive Intelligence. Competitive intelligence will be gathered in accordance with applicable antitrust and competition laws and with company values. Direct exchanges of competitive intelligence with our competitors are prohibited.
- Guidelines on Trading in Securities. Directors, officers and associates cannot trade in Ingram Micro securities based on material, inside information nor advise others to do so. Furthermore, they cannot trade in the securities of other companies, nor advise others to do so, based on material, inside information gained about those companies in the course of their duties for Ingram Micro.
- Protection of Proprietary Information. Directors, officers and associates must safeguard Ingram Micro proprietary information, and third-party proprietary information entrusted to Ingram Micro, from loss, theft, unauthorized modification and unauthorized disclosure.
- Receipt of Gifts and Gratuities. Directors, officers and associates can accept from present or prospective suppliers, or offer to our customers, only gifts, gratuities, entertainment or other courtesies that are not excessive and are consistent with reasonable standards in the business community. Gifts of cash or cash equivalents are never permitted.
- Records Retention. Directors, officers and associates must retain documents in accordance with any records retention schedule adopted by Ingram Micro for that country.
- Theft and Loss Prevention. Directors, officers and associates must protect Ingram Micro's assets against theft and loss and report any theft or loss to their supervisor, the security department or the human resources department.

WHAT ARE MY RESPONSIBILITIES?

All of us—directors, officers and associates—are responsible for complying with this Code and all company policies on legal and ethical conduct.

Just as important, all of us are responsible for immediately reporting any issue of legal and ethical compliance that we encounter, in accordance with the procedures discussed later in this Code. Do not hide problems, hoping that they might not be discovered—all issues must be brought to the light of day, immediately.

Also, all of us are responsible for raising questions about the Code and the policies, and seeking guidance, whether from a supervisor or, for example, the human resources department or the legal department. Ignorance is not an excuse for violating this Code.

The General Counsel has primary responsibility for enforcing the Code of Conduct and all company policies on legal and ethical conduct, as well as issuing guidance and explanatory materials, subject to supervision by the Audit Committee of the Board of Directors.

WHERE DO I REPORT VIOLATIONS, DISCLOSE ISSUES OR ASK QUESTIONS?

Associates suspecting violations of the Code of Conduct or company policies regarding legal and ethical conduct should immediately report them, and disclose any potential conflict of interest, to their supervisor, to the human resources department or to the General Counsel. Associates are encouraged, if they prefer anonymity in reporting violations, to utilize procedures developed for that purpose, a list of which can be found on the legal department's intranet site, <http://10.20.2.55/legal/default.htm>.

All **officers** suspecting violations of the Code of Conduct or company policies on legal and ethical conduct must immediately report them, and disclose any potential conflicts of interest, to the General Counsel. Furthermore, the Chief Executive Officer and the principal financial officers (meaning the Chief Financial Officer, the Corporate Controller and all other officers and associates so designated by the General Counsel) must immediately disclose to the General Counsel any material transaction that could reasonably be expected to give rise to a conflict of interest. The General Counsel must in turn notify the Audit Committee of any such disclosure. Conflicts of interest and other issues of legal and ethical compliance involving the General Counsel must be disclosed to the Audit Committee.

All **directors** suspecting violations of the Code of Conduct or company policies on legal and ethical conduct must immediately report them, and disclose any potential conflicts of interest, to the General Counsel, who shall in turn notify the Audit Committee.

Any associate with questions about the interpretation of this Code or its application to a particular situation is encouraged to contact the human resources or legal departments for further assistance; officers and directors should direct their questions to the General Counsel.

HOW CAN THIS CODE BE AMENDED OR WAIVED?

The Board of Directors must approve any amendments to this Code of Conduct. Any amendments affecting the Chief Executive Officer and the principal financial officers will be promptly disclosed to the company's shareowners. Company policies on legal and ethical compliance implementing this Code can be amended, or additional policies adopted, only in accordance with procedures established by the General Counsel.

The Board of Directors must approve any waiver of the Code of Conduct or company policies on legal and ethical conduct for directors and officers. Any waiver affecting the Chief Executive Officer or the principal financial officers will be promptly disclosed to the company's shareowners. The General Counsel must approve any waiver of the Code of Conduct or company policies on legal and ethical conduct for associates and report any such waiver to the Audit Committee at its next meeting.

INGRAM MICRO INC.,
a Delaware Corporation,
 Global Subsidiaries as of March 1, 2004

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

INGRAM MICRO INC.,
a Delaware Corporation,
 Global Subsidiaries as of March 1, 2004

Latin America Region

	Name of Subsidiary	Jurisdiction
24.	Computeck Enterprises (U.S.A.) Inc. (7)	Florida
25.	Ingram Export Company Ltd.	Barbados
26.	Ingram Micro de Costa Rica, S. de R.L. (8)	Costa Rica
27.	Ingram Micro Compañía de Servicios, S.A. de C.V. (9)	Mexico
28.	Ingram Micro Latin America & Caribbean Inc.	Delaware
29.	Ingram Micro Latin America	Cayman Islands
30.	Ingram Micro Argentina, S.A.	Argentina
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 Caribbean	Cayman Islands
36.	Ingram Micro Logistics Inc. (14)	Cayman Islands
37.	CIM Ventures Inc. (15)	Cayman Islands
38.	Ingram Micro Mexico, S.A. de C.V. (9)	Mexico
39.	Export Services Inc.	California
40.	Ingram Micro Panama, S. de R.L. (8)	Panama
41.	Ingram Micro SB Holdings Inc.	Cayman Islands
42.	Ingram Micro SB Inc.	California

Europe Region

	Name of Subsidiary	Jurisdiction
43.	Ingram Micro A.S. (16)	Norway
44.	Ingram Micro AB	Sweden
45.	Ingram Micro Logistics Oy (<i>in liquidation</i>)	Finland
46.	Ingram Micro ApS	Denmark
47.	Ingram Micro Logistics A/S	Denmark
48.	Ingram Micro OY	Finland
49.	Ingram Micro Logistics AB	Sweden
50.	Ingram Micro Acquisition GmbH	Germany
51.	Ingram Micro B.V.	The Netherlands
52.	Bright Communications B.V.(7)	The Netherlands
53.	Ingram Micro Europe AG (<i>in liquidation</i>)	Switzerland
54.	Ingram Micro Holding GmbH (17)	Germany
55.	Ingram Micro Games GmbH	Germany
56.	Ingram Micro Components (Europe) GmbH	Germany
57.	Ingram Micro Europe GmbH	Germany
58.	Ingram Macrotron GmbH	Germany
59.	Macrotron Systems GmbH	Germany (Munich)
60.	Macrotron Process Technologies GmbH (7)	Germany (Munich)
61.	Macrotron (UK) Ltd (<i>in liquidation</i>)	United Kingdom

INGRAM MICRO INC.,
a Delaware Corporation,
 Global Subsidiaries as of March 1, 2004

	Name of Subsidiary	Jurisdiction
62.	Ingram Micro Distribution GmbH	Germany (Munich)
63.	Compu-Shack Electronic GmbH	Germany
64.	Compu-Shack Praha s.r.o. (7)	Czech Republic
65.	Compu-Shack Distribution Electronic GmbH	Germany
66.	Compu-Shack Production Electronic GmbH	Germany
67.	Ingram Micro Magyarorszag kft (18)	Hungary
68.	Ingram Micro Holdings Ltd	United Kingdom
69.	Ingram Micro Finance Centre of Excellence Ltd	United Kingdom
70.	Ingram Micro (UK) Ltd	United Kingdom
71.	Ingram Micro P&W Ltd (7) (in liquidation)	United Kingdom
72.	Ingram Micro Europe N.V./S.A. (19)	Belgium
73.	Ingram Micro Coordination Center BVBA/SPRL (19)	Belgium
74.	Ingram Micro N.V./S.A. (19)	Belgium
75.	Vapriwa N.V. (20)	Belgium
76.	Handelsmaatschappij voor Computers N.V. (20)	Belgium
77.	Ingram Micro Polska Sp. z o.o. (7) (in liquidation)	Poland
78.	Ingram Micro Purchasing & Warehousing Sp. z o.o. (7) (in liquidation)	Poland
79.	Ingram Micro S.A.	Spain
80.	Ingram Micro Sarl (21)	France
81.	Ingram Micro S.p.A. (22)	Italy
82.	Ingram Micro (Portugal) Comercio Internacional & Serviços Sociedade Unipessoal LDA	Portugal
83.	Ingram Micro GmbH	Austria
84.	Ingram Micro AG	Switzerland

INGRAM MICRO INC.,
a Delaware Corporation,
Global Subsidiaries as of March 1, 2004

Asia-Pacific Region

	Name of Subsidiary	Jurisdiction
85.	Ingram Micro Asia Ltd (99.998%) (24)	Singapore
86.	Erijaya Pte Ltd	Singapore
87.	Ingram Micro Australia Pty Ltd (99.577%) (25)	Australia
88.	Electronic Resources Australia (Qld) Pty Ltd (7)	Australia
89.	Electronic Resources Australia (Vic) Pty Ltd (76%) (7) (26)	Australia
90.	Ingram Micro Holding (Thailand) Ltd (49%) (27)	Thailand
91.	Ingram Micro (Thailand) Ltd (99.999%) (28)	Thailand
92.	Ingram Micro Hong Kong (Holding) Ltd (50%) (7) (29)	Hong Kong
93.	Chinam Electronics Limited (51%) (7) (30)	Hong Kong
94.	Ingram Micro (China) Ltd (51%) (30)	Hong Kong
95.	Ingram Micro International Trading (Shanghai) Co., Ltd	China
96.	Ingram Micro India Private Limited (87.6%)	India
97.	Ingram Micro Malaysia Sdn Bhd	Malaysia
98.	Ingram Micro NZ Ltd (70%)	New Zealand
99.	Ingram Micro Singapore (Indo-China) Pte Ltd	Singapore
100.	Ingram Micro Singapore (South Asia) Pte Ltd	Singapore
101.	Ingram Micro Components Asia Pte Ltd	Singapore
102.	ERIM Sdn Bhd (7)	Malaysia
103.	Ingram Micro (Hong Kong) Ltd (99%) (31)	Hong Kong
104.	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 0.1% interest and Ingram Micro Inc., an Ontario, Canada corporation is limited partner with 99.9% 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.

INGRAM MICRO INC.,
a Delaware Corporation,
 Global Subsidiaries as of March 1, 2004

Footnotes (continued):

- (10) 99% owned by Ingram Micro Latin America & Caribbean Inc. 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) 99.99% owned by Ingram Micro Latin America & Caribbean Inc., .005% owned by Ingram Micro Caribbean and .005% 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) 0.001% owned by Ingram Micro AB.
- (17) 3.23% owned by Ingram Micro Delaware Inc.
- (18) 65.6% owned by Ingram Micro Holding GmbH and 34.4% owned by Compu-Shack Electronic GmbH.
- (19) 1 share owned by Ingram Micro Delaware Inc.
- (20) 1 share owned by Ingram Micro Europe N.V.
- (21) 1 share owned by Ingram Micro N.V.
- (22) 97% owned by Ingram Micro Inc. and 3% by Ingram Micro Delaware, Inc.
- (23) 99% owned by Ingram Micro SpA and 1% by Ingram Micro N.V.
- (24) Ingram Micro Asia Holdings Inc. owns 99.998% of the issued share capital and 0.002% held by individuals.
- (25) Ingram Micro Inc. owns 99.577% of the issued share capital and Ingram Micro Asia Ltd owns 0.423%.
- (26) 76% of shares owned by Ingram Micro Australia Pty Limited and 24% owned by Ingram Micro Asia Ltd.
- (27) 51% of shares in Ingram Micro Holding (Thailand) Ltd. are held in trust by nominee Thai shareholders on behalf of Ingram Micro Asia Ltd and 49% held in trust by nominee shareholders on behalf of Ingram Micro Asia Ltd.
- (28) 99.999% of shares owned by Ingram Micro Inc. and 0.001% held in trust by nominee shareholders on behalf of Ingram Micro Inc.
- (29) 50% of shares owned by Ingram Micro Asia Ltd and 50% held by nominee shareholder in trust for Ingram Micro Asia Ltd.
- (30) 51% of shares owned by Ingram Micro Hong Kong (Holding) Ltd and 49% owned by Ingram Micro Asia Ltd.
- (31) Company incorporated on 21 November 2003. 99% of shares owned by Ingram Micro Asia Holdings Inc. and 1% owned by Ingram Micro Delaware Inc.

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, 333-39780 and 333-105711) of Ingram Micro Inc. of our report dated March 11, 2004 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 March 11, 2004 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Los Angeles, California
March 16, 2004

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 March 11, 2004 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 March 11, 2004 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Los Angeles, California
March 16, 2004

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

I, Kent B. Foster, certify that:

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

Date: March 18, 2004

/s/ Kent B. Foster

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

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

I, Thomas A. Madden, certify that:

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

Date: March 18, 2004

/s/ Thomas A. Madden

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

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

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

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

/s/ Kent B. Foster

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

Dated: March 18, 2004

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

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

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

/s/ Thomas A. Madden

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

Dated: March 18, 2004

**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 January 3, 2004 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, including, but not limited to, management’s expectations for process improvement; competition; revenues, expenses and other operating results or ratios; economic conditions; liquidity; capital requirements; and exchange rate fluctuations. Forward-looking statements also include any statement that may predict, forecast, indicate or imply future results, performance, or achievements. Forward-looking statements can be identified by the use of terminology such as “believe,” “anticipate,” “expect,” “estimate,” “may,” “will,” “should,” “project,” “continue,” “plans,” “aims,” “intends,” “likely,” or other similar words or phrases.

We disclaim any duty to update any forward-looking statements.

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.

Our actual results could differ materially from those projected in forward-looking statements made by or on behalf of Ingram Micro. In this regard, 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. 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 expressed in forward-looking statements made by us or on our behalf. Because of our narrow gross margins, the impact of the risk factors stated below may magnify the impact on our operating results and financial condition.

We are subject to intense competition globally.

We operate in a highly competitive environment globally. 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 suppliers that employ a direct-sales model. 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. 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.

A significant percentage of our net sales relates to products sold to us by relatively few suppliers or publishers. We generated approximately 40%, 41% and 44% of our net sales in fiscal 2003, 2002 and 2001, respectively, from products purchased from our top three vendors. Hewlett-Packard Company, or HP, and Compaq Computer Company, which was acquired by HP in 2002, were treated for this purpose as a single combined company and represents more than 10% of our net sales in each of the last three years. HP has communicated its intent to increase the level of business it transacts directly with end-users and/or resellers in certain product categories, customer segments, and/or geographies. As a result, our net sales have been and could be further negatively affected.

We offer no assurance that we will not lose market share, 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. Furthermore, to remain competitive we may be forced to offer more credit or extended payment terms to our customers. This could increase our required capital, financing costs, and the amount of our bad debt expenses.

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 Exel, Menlo, and UPS Supply Chain Services; electronic manufacturing services providers such as Solectron and Flextronics; and media companies such as Technicolor. 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 negatively impact our sales or profitability.

Terminations of a supply or services agreement or a significant change in supplier terms or conditions of sale could negatively affect our operating margins, revenue or the level of capital required to fund our operations.

A significant percentage of our net sales relates to products sold to us by relatively few suppliers or publishers. As a result of such concentration risk, terminations of supply or services agreements or a significant change in the terms or conditions of sale from one or more of our partners could negatively affect our operating margins, revenues or the level of capital required to fund our operations.

Our suppliers have the ability to make, and in the past have 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. 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 suppliers may have a bearing on the amount of product we may be willing to stock. We expect restrictive supplier terms and conditions to continue in the foreseeable future. Our inability to pass through to our 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 or other losses and could have a material negative impact on our gross margins.

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 may affect gross margins. Many purchase discounts from suppliers are based on percentage increases in sales of products. Due to the current size of our net sales base, it may become more difficult for us to achieve the percentage growth in sales required to maintain our current level of rebates or discounts. This is particularly true in an environment of declining demand for IT products and services. Our operating results could be negatively impacted if these rebates or discounts are reduced or eliminated.

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. The IT industry experiences significant product supply shortages and customer order backlogs from time to time due to the inability of certain suppliers 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, suppliers 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 or end-users. In addition, in the case of software, alternative means of distribution, such as site licenses and electronic distribution, are emerging. If suppliers are not able to provide us with 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, sales and profitability may suffer.

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.

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 may 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 have also outsourced a significant portion of our IT infrastructure to a third-party provider, Affiliated Computer Services, Inc. ("ACS"). ACS has and will continue to provide equipment and service to support certain of our IT infrastructure located in North America, such as mainframe, major server, desktop and enterprise storage operations; wide area and local area network support and engineering; systems management services; internal associate help desk services; and worldwide voice/PBX. We maintained responsibility for our company's IT strategy and architecture, worldwide application development, quality assurance, and customer and partner programs internally. The transition of these services to ACS has been significantly completed; however, additional areas of these outsourced services still require completion. If the remaining transition to ACS of our IT infrastructure is not completed effectively or in a timely manner, it could result in significant disruption to our operations or significant additional cost.

We also rely on the Internet for a significant percentage of our orders and information exchanges with our customers. The Internet and individual websites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some websites have

experienced security breakdowns. To date, our website has not experienced any material breakdowns, disruptions or breaches in security; however, we cannot assure 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 suppliers. Disruption of our website or the Internet in general could impair our order processing or more generally prevent our customers and suppliers 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 offer no assurance 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.

If a 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 experienced a severe downturn in demand for fiscal 2000 through most of fiscal 2003. This downturn resulted in a decline in our net sales and gross profit and impacted financial results of many of our customers and vendors. If a downturn continues or worsens we may experience significant operating losses, elevated levels of obsolete inventory, and larger bad debt losses.

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

As is customary in many industries, we extend credit to our reseller customers for a significant portion of our net sales. Resellers have a period of time, generally 30 to 60 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 subject to the risk that our inventory values may decline and protective terms under supplier 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 suppliers a certain percentage of purchases. These policies are often not embodied in written agreements and are subject to the discretion of the suppliers. As a result, these policies do not protect us in all cases from declines in inventory value. We offer no assurance that our 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, 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 suppliers 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 supplier terms and conditions to continue for the foreseeable future. We are also exposed to inventory risk to the extent that supplier protections are not available on all products or quantities and are subject to time restrictions. In addition, suppliers may become insolvent and unable to fulfill their protection obligations to us.

We may not achieve the objectives of our process improvement efforts.

Our continued pursuit and implementation of process improvements and organization changes to create cost reductions or improve margins across all regions, subject our business to a number of risks and difficulties which may adversely impact the benefits of such actions 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 supplier and customer organizations;
- significant costs, including severance costs, lease and contract termination costs, or other exit costs; and
- other potential adverse short-term effects on our operating results.

Future terrorist or military actions could result in disruption to our operations or loss of assets, in certain markets or globally.

Future terrorist or military actions, in the U.S. or abroad, could result in destruction or seizure of assets or suspension or disruption of our operations. Additionally, such actions could affect the operations of our suppliers or customers, resulting in loss of access to products, potential losses on supplier programs, loss of business, higher losses on receivables or inventory, and/or other disruptions in our business, which could negatively affect our operating results. We do not carry broad insurance covering such terrorist or military actions, and even if we were to seek such coverage, the cost would likely be prohibitive.

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) high volume of transactions, business complexity, wide geographical coverage, and broad scope of products, suppliers, and customers, we are dependent in large part on our ability to retain the services of our key management, sales, IT, operational, and finance 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. In addition, we have recently reduced our personnel in various geographies and functions through our restructuring activities. These reductions could negatively impact our relationships with our workforce, or make hiring 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. Additionally, changes in workforce, including government regulations, collective bargaining agreements or the availability of qualified personnel could disrupt operations or increase our operating cost structure.

Because of the capital-intensive nature of our business, we need continued access to capital. Changes in our credit rating, or other market factors may increase our interest expense or other costs of capital, or capital may not be available to us on acceptable terms to fund our working capital needs.

Our business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. 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. In order to continue operating our business, we will continue to need access to capital, including debt financing. In addition, changes in payment terms with either suppliers or customers could increase our capital requirements. The capital we require may not be available on terms acceptable to us, or at all. Changes in our credit ratings, 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 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 and operating costs 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 or costs 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), or in countries that transact business in multiple currencies, 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.

Failure to attract new sources of business from expansion of products or services or entry into new markets could negatively impact our future operating results.

The IT industry is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. We continue to look for new markets for products and services to keep up with changes in demand and to respond to competition and other changes in the distribution industry. Failure to successfully attract new sources of business could result in loss of revenue in the future and negatively impact our operating results.

Rapid changes in the operating environment for IT distributors have placed significant strain on our business, and we offer no assurance that 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 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.

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 recorded a significant non-cash charge in the first quarter of 2002 for the cumulative effect of adoption of a new accounting standard, and future periodic assessments under this or other new accounting standards 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 no longer amortize goodwill or indefinite-lived intangible assets effective the beginning of fiscal 2002. Instead, these assets were reviewed for impairment upon adoption and 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. As a result of the implementation of FAS 142, we recorded a non-cash charge for the cumulative effect of the change in accounting principle upon adoption of \$280.9 million, net of taxes, in the first quarter of 2002.

Significant changes in the use of our assets, negative industry or economic trends, significant under-performance relative to historical or projected future operating results, changes in market discount rates, 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 operating results have fluctuated significantly in the past and will likely continue to do so in the future as a result of:

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

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

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.

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We operate our global business in a continually changing environment that involves numerous risks and uncertainties. It is not reasonable for us to itemize all of the factors that could affect us and/or the information technology products and services distribution industry as a whole. Future events that may not have been anticipated or discussed here could adversely affect our business, financial condition, results of operations or cash flows.