

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1 to
FORM S-1
REGISTRATION STATEMENT

Under
THE SECURITIES ACT OF 1933

INGRAM MICRO INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware (State or other jurisdiction of incorporation or organization)	5045 (Primary Standard Industrial Classification Code Number)	62-1644402 (I.R.S. Employer Identification No.)
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1600 E. St. Andrew Place
Santa Ana, CA 92705
(714) 566-1000
(Address, Including Zip Code, and Telephone Number,
Including Area Code, Of Registrant's Principal Executive Offices)

James E. Anderson, Jr., Esq.
Senior Vice President and General Counsel
Ingram Micro Inc.
1600 E. St. Andrew Place
Santa Ana, CA 92705
(714) 566-1000
(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, Of Agent for Service)

Approximate date of commencement of proposed sale of the
securities to the public: As soon as practicable after the Registration
Statement becomes effective.

If any of the securities being registered on this Form are to
be offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, check the following box. []

If this Form is filed to register additional securities for an
offering pursuant to Rule 462(b) under the Securities Act, please check the
following box and list the Securities Act registration statement number of the
earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to
Rule 462(c) under the Securities Act, check the following box and list the
Securities Act registration statement number of the earlier effective
registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant
to Rule 434, please check the following box. []

The Registrant hereby amends this Registration Statement on
such date or dates as may be necessary to delay its Effective Date until the
Registrant shall file a further Amendment which specifically states that this
Registration Statement shall thereafter become effective in accordance with
Section 8(a) of the Securities Act of 1933 or until the Registration Statement
shall become effective on such date as the Commission, acting pursuant to said
Section 8(a), may determine.

PROSPECTUS
(Subject to Completion)

Issued November 5, 1996

INGRAM MICRO INC.
2,867,374 Shares
CLASS A COMMON STOCK

THIS PROSPECTUS RELATES TO THE OFFER AND SALE OF UP TO
2,867,374 SHARES OF THE CLASS A COMMON STOCK, PAR VALUE \$0.01 PER SHARE, OF
INGRAM MICRO INC. AT VARIOUS PRICES PURSUANT TO THE INGRAM MICRO INC. ROLLOVER
STOCK OPTION PLAN (THE "PLAN"). PLEASE SEE THE SUMMARY OF THE PLAN BEGINNING

Holders of Options (as defined herein) may not exercise such Options unless the Company has available a current final prospectus with respect to the shares issuable upon exercise of such Options. The Company has agreed, as part of the Split-Off (as defined herein), to keep this Prospectus available for a period of 30 days from the date of effectiveness of the registration statement of which this Prospectus forms a part (or until _____, 1996). Although it is not obligated to do so, the Company currently intends to allow exercises of Options until December 31, 1996, which date may be extended in the sole discretion of the Company. The Committee (as defined herein) has considerable discretion in determining whether to allow the exercise of any particular Option. Although there can be no assurance, prior to or concurrently with the date on which this Prospectus is no longer available, the Company intends to file with the Securities and Exchange Commission a registration statement on Form S-8 relating to shares issuable upon exercise of Options held by employees of the Company. Holders of Options who are not employees of the Company will not have the ability to exercise Options thereafter, until such time as a registration statement relating to shares issuable upon exercise of such Options has been filed and declared effective by the Securities and Exchange Commission. See "The Plan--Exercise of Options" for a more complete discussion of the Company's obligations with respect to additional registration statements and other related matters.

SEE "RISK FACTORS" BEGINNING ON PAGE 6 FOR A DISCUSSION OF CERTAIN RISKS ASSOCIATED WITH THIS OFFERING.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

November __, 1996

NO PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFERING OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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You have been granted an option (an "Option") to purchase shares of Class A Common Stock, par value \$0.01 per share ("Common Stock"), under the Ingram Micro Inc. Rollover Stock Option Plan. This Prospectus forms a part of a registration statement on Form S-1 filed with the Securities and Exchange Commission (the "Commission"). The Company has registered on such registration statement a number of shares equal to the number of shares issuable upon exercise of Options during the period in which it expects this Prospectus to be available. This document contains additional information about the Plan for use by holders of Options in determining whether to purchase shares of Common Stock pursuant to the Plan. The discussion of the Plan beginning on page 17 is a general summary only. Please refer to the complete text of the Plan beginning on page A-1, and, if applicable, your Option Agreement. Capitalized terms not separately defined in this Prospectus have the meanings set forth in the Plan. Additional information regarding the Plan and its administrators may be obtained from David M. Finley, Ingram Micro Inc., 1600 East St. Andrew Place, Santa Ana, California 92705 (telephone number: (714) 566-1000).

Ingram Micro and the Ingram Micro logo are registered trademarks of the Company. Ingram Alliance, IMPulse, "Leading the Way in Worldwide Distribution," and "Partnership America" are trademarks of the Company. All other trademarks or tradenames referred to in this Prospectus are the property of their respective owners.

IN CONNECTION WITH THE COMPANY'S INITIAL PUBLIC OFFERING OF ITS CLASS A COMMON STOCK, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Unless the context otherwise requires, the "Company" or "Ingram Micro" refers to Ingram Micro Inc., a Delaware corporation, and its consolidated subsidiaries. In addition, unless otherwise indicated, all information in this Prospectus assumes (i) the occurrence of the Split-Off (as defined herein) immediately prior to the closing of the Company's initial public offering (including the offering of 200,000 shares of Common Stock to the Company's Chief Executive Officer) (collectively, the "IPO") and (ii) no exercise of the over-allotment option held by the underwriters of the IPO (the "Underwriters") in connection with the IPO. The fiscal year of the Company is a 52- or 53-week period ending on the Saturday nearest to December 31. Unless the context otherwise requires, references in this Prospectus to "1991," "1992," "1993," "1994," and "1995" represent the fiscal years ended December 28, 1991 (52 weeks), January 2, 1993 (53 weeks), January 1, 1994 (52 weeks), December 31, 1994 (52 weeks), and December 30, 1995 (52 weeks), respectively. The Company's next 53-week fiscal year will be fiscal year 1997.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and the notes thereto appearing elsewhere in this Prospectus.

THE COMPANY

Ingram Micro is the leading wholesale distributor of microcomputer products worldwide. The Company markets microcomputer hardware, networking equipment, and software products to more than 100,000 reseller customers in approximately 120 countries worldwide. Ingram Micro distributes microcomputer products through warehouses in eight strategic locations in the continental United States and 22 international warehouses located in Canada, Mexico, most countries of the European Union, Norway, Malaysia, and Singapore. The Company believes that it is the market share leader in the United States, Canada, and Mexico, and the second largest full-line distributor in Europe. In 1995, approximately 31% of the Company's net sales were derived from operations outside the United States. Ingram Micro offers one-stop shopping to its reseller customers by providing a comprehensive inventory of more than 36,000 products from over 1,100 suppliers, including most of the microcomputer industry's leading hardware manufacturers, networking equipment suppliers, and software publishers. The Company's suppliers include Apple Computer, Cisco Systems, Compaq Computer, Creative Labs, Hewlett-Packard, IBM, Intel, Microsoft, NEC, Novell, Quantum, Seagate, 3Com, Toshiba, and U.S. Robotics.

The Company conducts business with most of the leading resellers of microcomputer products around the world, including, in the United States, AmeriData, CDW Computer Centers, CompuCom, CompUSA, Computer City, Electronic Data Systems, En Pointe Technologies, Entex Information Services, Micro Warehouse, Sam's Club, Staples, and Vanstar. The Company's international reseller customers include Complet Data A/S, Consultores en Diagnostico Organizacional y de Sistemas, DSG Retail Ltd., 06 Software Centre Europe, B.V., GE Capital Technologies, Jump Ordenadores, Maxima S.A., Norsk Datasenter, Owell Svenska AB, SNI Siemens Nixdorf Infosys AG, and TC Sistema SPA.

The Company has grown rapidly over the past five years, with net sales and net income increasing to \$8.6 billion and \$84.3 million, respectively, in 1995 from \$2.0 billion and \$30.2 million, respectively, in

1991, representing compound annual growth rates of 43.8% and 29.3%, respectively. The Company's growth during this period reflects substantial expansion of its existing domestic and international operations, resulting from the addition of new customers, increased sales to the existing customer base, the addition of new product categories and suppliers, and the establishment of Ingram Alliance Reseller Company ("Ingram Alliance"), the Company's master reseller business launched in late 1994, as well as the successful integration of ten acquisitions worldwide. Because of intense price competition in the microcomputer products wholesale distribution industry, the Company's margins have historically been narrow and are expected in the future to continue to be narrow. In addition, the Company is highly leveraged and has relied heavily on debt financing for its increasing working capital needs in connection with the expansion of its business.

The Company is currently a subsidiary of Ingram Industries Inc. ("Ingram Industries"). Immediately prior to the closing of the IPO, Ingram Industries will consummate the Split-Off (as defined herein), and all information in this Prospectus assumes the occurrence of the Split-Off at such time. See "The Company" and "The Split-Off and the Reorganization."

THE OFFERING

Common Stock offered:	
Total.....	2,867,374 Shares
Common Equity to be outstanding after the IPO(1):	
Common Stock.....	20,200,000 Shares
Class B Common Stock(2).....	109,813,762 Shares
Total.....	130,013,762 Shares
Voting rights:	
Common Stock.....	One vote per share
Class B Common Stock.....	Ten votes per share
Use of proceeds.....	
To repay certain	
outstanding indebtedness.	
See "Use of Proceeds."	
NYSE Symbol.....	IM

SUMMARY CONSOLIDATED FINANCIAL DATA (in millions, except per share data)

	Fiscal Year					Thirty-nine Weeks Ended	
	1991	1992	1993	1994	1995	September 30, 1995	September 28, 1996
INCOME STATEMENT DATA:							
Net sales.....	\$2,016.6	\$2,731.3	\$4,044.2	\$5,830.2	\$8,616.9	\$6,070.7	\$8,474.7
Gross profit.....	185.4	227.6	329.6	439.0	605.7	422.5	574.5
Income from operations..	67.6	68.9	103.0	140.3	186.9	123.9	175.9(3)
Net income(4).....	30.2	31.0	50.4	63.3	84.3	56.3	77.6(3)
Earnings per share.....	0.25	0.26	0.4	0.52	0.69	0.46	0.64(3)
Weighted average common shares outstanding(5)..<	121.4	121.4	121.4	121.4	121.4	121.4	121.7

	September 28, 1996		
	Actual	As Adjusted(6)	As Further Adjusted(6)(7)
BALANCE SHEET DATA:			
Working capital.....	\$ 828.1	\$ 668.1	\$ 654.6
Total assets.....	2,843.7	2,706.3	2,706.3
Total debt(8).....	625.0	487.6	144.8
Stockholders' equity.	366.0	366.0	695.3

(footnotes on following page)

(1) See "Principal Stockholders." Excludes approximately 21,000,000 shares of Common Equity (including the shares of Common Stock offered hereby) issuable in connection with outstanding stock options (including the Options). See "Management--1996 Plan--Options" and "--Rollover Plan; Incentive Stock Units."

(2) Each share of Class B Common Stock is convertible, at any time at the option of the holder, into one share of Common Stock. In addition, the Class B Common Stock will be automatically converted into Common Stock upon the occurrence of certain events. See "Description of Capital Stock."

(3) Reflects a non-cash compensation charge of \$8.9 million (\$5.4 million, or \$0.04 per share, net of tax) in connection with the granting of the Options. See "The Split-Off and the Reorganization--The Split-Off" and Note 11 of Notes to Consolidated Financial Statements.

(4) The 1992 results reflect the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("FAS 109").

(5) See Note 2 of Notes to Consolidated Financial Statements.

- (6) As adjusted to reflect (i) the assumption by the Company of the accounts receivable securitization program of Ingram Industries in partial satisfaction of amounts due to Ingram Industries (resulting in a \$160.0 million decrease in each of working capital, total assets, and total debt) and (ii) approximately \$22.6 million of indebtedness to be incurred by the Company in connection with the acquisition of certain facilities currently utilized by the Company, as if such transactions had occurred on September 28, 1996. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Certain Transactions."
- (7) As further adjusted to give effect to the issuance of the Common Stock offered by the Company in the IPO, the repayment of certain indebtedness with the estimated net proceeds therefrom, and the additional \$13.4 million non-cash compensation charge related to certain of the Options. Does not reflect the issuance of any Common Stock offered by the Company in this offering. If all 2,867,374 shares being offered hereby were purchased, the Company would receive net proceeds of approximately \$4.1 million. See "Use of Proceeds," "Capitalization," "Dilution," and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."
- (8) Includes long-term debt, current maturities of long-term debt, and amounts due to Ingram Industries.

RISK FACTORS

In evaluating the Company's business, prospective investors should carefully consider the following factors in addition to the other information contained in this Prospectus.

Intense Competition. The Company operates in a highly competitive environment, both in the United States and internationally. The microcomputer products distribution industry is characterized by intense competition, based primarily on price, product availability, speed and accuracy of delivery, effectiveness of sales and marketing programs, credit availability, ability to tailor specific solutions to customer needs, quality and breadth of product lines and services, and availability of technical and product information. The Company's competitors include regional, national, and international wholesale distributors, as well as hardware manufacturers, networking equipment manufacturers, and software publishers that sell directly to resellers and large resellers who resell to other resellers. There can be no assurance that the Company will not lose market share in the United States or in international markets, or that it will not be forced in the future to reduce its prices in response to the actions of its competitors and thereby experience a further reduction in its gross margins. See "--Narrow Margins" and "Business--Competition."

The Company entered the "aggregator" or "master reseller" business by launching Ingram Alliance in late 1994. See "Business--Ingram Alliance." The Company competes with other master resellers, which sell to groups of affiliated franchisees and third-party dealers. Many of the Company's competitors in the master reseller business are more experienced and have more established contacts with affiliated resellers, third-party dealers, or suppliers, which may provide them with a competitive advantage over the Company.

The Company is constantly seeking to expand its business into areas closely related to its core microcomputer products distribution business. As the Company enters new business areas, it may encounter increased competition from current competitors and/or from new competitors, some of which may be current customers of the Company. For example, the Company intends to distribute media in the new digital video disc format and may compete with traditional music and printed media distributors. In addition, certain services the Company provides may directly compete with those provided by the Company's reseller customers. There can be no assurance that increased competition and adverse reaction from customers resulting from the Company's expansion into new business areas will not have a material adverse effect on the Company's business, financial condition, or results of operations. See "Business--The Industry" and "--Competition."

Narrow Margins. As a result of intense price competition in the microcomputer products wholesale distribution industry, the Company's margins have historically been narrow and are expected in the future to continue to be narrow. See "--Intense Competition." These narrow margins magnify the impact on operating results of variations in operating costs. The Company's gross margins have declined from 8.1% for 1993 to 6.8% for the thirty-nine weeks ended September 28, 1996. The Company receives purchase discounts from suppliers based on a number of factors, including sales or purchase volume and breadth of customers. These purchase discounts directly affect gross margins. Because many purchase discounts from suppliers are based on percentage increases in sales of products, it may become more difficult for the Company to achieve the percentage growth in sales required for larger discounts due to the current size of the Company's revenue base. The Company's gross margins have been further reduced by the Company's entry into the master reseller business through Ingram Alliance, which has lower gross margins than the Company's traditional wholesale distribution business. See "--Risks Associated with Ingram Alliance" and "Business--Ingram Alliance." The Company has taken a number of steps intended to address the challenges of declining gross margins, particularly by continually improving and enhancing its information systems and implementing procedures and systems designed to provide greater warehousing efficiencies and greater accuracy in shipping. However, there can be no assurance that these steps will prevent gross margins from continuing to decline. If the Company's gross margins continue to decline, the Company will be required to reduce operating expenses as a

percentage of net sales further in order to maintain or increase its operating margins. While the Company will continue to explore ways to improve gross margins and reduce operating expenses as a percentage of net sales, there can be no assurance that the Company will be successful in such efforts or that the Company's margins will not decline in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

Specific historical seasonal variations in the Company's operating results have included a reduction of demand in Europe during the summer months, increased Canadian government purchasing in the first quarter, and pre-holiday stocking in the retail channel during the September to November period. In addition, as was the case with the introduction of Microsoft Windows 95 in August 1995, the product cycle of major products may materially impact the Company's business, financial condition, or results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Quarterly Data; Seasonality." Changes in supplier supported programs may also have a material impact on the Company's quarterly net sales and operating results. The Company may be unable to adjust spending sufficiently in a timely manner to compensate for any unexpected sales shortfall, which could materially adversely affect quarterly operating results. Accordingly, the Company believes that period-to-period comparisons of its operating results should not be relied upon 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. In certain future quarters, the Company's operating results may be below the expectations of public market analysts or investors. In such event, the market price of the Common Stock would be materially adversely affected.

Capital Intensive Nature of Business; High Degree of Leverage. The Company's business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. The Company is highly leveraged and has relied heavily on debt financing for its increasing working capital needs in connection with the expansion of its business. At December 30, 1995 and September 28, 1996, the Company's total debt was \$850.5 million and \$625.0 million, respectively, and represented 73.6% and 63.0%, respectively, of the Company's total capitalization. Pro forma for the IPO and the application of the estimated net proceeds therefrom, and the incurrence of approximately \$22.6 million of indebtedness in connection with the acquisition of certain facilities currently utilized by the Company, as of September 28, 1996, the Company's total debt would have been \$144.8 million and would have represented 17.2% of the Company's total capitalization (\$93.8 million and 11.1% assuming the Underwriters' over-allotment option in connection with the IPO is exercised in full). See "Capitalization," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." In order to continue its expansion, the Company will need additional financing, including debt financing, which may or may not be available on terms acceptable to the Company, or at all. The Company expects that the ratio of total debt to total capitalization will likely increase over time. While a portion of the Company's historical financing needs has been satisfied through internally generated funds and trade creditors, a substantial amount has come from intercompany borrowings under debt facilities and an accounts receivable securitization facility maintained by Ingram Industries. No assurance can be given that the Company will continue to be able to borrow in adequate amounts for these or other purposes on terms acceptable to the Company, and the failure to do so could have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company has entered into a \$1 billion Credit Facility (the "Credit Facility") with NationsBank of Texas N.A. and The Bank of Nova Scotia, acting as Agents for a syndicate of lenders. The Credit Facility will become effective immediately prior to the closing of the IPO. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources." Concurrently with the Split-Off, the Company intends to use borrowings under the Credit Facility to repay (i) intercompany indebtedness in partial satisfaction of amounts due to Ingram Industries (the Company is assuming Ingram Industries' accounts receivable securitization program in satisfaction of the remaining amounts due to Ingram Industries) and (ii) outstanding revolving indebtedness related to amounts drawn by certain of the Company's subsidiaries, as participants in Ingram Industries' existing unsecured credit facility, which will terminate concurrently with the closing of the IPO. The net proceeds from the IPO will be used to repay a portion of the borrowings under the Credit Facility. See "Use of Proceeds." The Company's ability in the future to satisfy its debt obligations will be dependent upon its future performance, which is subject to prevailing economic conditions and financial, business, and other factors, including factors beyond the Company's control. See "--Fluctuations in Quarterly Results," "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources," "Certain Transactions," and "The Split-Off and the Reorganization--The Reorganization."

Management of Growth. The rapid growth of the Company's business has required the Company to make significant recent additions in personnel and has significantly increased the Company's working capital requirements. Although the Company has experienced significant sales growth in recent years, such growth should not be considered indicative of future sales growth. Such growth has resulted in new and increased responsibilities for management personnel and has placed and continues to place a significant strain upon the Company's management, operating and financial systems, and other resources. There can be no assurance that the strain placed upon the Company's management, operating and financial systems, and other resources will not have a material adverse effect on the Company's business, financial condition, and results of operations, nor can there be any assurance that the Company will be able to attract or retain sufficient personnel to continue the expansion of its operations. Also crucial to the Company's success in managing its growth will be its ability to achieve additional economies of scale. There can be no assurance that the Company will be able to achieve such economies of scale, and the failure to do so could have a material adverse effect on the Company's business, financial condition, and results of operations.

To manage the expansion of its operations, the Company must continuously evaluate the adequacy of its management structure and its existing systems and procedures, including, among others, its data processing, financial, and internal control systems. When entering new geographic markets, the Company will be required to implement the Company's centralized IMPulse information processing system on a timely and cost-effective basis, hire personnel, establish suitable distribution centers, and adapt the Company's distribution systems and procedures to these new markets. There can be no assurance that management will adequately anticipate all of the changing demands that growth could impose on the Company's systems, procedures, and structure. In addition, the Company will be required to react to changes in the microcomputer distribution industry, and there can be no assurance that it will be able to do so successfully. Any failure to adequately anticipate and respond to such changing demands may have a material adverse effect on the Company's business, financial condition, or results of operations. See "--Dependence on Information Systems" and "Business--Information Systems."

Dependence on Information Systems. The Company depends on a variety of information systems for its operations, particularly its 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. The Company's information systems require the services of over 350 of the Company's associates with extensive knowledge of the Company's information systems and the business environment in which the Company operates. Although the Company has not in the past experienced significant failures or downtime of IMPulse or any of its other information systems, any such failure or significant downtime could prevent the Company from taking customer orders, printing product pick-lists, and/or shipping product and could prevent customers from accessing price and product availability information from the Company. In such event, the Company could be at a severe disadvantage in determining appropriate product pricing or the adequacy of inventory levels or in reacting to rapidly changing market conditions, such as a currency devaluation. A failure of the Company's information systems which impacts any of these functions could have a material adverse effect on the Company's business, financial condition, or results of operations. In addition, the inability of the Company to attract and retain the highly skilled personnel required to implement, maintain, and operate IMPulse and the Company's other information systems could have a material adverse effect on the Company's business, financial condition, or results of operations. In order to react to changing market conditions, the Company must continuously expand and improve IMPulse and its other information systems. From time to time the Company may acquire other businesses having information systems and records which must be converted and integrated into IMPulse or other Company information systems. This can be a lengthy and expensive process that results in a significant diversion of resources from other operations. The inability of the Company to convert the information systems of any acquired businesses to the Company's information systems and to train its information systems personnel in a timely manner and on a cost-effective basis could materially adversely affect the Company's business, financial condition, or results of operations. There can be no assurance that the Company's information systems will not fail, that the Company will be able to attract and retain qualified personnel necessary for the operation of such systems, that the Company will be able to expand and improve its information systems, or that the information systems of acquired companies will be successfully converted and integrated into the Company's information systems on a timely and cost-effective basis. See "Business--Information Systems."

Exposure to Foreign Markets; Currency Risk. The Company, through its subsidiaries, operates in a number of countries outside the United States, including Canada, Mexico, most of the countries of the European Union, Norway, Malaysia, and Singapore. In 1994, 1995, and the first three quarters of 1996, 29.3%, 30.7%, and 30.0%, respectively, of the Company's net sales were derived from operations outside of the United States, and the Company expects its international net sales to increase as a percentage of total net sales in the future. See "Business--Geographic Tactics." The Company's international net sales are primarily denominated in currencies other than the U.S. dollar. Accordingly, the Company's international operations impose risks upon its business as a result of exchange rate fluctuations. Although the Company attempts to mitigate the effect of exchange rate fluctuations on its business, primarily by attempting to match the currencies of sales and costs, as well as through the use of foreign currency borrowings and derivative financial instruments such as forward exchange contracts, the Company does not seek to remove all risk associated with such fluctuations. Accordingly, there can be no assurance that exchange rate fluctuations will not have a material

adverse effect on the Company's business, financial condition, or results of operations in the future. In certain 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, the Company may experience significant foreign exchange losses. For example, the devaluation of the Mexican peso, which began in December 1994, significantly affected the Company's Mexican operations. The primary impact on the Company's operating results was a foreign exchange pre-tax charge of approximately \$6.9 million and \$7.8 million in 1994 and 1995, respectively. In addition, the Company's net sales in Mexico were adversely affected in 1995 as a result of the general economic impact of the devaluation of the Mexican peso. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company's international operations are subject to other risks such as the imposition of governmental controls, export license requirements, restrictions on the export of certain technology, political instability, trade restrictions, tariff changes, difficulties in staffing and managing international operations, difficulties in collecting accounts receivable and longer collection periods, and the impact of local economic conditions and practices. As the Company continues to expand its international business, its success will be dependent, in part, on its ability to anticipate and effectively manage these and other risks. There can be no assurance that these and other factors will not have a material adverse effect on the Company's international operations or its business, financial condition, and results of operations as a whole.

Dependence on Key Individuals. The Company is dependent in large part on its ability to retain the services of its executive officers, especially Messrs. Jerre L. Stead (Chief Executive Officer and Chairman of the Board of Directors), Jeffrey R. Rodek (Worldwide President and Chief Operating Officer), and David R. Dukes (Vice Chairman of Ingram Micro and Chief Executive Officer of Ingram Alliance). The loss of any of the Company's executive officers could have a material adverse effect on the Company. The Company does not have employment agreements with most of its executive officers, although it does have agreements, primarily relating to severance arrangements, with certain of the Named Executive Officers (as defined herein). See "Management--Employment Agreements." Several of the Company's executive officers currently perform functions for both the Company and Ingram Industries, including Michael J. Grainger, the Company's Executive Vice President and Worldwide Chief Financial Officer, and James E. Anderson, Jr., the Company's Senior Vice President, Secretary, and General Counsel. Concurrently with the Split-Off, each of Messrs. Grainger and Anderson will resign from Ingram Industries. See "Management--Executive Officers and Directors." The Company's continued success is also dependent upon its ability to retain and attract other qualified employees to meet the Company's needs. See "Business--Employees."

Effective August 27, 1996, the Company appointed Jerre L. Stead as its Chief Executive Officer and Chairman of the Board. Linwood A. (Chip) Lacy, Jr., the Company's Chief Executive Officer since 1985, resigned effective May 31, 1996. Although the Company believes that one of its distinguishing characteristics is the strength of its senior and middle management personnel, there can be no assurance that the Company will not experience a material adverse effect on its business, financial condition, or results of operations as a result of the resignation of Mr. Lacy. See "Management--Employment Agreements."

Product Supply; Dependence on Key Suppliers. The ability of the Company to obtain particular products or product lines in the required quantities and to fulfill customer orders on a timely basis is critical to the Company's success. In most cases, the Company has no guaranteed price or delivery agreements with its suppliers. As a result, the Company has experienced, and may in the future continue to experience, short-term inventory shortages. In addition, manufacturers who currently distribute their products through the Company may decide to distribute, or to substantially increase their existing distribution, through other distributors, their own dealer networks, or directly to resellers. Further, the personal computer industry experiences significant product supply shortages and customer order backlogs from time to time due to the inability of certain manufacturers to supply certain products on a timely basis. There can be no assurance that suppliers will be able to maintain an adequate supply of products to fulfill the Company's customer orders on a timely basis or that the Company will be able to obtain particular products or that a product line currently offered by suppliers will continue to be available. The failure of the Company to obtain particular products or product lines in the required quantities or fulfill customer orders on a timely basis could have a material adverse effect on its business, financial condition, or results of operations.

Although Ingram Micro regularly stocks products and accessories supplied by over 1,100 suppliers, approximately 36.5%, 41.4%, 53.2%, and 55.2% of the Company's net sales in 1993, 1994, 1995, and the first three quarters of 1996, respectively, were derived from products provided by its ten largest suppliers. In 1995, 23.4% of the Company's net sales were derived from sales of products from Microsoft (12.7%), Compaq Computer (10.7%), and Hewlett-Packard (9.5%). In the first three quarters of 1996, 33.2% of the Company's net sales were derived from sales of products from Compaq Computer (13.7%), Microsoft (10.4%), and Hewlett-Packard (9.1%). Certain of the Company's non-U.S. operations are even more dependent on a limited number of suppliers. In addition, many services that the Company provides to its reseller customers, such as financing and technical training, are dependent on supplier support. The loss of a major supplier, the deterioration of the Company's relationship with a major supplier, the loss or deterioration of supplier support for certain Company-provided services, the decline in demand

for a particular supplier's product, or the failure of the Company to establish good relationships with major new suppliers could have a material adverse effect on the Company's business, financial condition, or results of operations. Such a loss, deterioration, decline, or failure could also have a material adverse effect on the sales by the Company of products provided by other suppliers.

The Company's ability to achieve increases in net sales or to sustain current net sales levels depends in part on the ability and willingness of the Company's suppliers to provide products in the quantities the Company requires. Although the Company has written distribution agreements with many of its suppliers, these agreements usually provide for nonexclusive distribution rights and often include territorial restrictions that limit the countries in which Ingram Micro is permitted to 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. The termination of an agreement may have a material adverse impact on the Company's business, financial condition, or results of operations. See "Business--Products and Suppliers."

Risks Associated with Ingram Alliance. Ingram Micro entered the master reseller (also known as "aggregation") business in late 1994 through the launch of Ingram Alliance. Ingram Alliance is designed to offer resellers access to products supplied by certain of the industry's leading hardware manufacturers at competitive prices by utilizing a low-cost business model that depends upon a higher average order size, lower product returns percentage, and supplier-paid financing. The master reseller business is characterized by gross margins and operating margins that are even narrower than those of the U.S. microcomputer products wholesale distribution business and by competition based almost exclusively on price, programs, and execution. In the master reseller business, the Company has different supply arrangements and financing terms than in its traditional wholesale distribution business. There can be no assurance that the Company will be able to compete successfully in the master reseller business. A failure by Ingram Alliance to compete successfully could have a material adverse effect on the Company's business, financial condition, or results of operations.

A substantial portion of Ingram Alliance's net sales (approximately 89.9% during 1995 and 92.5% during the thirty-nine weeks ended September 28, 1996) is derived from the sale of products supplied by Compaq Computer, IBM, Toshiba, NEC, and Apple Computer. As a result, Ingram Alliance's business is dependent upon price and related terms and availability of products provided by these key suppliers. Although the Company considers Ingram Alliance's relationships with these suppliers to be good, there can be no assurance that these relationships will continue as presently in effect or that changes by one or more of such key suppliers in their volume discount schedules or other marketing programs would not adversely affect the Company's business, financial condition or results of operations. Termination or nonrenewal of Ingram Alliance's agreements with key suppliers would have a material adverse effect on the Company's business, financial condition, or results of operations.

Although the Company's wholesale distribution division sells Hewlett-Packard products, Ingram Alliance has not historically had authorization to sell Hewlett-Packard products in the master reseller market. Because of Hewlett-Packard's position as a major supplier of microcomputer hardware products, the Company believes that sales of Hewlett-Packard products likely account for a substantial portion of sales at Ingram Alliance's competitors in the master reseller business. The inability to offer Hewlett-Packard's products has placed Ingram Alliance at a competitive disadvantage to its competitors because it has been unable to provide a full range of products to its customers. In late October 1996, Ingram Alliance, along with Tech Data Elect, was authorized to sell Hewlett-Packard products in the master reseller market. The arrangement with Hewlett-Packard provides that Ingram Alliance and Tech Data Elect may commence sales of Hewlett-Packard products in January 1997. There can be no assurance that Ingram Alliance will be able to compete effectively in the sale of Hewlett-Packard products within the master reseller market. See "Business--Ingram Alliance."

Acquisitions. As part of its growth strategy, the Company pursues the acquisition of companies that either complement or expand its existing business. As a result, the Company is continually evaluating potential acquisition opportunities, which may be material in size and scope. Acquisitions involve a number of risks and difficulties, including expansion into new geographic markets and business areas, the requirement to understand local business practices, the diversion of management's attention to the assimilation of the operations and personnel of the acquired companies, the integration of the acquired companies' management information systems with those of the Company, potential adverse short-term effects on the Company's operating results, the amortization of acquired intangible assets, and the need to present a unified corporate image.

The Company does not currently have any commitments or agreements with respect to any material acquisitions. The Company is currently in negotiations regarding potential acquisitions or joint ventures, none of which, if consummated, would be material to the Company's business. The Company anticipates that one or more potential acquisition opportunities, including some that could be material to the Company, may become available in the future. The Company may issue equity securities to consummate acquisitions, which may cause dilution to investors purchasing Common Stock in this offering. In addition, the Company may be required to utilize cash or increase its borrowings to consummate acquisitions. No assurance can be given that the Company will have adequate resources to consummate any acquisition, that any acquisition by the Company will or will not occur, that if any

acquisition does occur it will not have a material adverse effect on the Company, its business, financial condition, or results of operations or that any such acquisition will be successful in enhancing the Company's business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risk of Declines in Inventory Value. The Company's business, like that of other wholesale distributors, is subject to the risk that the value of its inventory will be adversely affected by price reductions by suppliers or by technological changes affecting the usefulness or desirability of the products comprising the inventory. It is the policy of most suppliers of microcomputer products to protect distributors such as the Company, who purchase directly from such suppliers, from the loss in value of inventory due to technological change or the supplier's price reductions. Under the terms of many distribution agreements, suppliers will credit the distributor for inventory losses resulting from the supplier's price reductions if the distributor complies with certain conditions. In addition, under many such agreements, the distributor has the right to return for credit or exchange for other products a portion of the inventory items purchased, within a designated period of time. A supplier who elects to terminate a distribution agreement generally will repurchase from the distributor the supplier's products carried in the distributor's inventory. The industry practices discussed above are sometimes not embodied in written agreements and do not protect the Company in all cases from declines in inventory value. No assurance can be given that such practices will continue, that unforeseen new product developments will not materially adversely affect the Company, or that the Company will be able to successfully manage its existing and future inventories. The Company's risk of declines in inventory value could be greater outside the United States where agreements with suppliers are more restrictive with regard to price protection and the Company's ability to return unsold inventory. The Company establishes reserves for estimated losses due to obsolete inventory in the normal course of business. Historically, the Company has not experienced losses due to obsolete inventory materially in excess of established inventory reserves. However, significant declines in inventory value in excess of established inventory reserves could materially adversely affect the Company's business, financial condition, or results of operations.

The Company sometimes purchases from suppliers, usually at significant discounts, quantities of products that are nearing the end of their product life cycle. In addition, the Company's purchasing staff also seeks opportunities to purchase quantities of products from suppliers at discounts larger than those usually available. When the Company negotiates these purchases, it seeks to secure favorable terms for the return to suppliers of products unwanted by resellers and end-users. Because some of these purchase agreements contain terms providing for a 60-day time limit on returns to suppliers, end-user or reseller delays in returning the product to the Company may make it difficult for the Company to meet the deadline for returns to suppliers, and the Company could be left with unwanted product. Additionally, some suppliers may be unwilling or unable to pay the Company for products returned to them under purchase agreements, and this trend may accelerate as consolidation in the industry increases. For products offered by major suppliers, each of these events, were they to occur, could materially adversely impact the Company's business, financial condition, or results of operations. See "Business--Products and Suppliers."

Dependence on Independent Shipping Companies. The Company relies almost entirely on arrangements with independent shipping companies for the delivery of its products. Products are shipped from suppliers to the Company through Skyway Freight Systems, Yellow Freight Systems, APL Land Transport Services, and ABF Freight Systems. Currently, Federal Express Corporation ("FedEx"), United Parcel Service ("UPS"), Western Package Service, General Parcel Services, Roadway Parcel Services, and Purolator Courier deliver the substantial majority of the Company's products to its reseller customers in the United States and Canada. In other countries, the Company typically relies on one or two shipping companies prominent in local markets. The termination of the Company's arrangements with one or more of these independent shipping companies, or the failure or inability of one or more of these independent shipping companies to deliver products from suppliers to the Company or products from the Company to its reseller customers or their end-user customers could have a material adverse effect on the Company's business, financial condition, or results of operations. For instance, an employee work stoppage or slow-down at one or more of these independent shipping companies could materially impair that shipping company's ability to perform the services required by the Company. There can be no assurance that the services of any of these independent shipping companies will continue to be available to the Company on terms as favorable as those currently available or that these companies will choose or be able to perform their required shipping services for the Company. See "Business--Operations--Shipping."

Rapid Technological Change; Alternate Means of Software Distribution. The microcomputer 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. In addition, suppliers may give the Company limited or no access to new products being introduced. Although the Company believes that it has adequate price protection and other arrangements with its suppliers to avoid bearing the costs associated with these changes, no assurance can be made that future technological or other changes will not have a material adverse effect on the business, financial condition, or results of operations of the Company. Outside North America, the supplier contracts can be more restrictive and place more risks on the Company.

Net sales of software products have decreased as a percentage of total net sales in recent years due to a number of factors, including bundling of software with microcomputers; sales growth in Ingram Alliance, which is a hardware-only business; declines in software prices; and the emergence of alternative means of software distribution, such as site licenses

and electronic distribution. The Company expects this trend to continue. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Business--Products and Suppliers."

Relationship with Ingram Industries, Ingram Entertainment, and the Ingram Family Stockholders. The Company has historically depended on Ingram Industries and other subsidiaries of Ingram Industries for financing, cash management, tax and payroll administration, property/casualty insurance, employee benefits administration, and certain other administrative services. In conjunction with the Split-Off, the Company, Ingram Industries, and Ingram Entertainment Inc. ("Ingram Entertainment"), a wholly-owned subsidiary of Ingram Industries, will enter into agreements for the continued provision after the Split-Off of certain services formerly shared among such entities (collectively, the "Transitional Service Agreements"), as well as a tax sharing and tax services agreement. See "The Split-Off and the Reorganization--The Reorganization." The Company believes that the terms of the Transitional Service Agreements will be on a basis as favorable to the Company as those that would have been obtained from third parties on an arm's length basis and that they will be adequate to allow the Company to continue its business as previously conducted on an independent basis. The Company's historical financial statements reflect an allocation of expenses in connection with the services covered by the Transitional Service Agreements. Although the Company expects the costs and fees to be paid by it in connection with the Transitional Service Agreements to be higher than its historical allocated costs, it does not believe the increase in costs will be material to its results of operations. In addition, the Transitional Service Agreements generally terminate on December 31, 1996, although payroll services under the Transitional Service Agreements will be provided through December 31, 1997. After such termination, the Company will be required to provide such services internally or find a third-party provider of such services. There can be no assurance that the Company will be able to secure the provision of such services on acceptable terms. Either the additional costs and fees associated with the Transitional Service Agreements or the failure to obtain acceptable provision of services upon termination of the Transitional Service Agreements could have a material adverse effect on the Company's business, financial condition, or results of operations. After the Split-Off, each of the Company and Ingram Industries will be controlled by the Ingram Family Stockholders (as defined herein). See "--Control by Ingram Family Stockholders; Certain Anti-takeover Provisions." After the Split-Off, Ingram Entertainment will continue to be a wholly-owned subsidiary of Ingram Industries. Although there can be no assurance, it is contemplated that, on or after June 20, 1997, certain remaining stockholders of Ingram Industries will exchange their remaining shares of Ingram Industries common stock for shares of Ingram Entertainment common stock. See "The Split-Off and the Reorganization--The Reorganization."

Furthermore, the Company has incurred, and anticipates incurring in the future, higher payroll costs associated with the hiring of certain additional personnel and the addition of certain officers, previously paid by Ingram Industries, to the Company's payroll. There can be no assurance that the Company's results of operations will not be materially adversely affected by such additional costs. See "--Capital Intensive Nature of Business; High Degree of Leverage," "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources," "Certain Transactions," and "The Split-Off and the Reorganization--The Reorganization."

In connection with the Split-Off, the Company made a \$20.0 million distribution to Ingram Industries in the second quarter of 1996. The Company may be obligated to Ingram Industries for certain liabilities, fees or costs incurred in connection with the Split-Off. However, the Company believes such obligations will be largely offset by amounts due from Ingram Industries. See "The Split-Off and the Reorganization."

Control by Ingram Family Stockholders; Certain Anti-takeover Provisions. Immediately after the Split-Off and the closing of the IPO, 69.5% of the outstanding Common Equity (and 80.8% of the outstanding voting power) will be held by the Ingram Family Stockholders (67.9% and 80.5%, respectively, if the Underwriters' over-allotment option in connection with the IPO is exercised in full). Martha R. Ingram, her children, certain trusts created for their benefit, and two charitable trusts and a foundation created by the Ingram family (collectively, the "Ingram Family Stockholders") are expected to enter into a Board Representation Agreement (as defined herein) with the Company, which provides that certain types of corporate transactions, including transactions involving the potential sale or merger of the Company; the issuance of additional equity, warrants, or options; certain acquisitions; or the incurrence of significant indebtedness, may not be entered into without the written approval of at least a majority of the voting power held by certain of the Ingram Family Stockholders acting in their sole discretion. See "The Split-Off and the Reorganization--The Split-Off," "Principal Stockholders," and "Description of Capital Stock." Voting control by the Ingram Family Stockholders may discourage certain types of transactions involving an actual or potential change of control of the Company, including transactions in which the holders of the Company's Common Stock might receive a premium for their shares over the prevailing market price of the Common Stock.

Section 203 of the Delaware General Corporation Law (as amended from time to time, the "DGCL"), which is applicable to the Company, prohibits certain business combinations with certain stockholders for a period of three years after they acquire 15% or more of the outstanding voting stock of a corporation. See "Description of Capital Stock--Section 203 of the DGCL." In addition, the authorized but unissued capital stock of the Company includes 1,000,000 shares of preferred stock. The Board of Directors is authorized to provide for the issuance of such preferred stock in one or more series and to fix the designations, preferences, powers and relative, participating,

optional or other rights and restrictions thereof. Accordingly, the Company may issue a series of preferred stock in the future that will have preference over the Common Equity with respect to the payment of dividends and upon liquidation, dissolution or winding-up or which could otherwise adversely affect holders of the Common Equity or discourage or make difficult any attempt to obtain control of the Company. See "Description of Capital Stock--Preferred Stock."

Shares Eligible for Future Sale. Upon completion of the IPO, the Company will have outstanding 20,200,000 shares of Common Stock (23,200,000 shares if the Underwriters' over-allotment option in connection with the IPO is exercised in full) and 109,813,762 shares of Class B Common Stock, and an additional approximately 16,200,000 shares of Common Stock and approximately 4,800,000 shares of Class B Common Stock will be reserved for issuance upon exercise of outstanding stock options (including the Options) held by employees and directors of the Company, Ingram Industries, and Ingram Entertainment. See "Management." 20,000,000 of the shares of Common Stock to be sold by the Company in the IPO, and any shares of Common Stock sold by the Company in this offering, will be freely tradable without restriction. The Company and its directors and executive officers, and certain stockholders of the Company, have agreed, subject to certain exceptions, not to offer, sell, contract to sell or otherwise dispose of any Common Equity for a period of 180 days after the date of the Prospectus relating to the IPO without the prior written consent of Morgan Stanley & Co. Incorporated. Morgan Stanley & Co. Incorporated has informed the Company that it has no present intention to consent to any such transactions. Despite these limitations, the sale of a significant number of these shares could have an adverse impact on the price of the Common Stock or on any trading market that may develop. See "Shares Eligible for Future Sale."

Absence of Public Market; Possible Volatility of Stock Price. Prior to the IPO, there has been no public market for the Common Stock or the Class B Common Stock. There can be no assurance that an active trading market for the Common Stock will develop, or, if one does develop, that it will be sustained following the IPO or that the market price of the Common Stock will not decline below the initial public offering price. The initial public offering price was determined by negotiations between the Company and the Representatives of the Underwriters. The market price of the Common Stock could be subject to wide fluctuations in response to quarterly variations in the Company's results of operations, changes in earnings estimates by research analysts, conditions in the personal computer industry, or general market or economic conditions, among other factors. In addition, in recent years the stock market has experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on the market prices of many technology companies, often unrelated to the operating performance of the specific companies. Such market fluctuations could materially adversely affect the market price for the Common Stock.

Dilution. The initial public offering price of the shares of Common Stock offered in the IPO is substantially higher than the net tangible book value per share of the Common Equity.

THE COMPANY

Ingram Micro is the leading wholesale distributor of microcomputer products worldwide. The Company markets microcomputer hardware, networking equipment, and software products to more than 100,000 reseller customers in approximately 120 countries worldwide in three principal market sectors: the VAR sector, consisting of value-added resellers, systems integrators, network integrators, application VARs, and original equipment manufacturers; the Commercial sector, consisting of corporate resellers, direct marketers, independent dealers, and owner-operated chains; and the Consumer sector, consisting of consumer electronics stores, computer superstores, mass merchants, office product superstores, software-only stores, and warehouse clubs. As a wholesale distributor, the Company markets its products to each of these types of resellers as opposed to marketing directly to end-user customers.

The Company conducts business with most of the leading resellers of microcomputer products around the world, including, in the United States, AmeriData, CDW Computer Centers, CompuCom, CompUSA, Computer City, Electronic Data Systems, En Pointe Technologies, Entex Information Services, Micro Warehouse, Sam's Club, Staples, and Vanstar. The Company's international reseller customers include Complet Data A/S, Consultores en Diagnostico Organizacional y de Sistemas, DSG Retail Ltd., 06 Software Centre Europe, B.V., GE Capital Technologies, Jump Ordenadores, Maxima S.A., Norsk Datasenter, Owell Svenska AB, SNI Siemens Nixdorf Infosys AG, and TC Sistema SPA.

Ingram Micro offers one-stop shopping to its reseller customers by providing a comprehensive inventory of more than 36,000 products from over 1,100 suppliers, including most of the microcomputer industry's leading hardware manufacturers, networking equipment suppliers, and software publishers. The Company's broad product offerings include: desktop and notebook personal computers ("PCs"), servers, and workstations; mass storage devices; CD-ROM drives; monitors; printers; scanners; modems; networking hubs, routers, and switches; network interface cards; business application software; entertainment software; and computer supplies. The Company's suppliers include Apple Computer, Cisco Systems, Compaq Computer, Creative Labs, Hewlett-Packard, IBM, Intel, Microsoft, NEC, Novell, Quantum, Seagate, 3Com, Toshiba, and U.S. Robotics.

Ingram Micro distributes microcomputer products worldwide through warehouses in eight strategic locations in the continental United States and 22 international warehouses located in Canada, Mexico, most

countries of the European Union, Norway, Malaysia, and Singapore. The Company believes that it is the market share leader in the United States, Canada, and Mexico, and the second largest full-line distributor in Europe. In 1995, approximately 31% of the Company's net sales were derived from operations outside the United States. The Export Division fulfills orders from U.S. exporters and from foreign customers in countries where the Company does not operate a distribution subsidiary, including much of Latin America, the Middle East, Africa, Australia, and parts of Europe and Asia. The Company participates in the master reseller business in the United States through Ingram Alliance.

The Company's principal objective is to enhance its position as the preeminent wholesale distributor of microcomputer products worldwide. The Company is focused on providing a broad range of products and services, quick and efficient order fulfillment, and consistent on-time and accurate delivery to its reseller customers around the world. The Company believes that IMPulse, the Company's on-line information system, provides a competitive advantage through real-time worldwide information access and processing capabilities. This information system, coupled with the Company's exacting operating procedures in telesales, credit support, customer service, purchasing, technical support, and warehouse operations, enables the Company to provide its reseller customers with superior service in an efficient and low cost manner. In addition, to enhance sales and support its suppliers and reseller customers, the Company provides a wide range of value-added services, such as technical training, order fulfillment, tailored financing programs, systems configuration, and marketing programs.

The Company has grown rapidly over the past five years, with net sales and net income increasing to \$8.6 billion and \$84.3 million, respectively, in 1995 from \$2.0 billion and \$30.2 million, respectively, in 1991, representing compound annual growth rates of 43.8% and 29.3%, respectively. The Company's growth during this period reflects substantial expansion of its existing domestic and international operations, resulting from the addition of new customers, increased sales to the existing customer base, the addition of new product categories and suppliers, and the establishment of Ingram Alliance, as well as the successful integration of ten acquisitions worldwide. Because of intense price competition in the microcomputer products wholesale distribution industry, the Company's margins have historically been narrow and are expected in the future to continue to be narrow. In addition, the Company is highly leveraged and has relied heavily on debt financing for its increasing working capital needs in connection with the expansion of its business. See "Risk Factors--Narrow Margins" and "--Capital Intensive Nature of Business; High Degree of Leverage."

The Company is currently a subsidiary of Ingram Industries, a company controlled by the Ingram Family Stockholders. The Company, Ingram Industries, and Ingram Entertainment will enter into certain agreements, pursuant to which the operations of the three companies will be reorganized (the "Reorganization"). In the Reorganization, the Company, Ingram Industries, and Ingram Entertainment will allocate certain liabilities and obligations among themselves. Immediately prior to the closing of the IPO, Ingram Industries will consummate an exchange, pursuant to which certain existing stockholders of Ingram Industries will exchange all or a portion of their shares of Ingram Industries common stock for shares of Class B Common Stock of the Company in specified ratios. Immediately after the Split-Off and the closing of the IPO, none of the Common Equity will be held by Ingram Industries, other than the approximately 250,000 shares to be purchased by Ingram Industries in the IPO. At such time, 69.5% of the outstanding Common Equity (and 80.8% of the outstanding voting power) will be held by the Ingram Family Stockholders (67.9% and 80.5%, respectively, if the Underwriters' over-allotment option in connection with the IPO is exercised in full). See "Risk Factors--Control by Ingram Family Stockholders; Certain Anti-takeover Provisions." Such exchange of shares of Ingram Industries common stock for shares of Class B Common Stock of the Company, together with those elements of the Reorganization contemplated to occur prior to the closing of the IPO, are referred to herein as the "Split-Off." The consummation of the Split-Off is a non-waiveable condition to the closing of the IPO. See "Principal Stockholders" and "The Split-Off and the Reorganization." After the Split-Off, Ingram Entertainment will continue to be a wholly-owned subsidiary of Ingram Industries. Although there can be no assurance, it is contemplated that, on or after June 20, 1997, certain remaining stockholders of Ingram Industries will exchange their remaining shares of Ingram Industries common stock for shares of Ingram Entertainment common stock. See "The Split-Off and the Reorganization."

The Company's earliest predecessor began business in 1979 as a California corporation named Micro D, Inc. This company and its parent, Ingram Micro Holdings Inc. ("Holdings"), grew through a series of acquisitions, mergers, and internal growth to encompass the Company's current operations. Ingram Micro Inc. was incorporated in Delaware on April 29, 1996, in order to effect the reincorporation of the Company in Delaware. The successor to Micro D, Inc. and Holdings were merged into Ingram Micro Inc. in October 1996. The Company's principal executive office is located at 1600 East St. Andrew Place, Santa Ana, California 92705, and its telephone number is (714) 566-1000.

THE PLAN

Purpose

The purposes of the Plan are to promote the interests of the Company and its stockholders by providing for the granting of options to purchase shares of the Company's Common Stock. These options are being granted upon the conversion and cancellation of certain options to purchase

shares of, and Incentive Stock Units ("ISUs") and Stock Appreciation Rights ("SARs") relating to, common stock of Ingram Industries as provided in the Conversion Agreement in connection with the Split-Off pursuant to the Exchange Agreement.

The following summary of the Plan does not purport to be complete, and reference is made to the Ingram Micro Inc. Stock Option Plan which is reproduced beginning at page A-1.

Administration

The Plan is administered by a Committee (the "Committee") of the Board of Directors of the Company (the "Board"). Under the Plan, the Committee may grant Incentive Stock Options and Non-Qualified Stock Options.

Subject to the terms of the Plan and applicable law, the Committee has full power to construe and interpret the Plan and to establish and amend such rules and regulations as it deems necessary or advisable for the proper administration of the Plan. Decisions of the Committee are conclusive and binding upon all Persons, including Optionees and any persons claiming under or through an Optionee.

The Committee, to the extent necessary to comply with Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), shall consist of at least two directors of the Company chosen by the Board, each of whom is a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act. Additional information regarding the Plan and the Committee may be obtained by contacting the Committee: Attention: David M. Finley, Ingram Micro Inc., 1600 East St. Andrew Place, Santa Ana, California 92705 (telephone number: (714) 566-1000).

Eligibility

Any employee or director of the Company, Ingram Industries, Ingram Entertainment, or any of their respective subsidiaries who qualified as a Participant as of the Closing is eligible to participate in the Plan.

This Prospectus applies only to the exercise of Options by Participants who are also current or former employees or directors of the Company, Ingram Industries, Ingram Entertainment, or any of their subsidiaries ("Optionees").

Shares Subject to the Plan

The maximum number of shares of Common Stock in respect of which Options may be granted under the Plan is 12,000,000 shares.

Options

Type of Options. Subject to the provisions of the Plan, the Committee shall have the authority to grant Incentive Stock Options (within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) and Non-Qualified Stock Options, not intended to qualify under such Section 422.

Term of Options. The term of an Option is governed by the Option Agreement and is determined by the Committee pursuant to the Conversion Agreement. In granting an Option, the Committee may impose such conditions and limitations as it deems advisable.

Exercise Price. The per share exercise price of each Option granted by the Committee shall be determined by the Committee pursuant to the Conversion Agreement.

Option Agreement. The Option Agreement may impose restrictions or limitations on the exercise of an Option in addition to those set forth in this Prospectus. Each Optionee should read his or her Option Agreement with special care.

Effect on Options of Termination of Employment

Nonqualified Stock Options

Termination of Employment. Except as the Committee may otherwise provide, if an Optionee's employment with his or her Employer is terminated for any reason other than death, permanent and total disability, retirement or Cause, the Optionee's Nonqualified Stock Options shall expire 60 days following such termination of employment or, if earlier, the date such Option would otherwise expire by its terms. Such Option will be exercisable prior to such expiration only to the extent exercisable at the date of such termination of employment.

Death, Disability or Retirement. Except as the Committee may otherwise provide, if an Optionee's employment with his or her Employer is terminated by reason of death or by permanent and total disability or retirement (as determined by the Committee), the Optionee or his successor (if employment is terminated by death) shall have the right to exercise any Nonqualified Stock Option during the one-year period following such termination of employment, to the extent exercisable at the date of such termination of employment, but in no event later than the date the Option would otherwise expire by its terms.

Cause. An Optionee's right to exercise any Nonqualified Stock Option shall terminate and such Option shall expire upon termination of employment for Cause.

Incentive Stock Options

Termination of Employment. Except as the Committee may otherwise provide, if the Optionee's employment with his or her Employer is terminated for any reason other than for Cause, the Optionee shall have the right to exercise any Incentive Stock Option during the 60 days after such termination of employment to the extent it was exercisable at the date of such termination, but in no event later than the date the Option would have otherwise expired by its terms. If the Optionee does not exercise such Option to the full extent permitted by the preceding sentence, the remaining exercisable portion of such Option automatically will be deemed a Nonqualified Stock Option, and such Option will be exercisable as set forth above, provided that in the event that employment is terminated because of death or the Participant dies in such 60-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.

Cause. An Optionee's right to exercise any Incentive Stock Option shall terminate and such Option shall expire upon termination of employment for Cause.

Leave Without Pay. Any time spent by an Optionee in the status of "leave without pay" shall extend the period required for purposes of determining the extent to which any Option or portion thereof has vested or otherwise become exercisable or nonforfeitable.

Exercise of Options

Exercise of Options. Each Option is exercisable only during its term.

Options under the Plan shall be exercised by delivering or mailing to the Committee, Attention: W. Michael Head, Ingram Industries Inc., 4400 Harding Road, Nashville, Tennessee 37205,

- (1) a notice, in the form prescribed by the Committee, specifying the number of shares to be purchased, and either
- (2) a check or money order payable to the Company for the exercise price multiplied by the number of shares to be purchased, or
- (3) shares of Common Stock owned for at least six months valued at Fair Market Value on the date the Option is exercised equal to the per share exercise price multiplied by the number of shares to be purchased, or
- (4) a combination of the consideration set forth in (2) and (3) above.

Upon receipt of such notice and payment, the Company shall promptly deliver to the Optionee a certificate or certificates for the shares purchased, subject to compliance with applicable withholding obligations.

Restrictions on Exercise

In order to avoid violation of any applicable law or regulation, the Committee may at any time refuse to issue or transfer shares of Common Stock under the Plan. It is expected that the Committee will refuse to issue shares upon exercise of Options unless there is at such time an effective registration statement (including a current prospectus) with respect to such shares. The Company has agreed, as part of the Split-Off, to keep this Prospectus available for a period of 30 days from the date of effectiveness of the registration statement of which this Prospectus forms a part (or until _____, 1996). The Company currently intends to allow exercises of Options until January 1, 1997. However, the Company may withdraw the registration statement of which this Prospectus forms a part at any time after 30 days from the date of effectiveness of such registration statement, and the Company may extend the period for exercise of Options in its sole discretion.

Additional Registration Statement Relating to Options Held by Employees of the Company. Although there can be no assurance, prior to or concurrently with the end of the period in which this Prospectus is available, the Company intends to file with the Commission a registration statement on Form S-8 relating to shares issuable upon exercise of Options which are held by employees of the Company. Even if such registration statement were effective, the Committee would retain discretion to refuse to issue shares upon exercise of Options.

Additional Registration Statement Relating to Options Held by Non-Employees of the Company. The Company has agreed that, as soon as practicable after it becomes eligible to use Form S-3 (generally one year after the effectiveness of the registration statement relating to the IPO), it will file with the Commission and keep effective until no Options remain outstanding, a registration statement on Form S-3 relating to all shares issuable upon exercise of Options, other than those covered by the registration statement on Form S-8 referred to above. In addition, upon the written request of the boards of directors of Ingram Industries and Ingram Entertainment, at any time during the period beginning on the date that audited financial statements are available for the Company's 1996 fiscal year and ending on the first anniversary of the effective date of the IPO, the Company will be required to use its best efforts to file and have declared effective a registration statement on Form S-1 with respect to all shares issuable upon exercise of Options then vested and exercisable. The Company will be required to keep such registration statement effective for at least 30 days.

Amendment and Termination

The Board may amend, suspend, or terminate the Plan at any time. However, with the exception of adjustment for changes in capitalization, the authorization of the Company's stockholders is required if the Committee determines that such authorization is necessary to comply with any tax or regulatory requirement, including any approval requirement which is a prerequisite for exemptive relief from Section 16 of the Exchange Act, for which or with which the Committee determines that it is desirable to qualify or comply. The Committee may amend the term of any Option but no amendment may adversely affect any Option without the Optionee's consent.

Subject to earlier termination by the Board, the Plan will expire 90 days after the closing of the Split-Off. Unless otherwise provided in the Plan or Option Agreement, the authority of the Board and Committee with respect to outstanding Options shall continue after the authority to grant new Options under the Plan has expired.

Adjustments

In the event that the Committee shall determine that any corporate event affects the Common Stock such that an adjustment is required to preserve the benefits or potential benefits made available under the Plan, then the Committee may, in such manner as the Committee may deem equitable, adjust any or all of (i) the number and kind of shares which thereafter may be optioned and sold, (ii) the number and kinds of shares subject to outstanding Options, and (iii) the exercise price with respect to any Option.

Transferability

All Options granted under the Plan are nontransferable other than by will or by the laws of descent and distribution.

FEDERAL INCOME TAX CONSIDERATIONS

The following summary contains general information on the federal income tax consequences to Optionees and the Company with respect to Options. For additional tax information, including information regarding state taxes, Optionees should consult their own tax advisors.

Grant of Option

There is no tax consequence to the Optionee or to the Company upon the grant of a Non-Qualified Stock Option or an Incentive Stock Option.

Exercise of Non-Qualified Stock Option

An Optionee realizes ordinary taxable income upon the exercise of a Non-Qualified Stock Option to the extent of the difference between the fair market value on the exercise date of the shares of Common Stock acquired on exercise of the Option, and the Option price. The Company has a corporate income tax deduction in an amount equal to the ordinary taxable income of an Optionee who is an employee or former employee of the Company. Ingram Industries, Ingram Micro, and Ingram Entertainment have agreed that Ingram Micro will be paid an amount equal to the tax benefit to Ingram Industries or Ingram Entertainment, as the case may be, in respect of Options exercised by their current or former employees.

The exercise price of the shares plus the amount of the Optionee's ordinary taxable income is the Optionee's cost basis for shares of Common Stock acquired pursuant to the exercise of a Non-Qualified Stock Option. An Optionee who sells shares of Common Stock acquired upon exercise of a Non-Qualified Stock Option will have gain or loss equal to the difference between the amount realized on sale and the Optionee's cost basis for the shares. If an Optionee sells shares at a gain and such shares were held for more than one year, the gain realized on sale will be treated as a long-term capital gain.

If the Optionee uses previously acquired shares of Common Stock to exercise a Non-Qualified Stock Option, the Optionee will not recognize gain or loss on the exchange of the previously acquired shares for the Option shares. Those shares received upon exercise that are equal in number to the previously acquired shares exchanged therefor will have the same tax basis and holding period as the previously acquired shares. The additional shares received upon exercise will have a tax basis equal to the amount of ordinary income realized on the Option exercise and a holding period beginning on the date of exercise.

Exercise of Incentive Stock Option

An Optionee realizes no income upon the exercise of an Incentive Stock Option. However, the difference between the Option price and the fair market value of the shares on the exercise date is an adjustment to taxable income in determining alternative minimum taxable income. An Optionee must include such differential in alternative minimum taxable income in the year of exercise. In order to realize Incentive Stock Option treatment, Optionees who terminate employment for reasons other than death or disability must exercise Incentive Stock Options within sixty days of termination of employment, and Optionees who terminate employment for reason of disability must exercise Incentive Stock Options within one year of termination of employment. For purposes of this rule, employment is considered terminated prior to the start of any severance pay period.

If the Optionee holds shares of Common Stock acquired upon exercise of an Incentive Stock Option until two years from the date of grant of the Ingram Industries incentive stock option that was converted into such Option and for one year from the exercise date, the Optionee will realize

capital gain on the subsequent sale of the shares in an amount equal to the excess of the amount realized on sale of the shares over the Option exercise price.

If the Optionee disposes of the shares of Common Stock within two years of the date of grant or within one year of the date of exercise (a "disqualifying disposition"), the Optionee will have ordinary income equal to the difference between the Option price and the lesser of the fair market value of the shares on the date of exercise or the amount realized on disposition. Any additional gain will be capital gain. A transfer of shares acquired upon exercise of an Incentive Stock Option within two years of the date of grant or within one year of the date of exercise will not be considered a disqualifying disposition of the shares if the transfer is to a spouse or to a former spouse incident to a divorce. The same tax treatment of the transferred shares will apply to the transferee as would have applied to the transferor.

The Internal Revenue Service has issued proposed regulations on Incentive Stock Options. According to the proposed regulations, if the Optionee uses previously acquired shares of Common Stock to exercise an Incentive Stock Option, the Optionee will not recognize gain or loss on the exchange of the previously acquired shares for such Option shares unless the previously acquired shares were obtained through the exercise of a prior Incentive Stock Option and the exchange of the previously acquired shares constitutes a disqualifying disposition of such shares. If no gain or loss is recognized on the exchange, those shares received that are equal in number to the previously acquired shares exchanged therefor will have the same tax basis and holding period (for determining capital gain or loss) as the previously acquired shares. The additional shares received upon exercise of the Incentive Stock Option will have a zero basis and a holding period beginning on the date of the exercise. However, if a Optionee disposes of any of the shares within one year from the Option exercise date, the disposition is taxable as a disqualifying disposition.

The Company does not have a corporate income tax deduction in connection with the exercise of an Incentive Stock Option except in the case of a disqualifying disposition of shares acquired upon exercise of an Incentive Stock Option, in which case the deduction or tax benefit of a deduction will be available to the Company as noted above.

Tax Withholding

Upon the exercise of a Non-Qualified Stock Option, the Company or the Optionee's Employer is required to withhold federal and state (if applicable) income taxes, social security tax (if the Optionee's wages have not exceeded the social security wage base) and Medicare tax. The Company or the Optionee's Employer is not required to withhold income, social security, and Medicare taxes from the ordinary income realized upon the disqualifying disposition of Incentive Stock Option shares, but Optionees may elect voluntary withholding of federal and state income taxes.

RESTRICTIONS ON RESALE

Any Person receiving Shares under the Plan who is an "affiliate" of the Company (as the term "affiliate" is used in Rule 144 promulgated by the Commission under the Securities Act of 1933, as amended (the "Securities Act")) may resell such Shares only pursuant to a registration statement filed under the Securities Act (the Company having no obligation to file any such registration statement) or within the restrictions, including the sales volume limitations, imposed by Rule 144 other than the two-year holding period requirement in Rule 144. In addition, certain participants may be subject to the "short-swing profits" sanction of Section 16(b) of the Exchange Act.

ERISA

The Plan is not "qualified" under Section 401(a) of the Code and is not subject to any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

USE OF PROCEEDS

If all 2,867,374 shares of Common Stock being offered hereby were sold, the net proceeds to the Company from this offering would be approximately \$4.1 million. The Company intends to use the proceeds from this offering to repay outstanding revolving indebtedness under the Credit Facility.

DIVIDEND POLICY

The Company has never declared or paid any dividends on the Common Equity other than the distribution made to Ingram Industries in connection with the Split-Off. See "Risk Factors--Relationship with Ingram Industries, Ingram Entertainment, and the Ingram Family Stockholders." The Company currently intends to retain its future earnings to finance the growth and development of its business and therefore does not anticipate declaring or paying cash dividends on the Common Equity for the foreseeable future. Any future determination to declare or pay dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deems relevant. In addition, the Credit Facility and the Company's other debt facilities will contain restrictions on the declaration and payment of dividends.

CAPITALIZATION

The following table sets forth, as of September 28, 1996, (i) the actual short-term debt and capitalization of the Company, (ii) such short-term debt and capitalization as adjusted to give effect to the Split-Off (as if the Company had been organized as of such date), and (iii) such as adjusted short-term debt and capitalization as further adjusted to reflect the sale of the shares of Common Stock offered by the Company in the IPO at an assumed initial public offering price of \$15.00 per share (after deducting underwriting discounts and commissions and estimated offering expenses) and the application of the estimated net proceeds therefrom.

	September 28, 1996		
	Actual	As Adjusted(1)	As Further Adjusted(1)(2)
	-----	-----	-----
	(in thousands except share data)		
Short-term debt:			
Current maturities of long-term debt.....	\$ 16,458	\$ 16,458	\$ 16,458
	=====	=====	=====
Long-term debt:			
Long-term debt.....	\$128,855	\$471,142	\$128,382
Due to Ingram Industries.....	479,703	0	0
	-----	-----	-----
Total long-term debt.....	608,558	471,142	128,382
Redeemable Class B Common Stock.....	17,223	17,223	17,223
	-----	-----	-----
Stockholders' equity(3)(4):			
Preferred Stock, \$0.01 par value; 1,000,000 shares authorized; 0, 0, and 0 shares issued and outstanding, respectively.....	0	0	0
Class A Common Stock, \$0.01 par value; 265,000,000 shares authorized; 0, 0, and 20,200,000 shares issued and outstanding, respectively.....	0	0	202
Class B Common Stock, \$0.01 par value; 135,000,000 shares authorized; 109,813,762 shares issued and outstanding (including 2,460,400 redeemable shares)....	1,074	1,074	1,074
Additional paid in capital.....	23,140	23,140	365,698
Retained earnings.....	339,689	339,689	326,254
Cumulative translation adjustment.....	2,680	2,680	2,680
Unearned compensation..	(594)	(594)	(594)
	-----	-----	-----
Total stockholders' equity.....	365,989	365,989	695,314
	-----	-----	-----
Total capitalization.....	\$991,770	\$854,354	\$840,919
	=====	=====	=====

(1) As adjusted to reflect (i) the assumption by the Company of the accounts receivable program of Ingram Industries in satisfaction of amounts due to Ingram Industries (resulting in an increase of \$319.7 million in long-term debt, a decrease of \$479.7 million in amounts due to Ingram Industries, and a decrease of \$160.0 million in trade accounts receivable, not reflected in this table) and (ii) approximately \$22.6 million of indebtedness to be incurred by the Company in connection with the acquisition of certain facilities currently utilized by the Company (resulting in an increase of \$22.6 million in long-term debt, which is reflected in this table, and a similar increase in property and equipment, which is not reflected in this table), as if such transactions had occurred on September 28, 1996. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Certain Transactions."

(2) As further adjusted to give effect to the issuance of the Common Stock offered by the Company in the IPO (after deducting underwriting discounts and commissions and estimated offering expenses in connection with the IPO), the repayment of certain revolving indebtedness including certain amounts outstanding under the Credit Facility with the entire net proceeds therefrom, and the additional \$13.4 million non-cash charge related to the

Options. Does not reflect the issuance of any Common Stock offered by the Company in this offering. If all 2,867,374 shares being offered hereby were purchased, the Company would receive net proceeds of approximately \$4.1 million. See "Use of Proceeds," "Dilution," and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

- (3) Each share of Class B Common Stock is convertible, at any time at the option of the holder, into one share of Common Stock. In addition, the Class B Common Stock will be automatically converted into Common Stock upon the occurrence of certain events. See "Description of Capital Stock."
- (4) Excludes approximately 21,000,000 shares of Common Equity issuable in connection with outstanding stock options (including the Options). See "Management--1996 Plan--Options" and "--Rollover Plans; Incentive Stock Units."

DILUTION

The pro forma net tangible book value of the Common Equity of the Company as of September 28, 1996 was \$354.4 million or \$3.23 per share of Common Equity. Net tangible book value represents the amount of total tangible assets less total liabilities.

The weighted average exercise price of the Options is less than the book value of the Company prior to the IPO. Dilution per share to new investors represents the difference between the amount per share paid by purchasers of Common Stock in the IPO and the pro forma net tangible book value per share of Common Equity immediately after the closing of the IPO. After giving effect to the sale of 20,200,000 shares of Common Stock offered in the IPO by the Company and after deducting underwriting discounts and commissions and estimated offering expenses and the application of the estimated net proceeds therefrom, the pro forma net tangible book value of the Company as of September 28, 1996 would have been \$683.7 million or \$5.26 per share of Common Equity. This represents an immediate increase in net tangible book value of \$2.03 per share of Common Equity to existing stockholders and an immediate dilution of \$12.74 per share of Common Equity to purchasers of Common Stock in the IPO. The following table illustrates the per share dilution to new investors:

Initial public offering price per share.....		\$18.00
Net tangible book value per share of Common Equity as of September 28, 1996.....	\$3.23	
Increase attributable to new investors.....	2.03	
Net tangible book value per share of Common Equity after the IPO.....	-----	5.26

Dilution per share of Common Equity to new investors....	\$12.74	=====

The following table summarizes, as of September 28, 1996, the difference (before deducting underwriting discounts and commissions and estimated offering expenses) between existing stockholders, the purchasers of shares of Common Stock in this offering, and the purchasers of shares of Common Stock in the IPO with respect to: (i) the number of shares of Common Equity purchased from the Company; (ii) the effective cash consideration paid; and (iii) the average price paid per share of Common Equity.

	Number	Percent	Amount	Percent	Per Share
	-----	-----	-----	-----	-----
Existing stockholders(1).....	109,813,762	82.64%	\$ 83,783,800	18.56%	\$0.76
Stockholders purchasing in this offering.....	2,867,374	2.16	4,126,186	0.91	1.44
IPO investors.....	20,200,000	15.20	363,600,000	80.53	18.00
	-----	-----	-----	-----	-----
Total.....	132,881,136	100.00%	\$451,509,986	100.00%	
	=====	=====	=====	=====	

- (1) Excludes options issued under the Company's 1996 Plan and certain options issued under the Rollover Plan, to purchase an aggregate of approximately 21,000,000 shares of Common Equity. To the extent any of these options are exercised, there will be further dilution to new investors. See "Management--1996 Plan--Options" and "--Rollover Plan; Incentive Stock Units."

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial data of the Company. 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 Prospectus. The consolidated statement of income data set forth below for each of the three years in the period ended December 30, 1995 and the consolidated balance sheet data at December 31, 1994 and December 30, 1995 are derived from, and are qualified by reference to, the audited consolidated financial statements included elsewhere in this Prospectus, and should be read in conjunction with those financial statements and the notes thereto. The consolidated balance sheet data as of January 1, 1994 are derived from the audited consolidated balance sheet of the Company as of January 1, 1994, which is not included in this Prospectus. The consolidated statement of income data for each of the two years in the period ended January 2, 1993 and the consolidated balance sheet data as of December 28, 1991 and January 2, 1993 are derived from unaudited consolidated financial statements not included in this Prospectus. The consolidated financial data as of and for the thirty-nine weeks ended September 30, 1995, and as of and for the thirty-nine weeks ended September 28, 1996, have been derived from unaudited consolidated financial statements of the Company which are included in this Prospectus and which, in the opinion of the Company, reflect all adjustments, consisting only of adjustments of a normal and recurring nature, necessary for a fair presentation. Results for the thirty-nine weeks ended September 28, 1996 are not necessarily indicative of results for the full year. The historical consolidated financial data may not be indicative of the Company's future performance and do not necessarily reflect what the financial position and results of operations of the Company would have been had the Company operated as a separate, stand-alone entity during the periods covered. See "Consolidated Financial Statements."

	Fiscal Year					Thirty-nine Weeks Ended	
	1991	1992	1993	1994	1995	September 30, 1995	September 28, 1996
	(in thousands except per share data)						
Net sales.....	\$2,016,586	\$2,731,272	\$4,044,169	\$5,830,199	\$8,616,867	\$6,070,722	\$8,474,710
Cost of sales.....	1,831,140	2,503,702	3,714,527	5,391,224	8,011,181	5,648,210	7,900,223
Gross profit.....	185,446	227,570	329,642	438,975	605,686	422,512	574,487
Expenses:							
Selling, general and administrative.....	116,793	157,306	225,047	296,330	415,344	296,079	386,492
Charges allocated from Ingram Industries.....	1,030	1,330	1,567	2,355	3,461	2,561	3,259
Non-cash compensation charge.....	0	0	0	0	0	0	8,859(2)
	117,823	158,636	226,614	298,685	418,805	298,640	398,610(2)
Income from operations.....	67,623	68,934	103,028	140,290	186,881	123,872	175,877(2)
Other (income) expense:							
Interest income.....	(256)	(103)	(407)	(937)	(3,479)	(3,049)	(1,188)
Interest expense.....	3,233	5,556	5,003	8,744	13,451	8,918	10,608
Interest expense charged by Ingram Industries..	11,859	12,405	16,089	24,189	32,606	22,977	30,912
Net foreign currency exchange Loss.....	0	0	111	6,873	7,751	6,572	447
Other.....	324	2,574	(623)	716	1,936	405	1,689
	15,160	20,432	20,173	39,585	52,265	35,823	42,468
Income before income taxes and minority interest..	52,463	48,502	82,855	100,705	134,616	88,049	133,409(2)
Provision for income taxes.	22,286	17,529	31,660	39,604	53,143	34,755	55,459
Income before minority interest.....	30,177	30,973	51,195	61,101	81,473	53,294	77,950(2)
Minority interest.....	0	0	840	(2,243)	(2,834)	(2,986)	383
Net income(1).....	\$30,177	\$30,973	\$50,355	\$63,344	\$84,307	\$56,280	\$77,567(2)
Earnings per share.....	\$ 0.25	\$ 0.26	\$ 0.41	\$ 0.52	\$ 0.69	\$ 0.46	\$ 0.64(2)
Weighted average common shares outstanding.....	121,407	121,407	121,407	121,407	121,407	121,407	121,687

	December 28, 1991	January 2, 1993	January 1, 1994	December 31, 1994	December 30, 1995	September 28, 1996
	(in thousands)					
Cash.....	\$15,510	\$25,276	\$44,391	\$58,369	\$56,916	\$43,196
Working capital.....	288,462	334,913	471,616	663,049	1,019,639	828,084
Total assets.....	670,649	915,590	1,296,363	1,974,289	2,940,898	2,843,712
Total debt(3).....	244,785	295,389	398,929	552,283	850,548	625,016
Stockholder's equity..	78,972	109,418	155,459	221,344	310,795	365,989

(1) The 1992 results reflect the adoption of FAS 109.

(2) Reflects a non-cash compensation charge of \$8.9 million (\$5.4 million, or

\$0.04 per share, net of tax) in connection with the granting of the Options. See Note 11 of Notes to Consolidated Financial Statements.

(3) Includes long-term debt, current maturities of long-term debt, and amounts due to Ingram Industries.

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

Overview

Ingram Micro is the leading wholesale distributor of microcomputer products worldwide. The Company's net sales have grown to \$8.6 billion in 1995 from \$2.0 billion in 1991. This sales growth reflects substantial expansion of its existing domestic and international operations, resulting from the addition of new customers, increased sales to the existing customer base, the addition of new product categories and suppliers, and the establishment of Ingram Alliance, as well as the successful integration of ten acquisitions worldwide. Net income has grown to \$84.3 million in 1995 from \$30.2 million in 1991.

The microcomputer wholesale distribution industry in which the Company operates is characterized by narrow gross and operating margins, which have declined industry-wide in recent years, primarily due to intense price competition. The Company's gross margins declined to 7.0% in 1995 from 9.2% in 1991. To partially offset the decline in gross margins, the Company has continually instituted operational and expense controls which have reduced selling, general, and administrative ("SG&A") expenses (including charges allocated from Ingram Industries) as a percentage of net sales to 4.8% in 1995 from 5.8% in 1991. As a result, the Company's operating margins and net margins have declined less than gross margins. Operating margins declined to 2.2% in 1995 from 3.4% in 1991, and net margins declined to 1.0% in 1995 from 1.5% in 1991. There can be no assurance that the Company will be able to continue to reduce operating expenses as a percentage of net sales to mitigate further reductions in gross margins. Although the Company's international operations have historically had similar gross margins to the Company's U.S. traditional wholesale operations, the Company's international operations have historically had lower operating margins due in part to greater economies of scale in the U.S. operations. See "Risk Factors--Narrow Margins."

Ingram Micro entered the master reseller (also known as "aggregation") business in late 1994 through the launch of Ingram Alliance. Ingram Alliance is designed to offer resellers access to certain of the industry's leading hardware manufacturers at competitive prices by utilizing a lower cost business model that depends upon a higher average order size, lower product returns percentage, and supplier-paid financing. In 1995, Ingram Alliance contributed over \$700 million of net sales to the Company. Since its inception in late 1994, Ingram Alliance has operated with lower gross margins, lower SG&A expenses as a percentage of net sales, and lower financing costs than the Company's traditional wholesale distribution business. Accordingly, if Ingram Alliance's sales continue to grow as a percentage of the Company's total net sales, the Company expects such increase to cause its overall gross margins to decline.

The Company sells microcomputer hardware, networking equipment, and software products. Sales of hardware products (including networking equipment) represent a majority of total net sales and have historically generated a higher operating margin than sales of software products, although operating margins on both hardware products and software products have historically declined. Hardware products and networking equipment have comprised an increasing percentage, and software products a decreasing percentage, of the Company's net sales in recent years, and the Company expects this trend to continue. Net sales of software products have decreased as a percentage of total net sales in recent years due to a number of factors, including bundling of software with microcomputers; sales growth in Ingram Alliance, which is a hardware-only business; declines in software prices; and the emergence of alternative means of software distribution, such as site licenses and electronic distribution. See "Risk Factors--Rapid Technological Change; Alternate Means of Software Distribution" and "Business--Products and Suppliers."

Historically, the Company's sources of capital have primarily been borrowings from Ingram Industries through debt facilities maintained by Ingram Industries and guaranteed by the Company. The Company has entered into the \$1 billion Credit Facility, which will become effective immediately prior to the closing of the IPO. See "Liquidity and Capital Resources." Concurrently with the Split-Off, the Company intends to use borrowings under the Credit Facility to repay (i) intercompany indebtedness in partial satisfaction of amounts due to Ingram Industries (the Company is assuming Ingram Industries' accounts receivable securitization program in satisfaction of the remaining amounts due to Ingram Industries) and (ii) outstanding revolving indebtedness related to amounts drawn by certain of the Company's subsidiaries, as participants in Ingram Industries' existing unsecured credit facility, which will terminate concurrently with the closing of the IPO. The net proceeds from the IPO will be used to repay a portion of the borrowings under the Credit Facility. The Company has historically depended on Ingram Industries and other subsidiaries of Ingram Industries for financing, management, tax and payroll administration, property/casualty insurance, employee benefits administration, and certain other administrative services. In conjunction with the Reorganization, the Company, Ingram Industries, and Ingram Entertainment will enter into the Transitional Service Agreements, as well as a tax sharing and tax services agreement. See "The Split-Off and the Reorganization--The Reorganization." The Company believes that the terms of the Transitional Service Agreements will be on a basis as favorable to the

Company as those that would have been obtained from third parties on an arm's length basis. The Company's historical financial statements reflect an allocation of expenses in connection with the services covered by the Transitional Service Agreements. Although the Company expects the costs and fees to be paid by it in connection with the Transitional Service Agreements to be higher than its historical allocated costs, it does not believe the increase in costs will be material to its results of operations. On a long-term basis, the Company will be required to hire personnel to perform such services or contract with one or more independent third parties to provide such services. See "Risk Factors--Relationship with Ingram Industries, Ingram Entertainment, and the Ingram Family Stockholders."

The microcomputer wholesale distribution business is capital intensive. The Company's business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. The Company is highly leveraged and has relied heavily on debt financing for its increasing working capital needs in connection with the expansion of its business. The Company will need additional capital to finance its product inventory and accounts receivable as it expands its business. The Company's interest expense for any current or future indebtedness will be subject to fluctuations in interest rates and may cause fluctuations in the Company's net income. In connection with the Split-Off, the Company will assume Ingram Industries' accounts receivable securitization program, and financing costs associated with this program will be classified as other expense. Prior to the Split-Off, such expenses were reflected as interest expense charged by Ingram Industries. While this structure will not increase the Company's cost of financing, this change in the classification of financing costs will result in an increase in the Company's other expenses of approximately \$10.5 million per year and a corresponding decrease in its interest expense.

In connection with the Split-Off, certain outstanding Ingram Industries options (including the Options), incentive stock units ("ISUs"), and stock appreciation rights ("SARs") held by certain employees of Ingram Industries, Ingram Entertainment, and Ingram Micro will be exchanged or converted to the Options. See "The Plan," "Management--Rollover Plan; Incentive Stock Units." The Company has recorded a pre-tax non-cash compensation charge of approximately \$8.9 million (\$5.4 million net of tax) in the first three quarters of 1996 related to the vested portion of certain of the Options as the terms and grants of the Options were established in the first quarter of 1996. This charge was based on the difference between the estimated fair value of such options in the first quarter of 1996 and the exercise price of such options or SARs. In addition, at the time of the IPO, the Company will be required by applicable accounting rules to record a non-cash compensation charge with respect to the vested portion of approximately 1,300,000 formula plan Options included in the 11,000,000 shares. This non-cash charge will be approximately \$13.4 million based on the difference between the average exercise price of \$2.63 per share and \$18.00 per share, the initial public offering price of the Common Stock. The Company will be required by applicable accounting rules to record additional non-cash compensation charges over the remaining vesting periods of the Options. These additional charges will be approximately \$1.0 million (\$0.6 million net of tax) in the aggregate for the fourth quarter of 1996, \$7.1 million (\$5.7 million net of tax) for 1997, and \$4.6 million (\$3.6 million net of tax) for 1998.

Results of Operations

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

	Fiscal Year						Thirty-nine Weeks Ended			
	1993		1994		1995		September 30, 1995		September 28, 1996	
	-----		-----		-----		-----		-----	
	(dollars in millions)									
Net Sales by Geographic Region(1):										
United States.....	\$3,118	77.1%	\$4,122	70.7%	\$5,970	69.3%	\$4,287	70.6%	\$5,930	70.0%
Europe.....	485	12.0	1,078	18.5	1,849	21.4	1,239	20.4	1,745	20.6
Other international.....	441	10.9	630	10.8	798	9.3	545	9.0	800	9.4
	-----		-----		-----		-----		-----	
Total.....	\$4,044	100.0%	\$5,830	100.0%	\$8,617	100.0%	\$6,071	100.0%	\$8,475	100.0%
	=====		=====		=====		=====		=====	

(1) Net sales are classified by location of the Company entity. For example, products sold through Ingram Alliance or the U.S. Export Division are classified as United States sales.

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

Percentage of Net Sales	

	Thirty-nine Weeks
Fiscal Year	Ended

	1993	1994	1995	September 30, 1995	September 28, 1996
Net sales.....	100.0%	100.0%	100.0%	100.0%	100.0%
	91.9	92.5	93.0	93.0	93.2
Cost of sales.....					
Gross profit.....	8.1	7.5	7.0	7.0	6.8
Expenses:					
SG&A expenses and charges allocated from Ingram Industries.....	5.6	5.1	4.8	5.0	4.6
Non-cash compensation charge.....	0.0	0.0	0.0	0.0	0.1
Income from operations...	2.5	2.4	2.2	2.0	2.1
Other expense, net.....	0.5	0.7	0.6	0.5	0.5
Income before income taxes and minority interest.....	2.0	1.7	1.6	1.5	1.6
Provision for income taxes.....	0.8	0.6	0.6	0.6	0.7
Minority interest.....	0.0	0.0	0.0	0.0	0.0
Net income.....	1.2%	1.1%	1.0%	0.9%	0.9%

First Three Quarters 1996 Compared to First Three Quarters 1995

Consolidated net sales increased 39.6% to \$8.5 billion in the first three quarters of 1996 from \$6.1 billion in the first three quarters of 1995. Microsoft Windows 95 was launched in the third quarter of 1995, and sales of Microsoft Windows 95 accounted for \$289.1 million of consolidated net sales in the first three quarters of 1995. The increase in worldwide net sales was attributable to growth in the microcomputer products industry in general, the addition of new customers, increased sales to the existing customer base, and expansion of the Company's product offerings.

Net sales from U.S. operations increased 38.3% to \$5.9 billion in the first three quarters of 1996 from \$4.3 billion in the first three quarters of 1995. In addition to the factors above that impacted net sales worldwide, U.S. net sales were positively impacted by the strong growth in Ingram Alliance sales. Net sales from European operations increased 40.8% to \$1.7 billion in the first three quarters of 1996 from \$1.2 billion in the first three quarters of 1995. Other international net sales increased 46.9% to \$799.8 million in the first three quarters of 1996 from \$544.5 million in the first three quarters of 1995, principally due to the growth in net sales from the Company's Canadian operations. In the first three quarters of 1996, net sales from U.S. operations accounted for 70.0% of consolidated net sales, net sales from European operations accounted for 20.6% of consolidated net sales, and other international net sales accounted for 9.4% of consolidated net sales. In the first three quarters of 1995, net sales from U.S. operations accounted for 70.6% of consolidated net sales, net sales from European operations accounted for 20.4% of consolidated net sales, and other international net sales accounted for 9.0% of consolidated net sales.

Cost of sales as a percentage of net sales increased to 93.2% in the first three quarters of 1996 from 93.0% in the first three quarters of 1995. This increase was largely attributable to competitive pricing pressures, especially in Europe, and the increase as a percentage of net sales of the lower gross margin Ingram Alliance business, which more than offset an increase in worldwide purchase discounts and rebates from the Company's suppliers.

Total SG&A expenses and charges allocated from Ingram Industries increased 30.5% to \$389.8 million in the first three quarters of 1996 from \$298.6 million in the first three quarters of 1995, but decreased as a percentage of net sales to 4.6% in the first three quarters of 1996 from 5.0% in the first three quarters of 1995. The increased level of spending was attributable to expenses required to support expansion of the Company's business, consisting primarily of incremental personnel and support costs, lease payments relating to new operating facilities, and expenses associated with the development and maintenance of information systems. The decrease in operating expenses as a percentage of net sales was primarily attributable to the growth of Ingram Alliance, which utilizes a lower cost business model, and economies of scale from higher sales volumes.

During the first three quarters of 1996, the Company recorded a non-cash compensation charge of \$8.9 million or 0.1% of net sales in connection with the Options. The Company did not record any such charge during the first three quarters of 1995.

Excluding the \$8.9 million non-cash compensation charge in the first three quarters of 1996, total income from operations increased as a percentage of net sales to 2.2% in the first three quarters of 1996 from 2.0% in the first three quarters of 1995. Income from operations in the United States increased as a percentage of net sales to 2.7% in the first three quarters of 1996 from 2.6% in the first three quarters of 1995. Income from operations in Europe decreased as a percentage of net sales to 0.5% in the first three quarters of 1996 from 0.7% in the first three quarters of 1995. This decrease was offset by an increase in income from operations as a percentage of net sales for geographic regions outside the United States and Europe to 2.0% in the first three quarters of 1996 from 0.7% in the first three quarters of 1995. The first three quarters of 1995 included the negative impact of an inventory valuation loss of \$3.8 million related to the decline in value of the Mexican peso and the associated impact on the Mexican economy.

For the reasons set forth above, income from operations, including the \$8.9 million non-cash compensation charge, increased 42.0% to \$175.9 million in the first three quarters of 1996 from \$123.9 million in the first three quarters of 1995, and, as a percentage of net sales, increased to 2.1% in the first three quarters of 1996 from 2.0% in the first three quarters of 1995.

Other expense, net, which consists primarily of net interest expense (including interest expense charged by Ingram Industries), foreign currency exchange losses, and miscellaneous non-operating expenses, increased 18.5% to \$42.5 million in the first three quarters of 1996 from \$35.8 million in the first three quarters of 1995, but remained constant as a percentage of net sales at 0.5%. The increase in other expense was largely attributable to a higher level of borrowings to finance the Company's worldwide business expansion, partially offset by a period-over-period decrease in the amount of foreign currency losses which were primarily related to the 1995 Mexican peso devaluation.

The provision for income taxes increased 59.6% to \$55.5 million in the first three quarters of 1996 from \$34.8 million in the first three quarters of 1995, reflecting the 51.5% increase in the Company's income before income taxes and minority interest. The Company's effective tax rate was 41.6% in the first three quarters of 1996 compared to 39.5% in the first three quarters of 1995. The increase in the effective tax rate was primarily due to the effect of certain international taxes in 1996.

Excluding the \$5.4 million (net of tax) non-cash compensation charge, net income increased 47.4% to \$83.0 million in the first three quarters of 1996 from \$56.3 million in the first three quarters of 1995 and, as a percentage of net sales, increased to 1.0% in the first three quarters of 1996 from 0.9% in the first three quarters of 1995. Net income, including the \$5.4 million (net of tax) non-cash compensation charge, increased 37.8% to \$77.6 million in the first three quarters of 1996 from \$56.3 million in the first three quarters of 1995, but remained constant as a percentage of net sales at 0.9%.

1995 Compared to 1994

Consolidated net sales increased 47.8% to \$8.6 billion in 1995 from \$5.8 billion in 1994. The increase in worldwide net sales was attributable to growth in the microcomputer products industry in general, the addition of new customers, increased sales to the existing customer base, and expansion of the Company's product offerings, as well as to the release of significant new products, including the Microsoft Windows 95 operating system in August 1995.

Net sales from U.S. operations increased 44.8% to \$6.0 billion in 1995 from \$4.1 billion in 1994. The increase in U.S. net sales was largely attributable to the growth of Ingram Alliance in 1995, its first full year of operations, as well as an increase in the Company's customer base and product lines. Net sales from European operations increased 71.5% to \$1.8 billion in 1995 from \$1.1 billion in 1994. In addition to factors affecting sales worldwide, European net sales were positively impacted by the full year contribution in 1995 of the Company's Scandinavian operations, which were acquired in September 1994. Other international net sales increased 26.7% to \$798.0 million in 1995 from \$629.6 million in 1994. The increase in net sales from other international operations was entirely attributable to an increase in Canadian sales, partially offset by a decrease in Mexican net sales resulting from the distressed Mexican economy and the related peso devaluation. In 1995, net sales from U.S. operations accounted for 69.3% of consolidated net sales, net sales from European operations accounted for 21.4% of consolidated net sales, and other international net sales accounted for 9.3% of consolidated net sales. In 1994, net sales from U.S. operations accounted for 70.7% of consolidated net sales, net sales from European operations accounted for 18.5% of consolidated net sales, and other international net sales accounted for 10.8% of consolidated net sales.

Cost of sales as a percentage of net sales increased to 93.0% in 1995 from 92.5% in 1994. This increase was largely attributable to competitive pricing pressures worldwide and the growth of Ingram Alliance, which is characterized by lower gross margins than the Company's traditional wholesale distribution business. Gross margin was favorably impacted by effective operational controls and an increase in worldwide purchase discounts and rebates from the Company's suppliers.

Total SG&A expenses and charges allocated from Ingram Industries increased 40.2% to \$418.8 million in 1995 from \$298.7 million in 1994, but decreased as a percentage of net sales to 4.8% in 1995 from 5.1% in 1994. The increased level of spending was attributable to expenses required to support expansion of the Company's business, consisting primarily of incremental personnel and support costs, lease payments relating to new facilities, and expenses associated with the development and maintenance of information systems. The decreased level of spending as a percentage of net sales was primarily attributable to economies of scale resulting from higher sales volumes, increased operating efficiencies, and the growth of Ingram Alliance, which is characterized by lower SG&A expenses as a percentage of net sales than the Company's traditional wholesale distribution business.

For the reasons set forth above, income from operations increased 33.2% to \$186.9 million in 1995 from \$140.3 million in 1994, but decreased as a percentage of net sales to 2.2% in 1995 from 2.4% in 1994. Income from U.S. operations decreased as a percentage of net sales to 2.6% in 1995 from 3.0% in 1994. This decrease was partially offset by an increase in income from European operations as a percentage of net sales to 1.1% in 1995 from 0.7% in 1994.

Other expense, net increased 32.0% to \$52.3 million in 1995

from \$39.6 million in 1994, but decreased as a percentage of net sales to 0.6% in 1995 from 0.7% in 1994. The increase in other expense was largely attributable to a higher level of borrowings to finance the Company's worldwide business expansion. The Company was also negatively impacted by the continued effect of the distressed Mexican economy and the related peso devaluation. Primarily due to events in Mexico, the Company sustained a net foreign currency exchange loss of \$7.8 million in 1995 as compared to a \$6.9 million loss in 1994.

The provision for income taxes increased 34.2% to \$53.1 million in 1995 from \$39.6 million in 1994, reflecting the 33.7% increase in the Company's income before income taxes and minority interest. The Company's effective tax rate was 39.5% in 1995 as compared to 39.3% in 1994.

Net income increased 33.1% to \$84.3 million in 1995 from \$63.3 million in 1994, but decreased as a percentage of net sales to 1.0% in 1995 from 1.1% in 1994.

1994 Compared to 1993

Consolidated net sales increased 44.2% to \$5.8 billion in 1994 from \$4.0 billion in 1993. The increase in worldwide net sales was attributable to growth in the microcomputer products industry in general, the acquisition of four international distributors, the addition of new customers, increased sales to the existing customer base, and expansion of the Company's product offerings.

Net sales from U.S. operations increased 32.2% to \$4.1 billion in 1994 from \$3.1 billion in 1993. The increase in U.S. net sales was primarily attributable to the same factors favorably impacting worldwide consolidated net sales. Net sales from European operations increased 122.3% to \$1.1 billion in 1994 from \$485.1 million in 1993. The increase in European net sales was due to improved operating performance by several of the European subsidiaries (including the addition of some of the Company's suppliers to the German operation), as well as the Company's entry through acquisitions into the Spanish market in April 1994 and the Scandinavian market in September 1994. Net sales from other international operations increased 42.9% to \$629.6 million in 1994 from \$440.7 million in 1993. The increase in net sales from other international operations was largely attributable to the continued development of the Company's operations in Canada and Mexico. In 1994, net sales from U.S. operations accounted for 70.7% of consolidated net sales, net sales from European operations accounted for 18.5% of consolidated net sales, and net sales from other international operations accounted for 10.8% of consolidated net sales. In 1993, net sales from U.S. operations accounted for 77.1% of consolidated net sales, net sales from European operations accounted for 12.0% of consolidated net sales, and other international net sales accounted for 10.9% of consolidated net sales.

Cost of sales as a percentage of net sales increased to 92.5% in 1994 from 91.9% in 1993. This increase was primarily attributable to competitive pricing pressures worldwide.

Total SG&A expenses and charges allocated from Ingram Industries increased 31.8% to \$298.7 million in 1994 from \$226.6 million in 1993 but decreased as a percentage of net sales to 5.1% in 1994 from 5.6% in 1993. The increased level of spending was attributable to expenses required to support expansion of the Company's business, consisting primarily of incremental personnel and support costs, lease payments relating to new facilities, and expenses associated with the development and maintenance of information systems. The decreased level of spending as a percentage of net sales was primarily attributable to economies of scale resulting from higher sales volumes, as well as increased operating efficiencies.

For the reasons set forth above, income from operations increased 36.2% to \$140.3 million in 1994 from \$103.0 million in 1993, but decreased as a percentage of net sales to 2.4% in 1994 from 2.5% in 1993. Contributing to the increase in income from operations was income from the European operations of \$8.1 million, compared to a \$3.2 million loss from such operations in 1993.

Other expense, net increased 96.2% to \$39.6 million in 1994 from \$20.2 million in 1993, and increased as a percentage of net sales to 0.7% in 1994 from 0.5% in 1993. The increase in other expense was largely attributable to a higher level of borrowings to finance the Company's worldwide business expansion, including acquisitions, and foreign currency exchange losses of \$6.9 million primarily related to Mexico in 1994.

The provision for income taxes increased 25.1% to \$39.6 million in 1994 from \$31.7 million in 1993, reflecting the 21.5% increase in the Company's income before income taxes and minority interest. The Company's effective tax rate was 39.3% in 1994 as compared to 38.2% in 1993.

Net income increased 25.8% to \$63.3 million in 1994 from \$50.4 million in 1993, but decreased as a percentage of net sales to 1.1% in 1994 from 1.2% in 1993.

Quarterly Data; Seasonality

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

economic conditions. The Company's narrow operating margins may magnify any such fluctuations. Specific historical seasonal variations in the Company's operating results have included a reduction of demand in Europe during the summer months, increased Canadian government purchasing in the first quarter, and pre-holiday stocking in the retail channel during the September to November period. In addition, as was the case with the introduction of Microsoft Windows 95 in August 1995, the product cycle of major products may materially impact the Company's business, financial condition, or results of operations.

The following table sets forth certain unaudited quarterly historical consolidated financial data for each of the eleven quarters up to the period ended September 28, 1996. This unaudited quarterly information has been prepared on the same basis as the annual information presented elsewhere herein and, in the Company's opinion, includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the selected quarterly information. This information should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Prospectus. The operating results for any quarter shown are not necessarily indicative of results for any future period.

	Net Sales -----	Gross Profit -----	Income From Operations -----	Income Before Income Taxes and Minority Interest -----	Net Income -----	Earnings Per Share -----
(in millions, except per share data)						
Fiscal Year Ended						
December 31, 1994						
Thirteen Weeks						
Ended:						
April 2, 1994.....	\$1,266.6	\$ 92.4	\$26.1	\$19.4	\$11.6	\$0.10
July 2, 1994.....	1,298.9	96.8	28.3	19.5	12.1	0.10
October 1, 1994.....	1,387.0	105.1	32.9	24.3	14.6	0.12
December 31, 1994....	1,877.7	144.7	53.0	37.5	25.0	0.21
Fiscal Year Ended						
December 30, 1995						
Thirteen Weeks						
Ended:						
April 1, 1995.....	\$1,879.5	\$132.4	\$38.5	\$24.3	\$17.1	\$0.14
July 1, 1995.....	1,859.6	138.9	40.2	30.0	18.4	0.15
September 30, 1995...	2,331.6	151.2	45.2	33.8	20.8	0.17
December 30, 1995....	2,546.2	183.2	63.0	46.5	28.0	0.23
Fiscal Year Ended						
December 30, 1995						
Thirteen Weeks						
Ended:						
March 30, 1996.....	\$2,752.7	\$186.6	\$54.9(1)	\$39.6(1)	\$23.8(1)	\$0.20(1)
June 29, 1996.....	2,790.4	190.5	59.5(2)	44.9(2)	26.8(2)	0.22(2)
September 28, 1996...	2,931.5	197.5	61.4(3)	48.9(3)	26.9(3)	0.22(3)

(1) Reflects a non-cash compensation charge of \$6.7 million (\$4.1 million, or \$0.03 per share, net of tax) in connection with the granting of the Options.

(2) Reflects a non-cash compensation charge of \$1.1 million (\$0.7 million, or less than \$0.01 per share, net of tax) in connection with the granting of the Options.

(3) Reflects a non-cash compensation charge of \$1.1 million (\$0.6 million, or less than \$0.01 per share, net of tax) in connection with the granting of the Options.

As indicated in the table above, the increases in the Company's net sales in the fourth quarter of each fiscal year have generally been higher than those in the other three quarters in the same fiscal year. The trend of higher fourth quarter net sales is attributable to calendar year-end business purchases and holiday period purchases made by customers. Additionally, gross profit in the fourth quarter of each year has historically been favorably impacted by attractive year-end product buying opportunities which have often resulted in higher purchase discounts. Net sales in the third quarter of 1995 were positively impacted by the release of Microsoft Windows 95. However, gross and operating margins were lower in the third quarter of 1995 due to the significant volume of Microsoft Windows 95 sales, which had lower than average gross margins.

Liquidity and Capital Resources

The Company has financed its growth and cash needs largely through income from operations and borrowings (primarily from Ingram Industries), as well as from trade and supplier credit.

Cash provided by operating activities increased to \$273.3 million in the first three quarters of 1996 from \$32.5 million in the first

three quarters of 1995. The significant increase in cash provided by operating activities was partially due to higher net income and the difference between accounts receivable, inventory levels, and accounts payable in the first three quarters of 1996 as compared to the first three quarters of 1995 due to the launch of Microsoft Windows 95 in the third quarter of 1995. Net cash used by investing activities was \$64.5 million and \$36.1 million in the first three quarters of 1996 and 1995, respectively. This increase was due to the Company's expansion of warehouse and other facilities. Net cash used for financing activities increased to \$221.6 million from \$17.1 million in the first three quarters of 1996 and 1995, respectively, as a result of higher repayments on borrowings from Ingram Industries and the \$20.0 million distribution to Ingram Industries, both in the first three quarters of 1996.

Net cash used by operating activities was \$251.3 million, \$87.1 million, and \$41.7 million in 1995, 1994, and 1993, respectively. The significant increase in cash used by operating activities in 1995 over 1994 was due to the increased levels of inventory which accounted for a use of \$580.1 million in 1995 as compared to \$345.5 million in 1994 and an increase in accounts receivable which accounted for a use of \$320.2 million in 1995 as compared to \$232.3 million in 1994. Cash provided by accounts payable of \$543.8 million in 1995 and \$411.0 million in 1994 partially offset the use related to inventory and accounts receivable. The increase in the difference between inventory levels and accounts payable in 1995 as compared to 1994 was primarily due to the launch of Microsoft Windows 95.

Net cash used by investing activities of \$48.8 million, \$42.6 million, and \$40.7 million in 1995, 1994, and 1993, respectively, was due to the Company's expansion of warehouse and other facilities in each year and the acquisitions of operations in four European countries in 1994 and the acquisition of operations in three countries in Europe and in Mexico in 1993.

Net cash provided by financing activities was \$298.3 million, \$143.3 million, and \$101.4 million in 1995, 1994, and 1993, respectively. The increase in each period was primarily provided by an increase in borrowings from Ingram Industries.

The Company's sources of capital have primarily been borrowings from Ingram Industries. As of September 28, 1996, the Company had total debt outstanding of \$625.0 million, including \$479.7 million due to Ingram Industries. The Company has entered into the \$1 billion Credit Facility with NationsBank of Texas N.A. and The Bank of Nova Scotia, acting as Agents for a syndicate of lenders. The Credit Facility, which becomes effective immediately prior to the closing of the IPO, contains standard provisions for agreements of its type. Under the Credit Facility, the Company can borrow up to \$750 million in foreign currencies through negotiated arrangements with individual lenders in the syndicate. The Company can use up to \$250 million of the Credit Facility for letters of credit. The Company will be required to comply with certain financial covenants, including minimum net worth, restrictions on funded debt, current ratio and interest coverage, which will be tested as of the end of each fiscal quarter. The Credit Facility also restricts the Company's ability to pay dividends. Borrowings will be subject to the satisfaction of customary conditions, including the absence of any material adverse change in the Company's business or financial condition. Concurrently with the Split-Off, the Company will assume Ingram Industries' accounts receivable securitization program in partial satisfaction of amounts due to Ingram Industries. The Company intends to use borrowings under the Credit Facility to repay (i) the remaining intercompany indebtedness and (ii) outstanding revolving indebtedness related to amounts drawn by certain of the Company's subsidiaries, as participants in Ingram Industries' existing unsecured credit facility, which will terminate concurrently with the closing of the IPO.

The net proceeds from the IPO will be used to repay a portion of the borrowings under the Credit Facility. After giving effect to the foregoing transactions, including the application of the net proceeds from the IPO, borrowings under the Credit Facility would have been approximately \$68.9 million on a pro forma basis at September 28, 1996. After giving effect to the foregoing transactions and the application of the net proceeds from the IPO, the Company would have had available approximately \$931.1 million under the Credit Facility. The aggregate amount of long-term debt outstanding after the Split-Off, and before application of the proceeds from the IPO, will be substantially similar to the long-term debt and debt due to Ingram Industries immediately prior to the Split-Off, except as adjusted for the accounts receivable securitization program to be assumed by the Company and the incurrence of an additional \$22.6 million of indebtedness including capital lease obligations in connection with the acquisition of lease agreements related to certain facilities currently utilized by the Company. See "Certain Transactions."

Effective February 1993, the Company entered into an agreement with Ingram Industries whereby the Company sold all of its domestic trade accounts receivable to Ingram Industries on an ongoing basis. Ingram Industries transferred certain trade accounts receivable from the Company and other Ingram Industries affiliates to a trust which sold certificates representing undivided interests in the total pool of trade receivables without recourse. As of September 28, 1996, Ingram Industries had sold \$160 million of fixed rate certificates and a variable rate certificate, under which \$13.0 million was outstanding. Ingram Industries' arrangement with the trust extended to December 31, 1997, renewable biannually under an evergreen provision up to a maximum term of 20 years. In connection with the Split-Off, in partial satisfaction of amounts due to Ingram Industries, the Ingram Industries accounts receivable securitization program will be assumed by the Company, which will be the sole seller of receivables. Under the amended program, certain of the Company's domestic receivables will no longer be transferred to the trust. The Company believes the amended program will contain sufficient trade accounts receivable to support the outstanding fixed

rate certificates and an unspecified amount of the variable rate certificates. Assumption of the securitization program results in a \$160 million reduction of trade accounts receivable and due to Ingram Industries. See Note 4 of Notes to Consolidated Financial Statements.

The Company and its foreign subsidiaries have uncommitted lines of credit and short-term overdraft facilities in various currencies which aggregated \$114.1 million as of September 28, 1996. These facilities are used principally for working capital and bear interest at market rates. See Note 6 of Notes to Consolidated Financial Statements.

The Company believes that the net proceeds from the sale of the Common Stock offered in the IPO, together with net cash provided by operating activities, supplemented as necessary with funds available under credit arrangements (including the Credit Facility), will provide sufficient resources to meet its present and future working capital requirements and other cash needs for at least the next 12 months, or earlier if the Company were to engage in any corporate transactions not currently anticipated, in which event the Company anticipates that additional debt or equity financing would be required.

The Company presently expects to spend approximately \$90 million in each of 1996 and 1997 for capital expenditures due to the continued expansion of its business.

Asset Management

The Company maintains sufficient quantities of product inventories to achieve high order fill rates. The Company believes that the risks associated with slow moving and obsolete inventory are substantially mitigated by protection and stock return privileges provided by suppliers. In the event of a supplier price reduction, the Company generally receives a credit for products in its inventory. In addition, the Company has the right to return a certain percentage of purchases, subject to certain limitations. Historically, price protection, stock return privileges, and inventory management procedures have helped to reduce the risk of decline in the value of inventory. The Company's risk of decline in the value of inventory could be greater outside the United States, where agreements with suppliers are more restrictive with regard to price protection and the Company's ability to return unsold inventory. The Company establishes reserves for estimated losses due to obsolete inventory in the normal course of business. Historically, the Company has not experienced losses due to obsolete inventory materially in excess of established inventory reserves. Inventory levels may vary from period to period, due in part to the addition of new suppliers or new lines with current suppliers and large cash purchases of inventory due to advantageous terms offered by suppliers. See "Risk Factors--Risk of Inventory Losses."

The Company offers various credit terms to qualifying customers as well as prepaid, credit card, and COD terms. The Company closely monitors customers' creditworthiness through its on-line computer system which contains detailed information on each customer's payment history and other relevant information. In addition, the Company participates in a national credit association which exchanges credit rating information on customers of association members. In most markets, the Company utilizes various levels of credit insurance to allow sales expansion and control credit risks. The Company establishes reserves for estimated credit losses in the normal course of business. Historically, the Company has not experienced credit losses materially in excess of established credit loss reserves.

Changes in Accounting Standards

The Company will adopt Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("FAS 121") in 1996. The Company does not expect the adoption of FAS 121 to have a material effect on its financial condition or results of operations.

The Company will adopt Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" ("FAS 123") in 1996. As permitted by FAS 123, the Company will continue to measure compensation cost in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Therefore, the adoption of FAS 123 will have no impact on the Company's financial condition or results of operations.

BUSINESS

Overview

Ingram Micro is the leading wholesale distributor of microcomputer products worldwide. The Company markets microcomputer hardware, networking equipment, and software products to more than 100,000 reseller customers in approximately 120 countries in three principal market sectors: the VAR sector, consisting of value-added resellers, systems integrators, network integrators, application VARs, and original equipment manufacturers; the Commercial sector, consisting of corporate resellers, direct marketers, independent dealers, and owner-operated chains; and the Consumer sector, consisting of consumer electronics stores, computer superstores, mass merchants, office product superstores, software-only stores, and warehouse clubs. As a wholesale distributor, the Company markets its products to each of these types of resellers as opposed to marketing directly to end-user customers.

The Company conducts business with most of the leading resellers of microcomputer products around the world, including, in the United

States, AmeriData, CDW Computer Centers, CompuCom, CompUSA, Computer City, Electronic Data Systems, En Pointe Technologies, Entex Information Services, Micro Warehouse, Sam's Club, Staples, and Vanstar. The Company's international reseller customers include Complet Data A/S, Consultores en Diagnostico Organizacional y de Sistemas, DSG Retail Ltd., 06 Software Centre Europe, B.V., GE Capital Technologies, Jump Ordenadores, Maxima S.A., Norsk Datasenter, Owell Svenska AB, SNI Siemens Nixdorf Infosys AG, and TC Sistema SPA.

Ingram Micro offers one-stop shopping to its reseller customers by providing a comprehensive inventory of more than 36,000 products from over 1,100 suppliers, including most of the microcomputer industry's leading hardware manufacturers, networking equipment suppliers, and software publishers. The Company's broad product offerings include: desktop and notebook PCs, servers, and workstations; mass storage devices; CD-ROM drives; monitors; printers; scanners; modems; networking hubs, routers, and switches; network interface cards; business application software; entertainment software; and computer supplies. The Company's suppliers include Apple Computer, Cisco Systems, Compaq Computer, Creative Labs, Hewlett-Packard, IBM, Intel, Microsoft, NEC, Novell, Quantum, Seagate, 3Com, Toshiba, and U.S. Robotics.

Ingram Micro distributes microcomputer products through warehouses in eight strategic locations in the continental United States and 22 international warehouses located in Canada, Mexico, most countries of the European Union, Norway, Malaysia and Singapore. The Company believes that it is the market share leader in the United States, Canada, and Mexico, and the second largest full-line distributor in Europe, based on publicly available data and management's knowledge of the industry. In 1995, approximately 31% of the Company's net sales were derived from operations outside the United States. The Export Division fulfills orders from U.S. exporters and from foreign customers in countries where the Company does not operate a distribution subsidiary, including much of Latin America, the Middle East, Africa, Australia, and parts of Europe and Asia. The Company participates in the master reseller business in the United States through Ingram Alliance.

The Company's principal objective is to enhance its position as the preeminent wholesale distributor of microcomputer products worldwide. The Company's belief that it is the preeminent wholesale distributor of microcomputer products is based on publicly available data and management's knowledge of the industry. The Company is focused on providing a broad range of products and services, quick and efficient order fulfillment, and consistent on-time and accurate delivery to its reseller customers around the world. The Company believes that Impulse provides a competitive advantage through real-time worldwide information access and processing capabilities. This on-line information system, coupled with the Company's exacting operating procedures in telesales, credit support, customer service, purchasing, technical support, and warehouse operations, enables the Company to provide its reseller customers with superior service in an efficient and low cost manner. In addition, to enhance sales and to support its suppliers and reseller customers, the Company provides a wide range of value-added services, such as technical training, order fulfillment, tailored financing programs, systems configuration, and marketing programs.

The Company has grown rapidly over the past five years, with net sales and net income increasing to \$8.6 billion and \$84.3 million, respectively, in 1995 from \$2.0 billion and \$30.2 million, respectively, in 1991, representing compound annual growth rates of 43.8% and 29.3%, respectively. For the thirty-nine weeks ended September 28, 1996, the Company's net sales and net income increased 39.6% and 37.8%, respectively, as compared to the net sales and net income levels achieved in the thirty-nine weeks ended September 30, 1995. The Company's growth during these periods reflects substantial expansion in its existing domestic and international operations, resulting from the addition of new customers, increased sales to the existing customer base, the addition of new product categories and suppliers, the establishment of Ingram Alliance, and the successful integration of ten acquisitions worldwide. Because of intense price competition in the microcomputer products wholesale distribution industry, the Company's margins have historically been narrow and are expected in the future to continue to be narrow. In addition, the Company is highly leveraged and has relied heavily on debt financing for its increasing working capital needs in connection with the expansion of its business. See "Risk Factors--Narrow Margins" and "--Capital Intensive Nature of Business; High Degree of Leverage."

The Industry

The worldwide microcomputer products distribution industry generally consists of suppliers, which sell directly to wholesalers, resellers, and end-users; wholesale distributors, which sell to resellers; and resellers, which sell to other resellers and directly to end-users. A variety of reseller categories exists, including corporate resellers, VARs, systems integrators, original equipment manufacturers, direct marketers, independent dealers, owner-operated chains, franchise chains, and computer retailers. Different types of resellers are defined and distinguished by the end-user market they serve, such as large corporate accounts, small and medium-sized businesses, or home users, and by the level of value they add to the basic products they sell. Wholesale distributors generally sell only to resellers and purchase a wide range of products in bulk directly from manufacturers. Different wholesale distribution models have evolved in particular countries and geographies depending on the characteristics of the local reseller environment, as well as other factors specific to a particular country or region. The United States, for example, is distinguished by the presence of master resellers, or aggregators, which are functionally similar to wholesale distributors, but which focus on selling relatively few product

lines--typically high volume, brand name hardware systems--to a network of franchised dealers and affiliates.

The growth of the microcomputer products wholesale distribution industry continues to exceed that of the microcomputer industry as a whole. Faced with the pressures of declining product prices and the increasing costs of selling direct to a large and diverse group of resellers, suppliers are increasingly relying upon wholesale distribution channels for a greater proportion of their sales. To minimize costs and focus on their core capabilities in manufacturing, product development, and marketing, many suppliers are also outsourcing an increasing portion of certain functions such as distribution, service, technical support, and final assembly to the wholesale distribution channel. Growing product complexity, shorter product life cycles, and an increasing number of microcomputer products due to the emergence of open systems architectures and the recognition of certain industry standards have led resellers to depend on wholesale distributors for more of their product, marketing, and technical support needs. In addition, resellers are relying to an increasing extent on wholesale distributors for inventory management and credit to avoid stocking large inventories and maintaining credit lines to finance their working capital needs. The Company believes that new opportunities for growth in the microcomputer products wholesale distribution industry will emerge as new product categories, such as computer telephone integration ("CTI") and the digital video disc format, arise from the ongoing convergence of computing, communications, and consumer electronics.

International markets, which represent over half of the microcomputer industry's sales, are characterized by a more fragmented wholesale distribution channel than in the United States. Increasingly, suppliers and resellers pursuing global growth are seeking wholesale distributors with international sales and support capabilities. In addition, the microcomputer products industry in international markets is less mature and growing more rapidly than in the United States, and as such, international growth opportunities for microcomputer wholesaler distributors are significant.

The evolution of open sourcing during the past several years is a phenomenon specific to the U.S. microcomputer products wholesale distribution market. Historically, branded computer systems from large suppliers such as Apple Computer, Compaq Computer, Hewlett-Packard, and IBM were sold in the United States only through authorized master resellers. Under this single sourcing model, resellers were required to purchase these products exclusively from one master reseller. Over the past few years, competitive pressures have led some of the major computer suppliers to authorize second sourcing, in which resellers may purchase a supplier's product from a source other than their primary master reseller, subject to certain restrictive terms and conditions (such as higher prices or the elimination of floor planning subsidies). More recently, certain computer manufacturers have authorized open sourcing, a model under which resellers can purchase the supplier's product from any source on equal terms and conditions. The trend toward open sourcing has blurred the distinction between wholesale distributors and master resellers, which are increasingly able to serve the same reseller customers, whereas previously master resellers had a captive reseller customer base. The Company believes that continued movement towards second sourcing and open sourcing puts the largest and most efficient distributors of microcomputer products, which provide the highest value through superior service and pricing, in the best position to compete for reseller customers.

The dynamics of the microcomputer products wholesale distribution business favor the largest distributors which have access to financing and are able to achieve economies of scale, breadth of geographic coverage, and the strongest vendor relationships. Consequently, the distributors with these characteristics are tending to take share from smaller distributors as the industry undergoes a process of consolidation. The need for wholesale distributors to implement high volume/low cost operations on a worldwide basis is continuing to grow due to ongoing price competition, the increasing demand for value-added services, the trend toward open sourcing, and the increasing globalization of the microcomputer products industry. In summary, the microcomputer wholesale distribution industry is growing rapidly while simultaneously consolidating, creating an industry environment in which market share leadership and cost efficiency are of paramount importance.

Business Strategy

The Company is the preeminent worldwide wholesale distributor of microcomputer products and services and believes that it has developed the capabilities and scale of operations critical for long-term success in the microcomputer products distribution industry.

The Company's strategy of offering a full line of products and services provides reseller customers with one-stop shopping. The Company generally is able to purchase products in large quantities and to avail itself of special purchase opportunities from a broad range of suppliers. This allows the Company to take advantage of various discounts from its suppliers, which in turn enables the Company to provide competitive pricing to its reseller customers. The Company's international market presence provides suppliers with access to a broad base of geographically dispersed resellers, serviced by the Company's extensive network of distribution centers and support offices. The Company's size has permitted it to attract highly qualified associates and increase investment in personnel development and training. Also, the Company benefits from being able to make large investments in information systems, warehousing systems, and infrastructure. Further, the Company is able to spread the costs of these investments across its worldwide operations.

The Company is pursuing a number of strategies to further enhance its leadership position within the microcomputer marketplace. These

include:

Expand Worldwide Market Coverage. Ingram Micro is committed to extending its already extensive worldwide market coverage through internal growth in all domestic and international markets in which it currently participates. In addition, the Company intends to pursue acquisitions, joint ventures, and strategic relationships outside the United States in order to take advantage of growth opportunities and to leverage its strong systems, infrastructure, and international management skills.

The Company believes that its skills in warehouse operations, purchasing, sales, credit management, marketing, and technical support enable it to expand effectively and quickly into new markets. The Company integrates acquired operations by incorporating its management philosophies and exacting operating procedures, implementing its IMPulse information system, applying its functional expertise, and training personnel on the Ingram Micro business model. Based upon these capabilities, the Company believes it is in the best position to serve global resellers, which are increasingly seeking a single source for microcomputer products and services.

By providing greater worldwide market coverage, Ingram Micro also increases the scale of its business, which results in more cost economies. In addition, as it increases its global reach, the Company diversifies its business across different markets, reducing its exposure to individual market downturns. The Company has grown its international operations principally through acquisitions and currently has fully integrated operations in 18 countries outside the United States: Canada, Mexico, most countries of the European Union, Norway, Malaysia, Singapore, Japan, Argentina and Ecuador. The Company believes that it is the market share leader in the United States, Canada, and Mexico, and the second largest full-line distributor in Europe, based on publicly available data and management's knowledge of the industry. The Company's objective is to achieve the number one market share in each of the markets in which it operates.

Ingram Micro will continue to focus on expansion of its operations through acquisitions, joint ventures, and strategic relationships in order to take advantage of significant growth opportunities around the world, both in established and developing markets.

Exploit Information Systems Leadership. Ingram Micro continually invests in its information systems which are crucial in supporting the Company's growth and its ability to maintain high service and performance levels. The Company has developed a scalable, full-featured information system, IMPulse, which the Company believes is critical to its ability to deliver worldwide, real-time information to both suppliers and reseller customers. IMPulse is a single, standardized information system, used across all markets worldwide, that has been customized to suit local market requirements. The Company believes that it is the only full-line wholesale distributor of microcomputer products in the world with such a centralized global system.

IMPulse allows the Company's telesales representatives to deliver real-time information on product pricing, inventory, availability, and order status to reseller customers. Telesales representatives utilize the Company's Sales Adjusted Gross Profit ("SAGP") pricing system to make informed pricing decisions for each order through access to specific product and order related costs. Considering the industry's narrow margins, the Company's ability to make thousands of informed pricing decisions daily represents a competitive advantage. In addition, the Company has a number of supporting systems, including its Decision Support System ("DSS"), a multidimensional sales and profitability analysis application. The Company continuously seeks to make system modifications to provide greater capability and flexibility to the Company's individual business units and markets.

The Company intends to continue to develop and expand the use of its Customer Information Systems ("CIS"), which packages the full range of Ingram Micro's electronic services into a single solution. CIS is designed to improve the information flow from supplier to distributor to reseller to end-user in order to conduct business in a cost-effective manner. It addresses the dynamic requirements of various customer markets by offering a core group of services through a number of different electronic media. By using CIS, resellers can place orders directly, without the assistance of a telesales representative. The Company plans further expansion in electronic links with reseller customers and suppliers to provide better access to the Company's extensive database for pricing, product availability, and technical information.

The Company will continue to invest in the enhancement and expansion of its systems to create additional applications and functionality.

Provide Superior Execution for Reseller Customers. Ingram Micro continually refines its systems and processes to provide superior execution and service to reseller customers. The Company believes that the level of service achieved with its systems and processes is a competitive advantage and has been a principal contributor to its success to date.

Providing superior execution involves, among other factors, rapid response to customer calls, quick access to relevant product information, high order fill rates, and on-time, accurate shipments. The Company's information systems enable telesales representatives to provide reseller customers with real-time inventory and pricing information. Ingram Micro strives to maintain high order fill rates by keeping extensive supplies of product in its 30 distribution centers worldwide. In the United States and Canada, the Company has implemented control systems and processes referred to as Bulletproof Shipping, which include stock-keeping unit ("SKU") bar coding

for all products and on-line quality assurance methods. As a result of this program, substantially all orders in the United States received by 5:00 p.m. are shipped on the same day, with highly accurate shipping performance.

Ingram Micro will continue to invest in the development of systems and processes to improve execution. In the United States, the Company is currently implementing CTI technology, which will provide automatic caller identification, onscreen call waiting, and abandoned call management capabilities to telesales and customer service associates. Also in the United States, the recently installed POWER system will improve response time to reseller customers' product returns and other customer service requests. To support future customer requirements, the Company continues to expand and upgrade its distribution network. For example, a new warehouse is under construction in Millington, Tennessee. In Canada, a new returns center will be added near Toronto, Ontario. The Company is implementing formal systems for evaluating and tracking key performance metrics such as responsiveness to customers, process accuracy, order processing cycle time, and order fulfillment efficiency. Ingram Micro will use this customer satisfaction monitoring system to identify potential areas of improvement as part of the Company's focus on providing superior service.

Deliver World-Class Value-Added Services to Suppliers and Resellers. Ingram Micro is committed to providing a diverse range of value-added wholesaling and "for fee" services to its supplier and reseller customers. Together, these services are intended to link reseller customers and suppliers to Ingram Micro as a one-stop provider of microcomputer products and related services, while meeting demand by suppliers and resellers to outsource non-core business activities and thereby lower their operating costs.

The Company's value-added wholesaling services include final assembly and configuration of products, technical education programs, pre- and post-sale technical support, order fulfillment, and product demo evaluation.

In addition to these value-added wholesaling services, the Company offers a variety of "for fee" services for its reseller customers and suppliers. These services include: contract configuration, contract fulfillment, contract warehousing, contract telesales, contract credit/accounts receivable management, contract inventory management, and contract technical support for customers. The Company is focused on identifying and developing services that directly meet reseller customer and supplier needs.

Maintain Low Cost Leadership Through Continuous Improvements in Systems and Processes. The microcomputer products industry is characterized by intense competition and narrow margins, and as a result, achieving economies of scale and controlling operating expenses are critical to achieving and maintaining profitable growth.

Over the last five years, the Company has been successful in reducing SG&A expenses (including expenses allocated from Ingram Industries) as a percentage of net sales, from 5.8% in 1991 to 4.8% in 1995. The Company has embarked on a number of programs that are designed to continue to reduce operating expenses as a percentage of net sales.

Many U.S. developed programs continue to be adapted for implementation in the Company's international operations. These programs include: (i) the use of advanced inventory processes and techniques to reduce the number of shipments from multiple warehouses to fulfill a single order; (ii) the use of proprietary warehouse productivity programs, such as Bulletproof Shipping and Pick Assignment; (iii) the enhancement of associates' productivity through the use of technology such as CTI, and the expanded use of multimedia workstations for functions such as Telesales and Customer Service; and (iv) the electronic automation of the ordering and information delivery process through CIS to decrease the number of non-order telesales calls. See "--Information Systems."

The Company believes that the continued development of the Impulse system and related distribution processes represents an opportunity for the Company to leverage operating costs across additional areas of the Company's operations.

Develop Human Resources for Excellence and to Support Future Growth. Ingram Micro's growth to date is a result of the talent, dedication, and teamwork of its associates. Future growth and success will be substantially dependent upon the retention and development of existing associates, as well as the recruitment of superior talent.

The Company has invested in a number of programs and systems designed to assist in the development and retention of its associates. The Company recently formed its Leadership Institute to provide training on a global basis in areas such as personal leadership and basic business fundamentals. In addition, the Company provides specific functional training for associates through Company programs such as the Sales, Purchasing, and Marketing Academies. Transferring functional skills and implementing cross-training programs across all Ingram Micro locations have proven to be important factors in the Company's growth and international expansion. In conjunction with these programs, the Company intends to expand its human resource systems to provide enhanced career planning, training support, applicant tracking, and benefits administration. Also, the Company continues to seek top quality associates worldwide through local, professional, and college recruiting programs.

Customers

Ingram Micro sells to more than 100,000 reseller customers in

approximately 120 countries worldwide. No single customer accounted for more than 3% of Ingram Micro's net sales in 1993, 1994, 1995, or the first three quarters of 1996.

The Company conducts business with most of the leading resellers of microcomputer products around the world, including, in the United States, AmeriData, CDW Computer Centers, CompuCom, CompUSA, Computer City, Electronic Data Systems, En Pointe Technologies, Entex Information Services, Micro Warehouse, Sam's Club, Staples, and Vanstar. The Company's international reseller customers include Complet Data A/S, Consultores en Diagnostico Organizacional y de Sistemas, DSG Retail Ltd., 06 Software Centre Europe, B.V., GE Capital Technologies, Jump Ordenadores, Maxima S.A., Norsk Datasenter, Öwell Svenska AB, SNI Siemens Nixdorf Infosys AG, and TC Sistema SPA. The Company has certain limited contracts with its reseller customers, although most such contracts have a short term, or are terminable at will, and have no minimum purchase requirements. The Company's business is not substantially dependent on any such contracts.

Ingram Micro is firmly committed to maintaining a strong customer focus in all of the markets it serves. To best meet this key business objective, the Company is organized along the lines of the three market sectors it serves: VAR, Commercial, and Consumer. This organization permits the Company to identify and address the varying and often unique requirements of each customer group, as opposed to applying a uniform approach to distinctly different reseller channels. This organization model is most fully developed in the United States and Canada, and is described as follows:

- bullet VAR sector. VARs develop computer solutions for their customers by adding tangible value to a microcomputer product. These computer solutions range from tailored software development to systems integration that meet specific customer needs. Systems integrators, network integrators, application VARs, and original equipment manufacturers ("OEMs") are classified in this sector. In 1995, this sector contributed over 27% of Ingram Micro's U.S. net sales (inclusive of Ingram Alliance and the Export Division).

- bullet Commercial sector. The Commercial sector includes chain/independent dealers, corporate resellers, and direct marketers that sell a variety of computer products. This sector continues to be Ingram Micro's largest channel and contributed over 53% of the Company's 1995 U.S. net sales.

- bullet Consumer sector. The Consumer sector includes computer superstores, office product superstores, mass merchants, consumer electronics stores, and warehouse clubs. In 1995, over 17% of the Company's U.S. net sales came from this sector.

In addition to focusing on the VAR, Commercial, and Consumer market sectors, the Company also has specialized strategic business units ("SBUs") designed to provide additional focused marketing and support for specific product categories or within specific markets. These product-focused SBUs address the needs of resellers and suppliers for in-depth support of particular product categories. These SBUs include the Technical Products Division, the Macintosh and Apple Computer Division, the Enterprise Computing Division, and the Mass Storage Division. The Company's market-focused SBUs, which include the Consumer Markets Division, the Education Division, and the Government Division, are designed to meet the needs of resellers and VARs who have chosen to concentrate on a particular customer market.

Customer organization along the VAR, Commercial, and Consumer market sectors has been implemented to varying degrees throughout the Company's worldwide operations and may not be as well defined as in the United States and Canada. Specific market circumstances vary from country to country. In some markets, a few large resellers dominate; in others, the customer base is more diversified.

Sales and Marketing

Ingram Micro's telesales department is comprised of approximately 1,400 telesales representatives worldwide, of whom more than 800 representatives are located in the United States. These telesales representatives assist resellers with product specifications, system configuration, new product/service introductions, pricing, and availability. The two main United States telesales centers are located in Santa Ana, California and Buffalo, New York and are supported by an extensive national field sales organization. Currently, Ingram Micro has more than 130 field sales representatives worldwide, including more than 50 in the United States.

In addition to customer organization along the VAR, Commercial, and Consumer market sectors, the Company utilizes a variety of product-focused groups specializing in specific product types. Specialists in processors, mass storage, networks, and other product categories promote sales growth and facilitate customer contacts for their particular product group. Ingram Micro also offers a variety of marketing programs tailored to meet specific supplier and reseller customer needs. Services provided by the Company's in-house marketing services group include advertising, direct mail campaigns, market research, retail programs, sales promotions, training, and assistance with trade shows and other events.

In Canada, Ingram Micro has been organized along customer sector lines to render more specialized service to each customer sector. Additionally, a Montreal telesales center was opened in 1995 specifically to cover the French-speaking market. The Corporate Reseller Division has 13 dedicated field sales representatives to focus efforts on increasing penetration and protecting market share. The VAR accounts have received increasing coverage from field sales representatives, now one for each

geographic region, along with dedicated telesales operations in Vancouver and Montreal. Retail customers served by the Consumer Markets Division benefit from usage of the electronic ordering systems and manufacturer/customer symposiums tailored specifically to the Consumer sector. The Company offers a myriad of marketing programs targeted at the respective customer markets and are similar to the United States programs that offer a graduated level of services based on monthly purchase volume.

In Europe, Ingram Micro relies more heavily on telesales to cover its customer base than in the United States and Canada. In addition, the Company maintains a relatively small field sales organization to serve larger customers in each country. Many of the country operations have Technical Products Divisions that employ dedicated technical sales representatives. The European operation is expanding the presence of other product-specific divisions such as the Mass Storage Division and the Macintosh Division. Ingram Micro employs many of the same marketing tools in Europe as in the United States and Canada, including product guides, catalogues, and showcases used to promote selected manufacturers' product lines.

In Mexico, the sales team is comprised of both field sales representatives and telesales representatives serving Mexico City, Merida, Guadalajara, Puebla, Monterrey, Leon, and Hermosillo. Complementing this sales group are marketing associates assigned to key supplier product lines. To best meet the individualized needs of its increasingly diverse customer group, the Company is in the process of realigning its sales and marketing workforce along VAR, Commercial, and Consumer sectors throughout the branch network. This is anticipated to be a strategic advantage as the trend toward greater customer focus on particular markets continues to evolve in Mexico.

Ingram Micro's Asia Pacific sales force is responsible for growing the Company's sales in Singapore, Malaysia, Indonesia, The Philippines, Thailand, India, and Hong Kong. Marketing support for this sales effort is based on product line, but will eventually be aligned along VAR, Commercial, and Consumer sectors. To provide greater focus on the Japanese market, the Company opened a sales office in Tokyo during the third quarter of 1995.

The Company's Export Division is supported by a team of sales representatives located in Miami, Florida and Santa Ana, California. The Miami office covers the Caribbean, Puerto Rico, Ecuador, Colombia, Venezuela, Peru, Chile, Argentina, Uruguay, and Brazil, while the Santa Ana Export representatives sell and market Ingram Micro products and services to Japan, the Middle East, and Australia. A satellite export sales office was opened in Tokyo during the third quarter of 1995 to provide greater focus on the Japanese market. The Belgian Export office, which is part of the Company's European operations, serves Africa and areas of Europe where Ingram Micro does not have an in-country sales and distribution operation. In addition, the Export Division has field sales representatives based in Buenos Aires, Argentina and Quito, Ecuador.

Products and Suppliers

Ingram Micro believes that it has the largest inventory of products in the industry, based on a review of publicly available data with respect to its major competitors. The Company distributes and markets more than 36,000 products from the industry's premier microcomputer hardware manufacturers, networking equipment suppliers, and software publishers worldwide. Product assortments vary by market, and the relative importance of manufacturers to Ingram Micro varies from country to country. On a worldwide basis, the Company's sales mix is more heavily weighted toward hardware products and networking equipment than software products. Net sales of software products have decreased as a percentage of total net sales in recent years due to a number of factors, including bundling of software with microcomputers; sales growth in Ingram Alliance, which is a hardware-only business; declines in software prices; and the emergence of alternative means of software distribution, such as site licenses and electronic distribution. The Company believes that this is a trend that applies to the microcomputer products distribution industry as a whole, and the Company expects it to continue. See "Risk Factors--Rapid Technological Change; Alternate Means of Software Distribution" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

In the United States, Ingram Micro's suppliers include almost all of the leading microcomputer hardware manufacturers, networking equipment manufacturers, and software publishers such as Apple Computer, Cisco Systems, Compaq Computer, Creative Labs, Hewlett-Packard, IBM, Intel, Microsoft, NEC, Novell, Quantum, Seagate, 3Com, Toshiba, and U.S. Robotics. Internationally, Ingram Micro has secured distribution agreements with most of the leading suppliers, and products are added to the Company's mix in response to local market demands.

New products are continually evaluated and added to the Company's product mix upon meeting Ingram Micro's business and technical standards. The Company evaluates on average 160 products monthly. Each Ingram Micro entity has its own procedure for assessing new products based on local market characteristics, but all follow general guidelines utilizing certain business and technical criteria including market size, demand, perceived value, industry positioning, support required, ease of set-up, packaging quality, and error handling procedures. The Company proactively pursues products representing the leading edge of technology.

The Company's suppliers generally warrant the products distributed by the Company and allow the Company to return defective products, including those that have been returned to the Company by its customers. The

Company does not independently warrant the products it distributes.

The Company's business, like that of other wholesale distributors, is subject to the risk that the value of its 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 most suppliers of microcomputer products to protect distributors, such as the Company, who purchase directly from such suppliers, from the loss in value of inventory due to technological change or the supplier's price reductions. Although the Company has written distribution agreements with many of its suppliers, these agreements usually provide for nonexclusive distribution rights and often include territorial restrictions that limit the countries in which Ingram Micro is permitted to 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. The Company does not believe that its business is substantially dependent on the terms of any such agreements. Under the terms of many distribution agreements, suppliers will credit the distributor for declines in inventory value resulting from the supplier's price reductions if the distributor complies with certain conditions. In addition, under many such agreements, the distributor has the right to return for credit or exchange for other products a portion of those inventory items purchased, within a designated period of time. A supplier who elects to terminate a distribution agreement generally will repurchase from the distributor the supplier's products carried in the distributor's inventory. While the industry practices discussed above are sometimes not embodied in written agreements and do not protect the Company in all cases from declines in inventory value, management believes that these practices provide a significant level of protection from such declines. No assurance can be given, however, that such practices will continue or that they will adequately protect the Company against declines in inventory value. The Company's risk of inventory loss could be greater outside the United States, where agreements with suppliers are more restrictive with regard to price protection and the Company's ability to return unsold inventory. The Company establishes reserves for estimated losses due to obsolete inventory in the normal course of business. Historically, the Company has not experienced losses due to obsolete inventory materially in excess of established inventory reserves. See "Risk Factors--Product Supply; Dependence on Key Suppliers."

Value-added Services

The Company believes that there is a trend among wholesale distributors of microcomputer products to increase available services for suppliers and customers, and the Company is committed to being in the forefront of this trend. Ingram Micro offers a myriad of programs and services to its supplier and reseller customers as an integral part of its wholesaling efforts. The Company categorizes these services into value-added wholesale distribution and "for fee" services. Together, these services are intended to link reseller customers and suppliers to Ingram Micro as a one-stop provider of microcomputer products and related services, while meeting demand by suppliers and resellers to outsource non-core business activities and thereby lower their operating costs.

The Company's value-added wholesaling services are an important complement to its distribution activities and include final assembly and configuration of products, technical education programs, pre- and post-sale technical support, order fulfillment, and product demo evaluation.

Ingram Micro offers a selection of "for fee" services which reseller customers and suppliers may avail themselves of, independent of product purchase transactions. Many of the value-added wholesaling services are also included in this set of "for fee" services, which include: contract configuration, contract fulfillment, contract warehousing, contract telesales, contract inventory management, and contract technical support for reseller customers and end-users. Management remains focused on adding more value-added "for fee" services to meet reseller customer and supplier needs.

Ingram Micro's value-added services for its reseller customers and suppliers include:

- bullet System Configuration. Final assembly and configuration of microcomputer products for suppliers and reseller customers.

- bullet Order Fulfillment. Fulfillment of end-user orders on behalf of suppliers and reseller customers. This may include order-taking, configuration, shipping, and collection.

- bullet Electronic Services. Various electronic ordering and information delivery media integrated under the Company's CIS program which enable suppliers and reseller customers to interface directly with the Company's database.

- bullet Technical Support. Pre- and post-sale technical support for reseller customers.

- bullet Tailored Marketing Services. A range of offerings including trade show and symposium development, promotional advertising, end-user briefings, and joint sales calls performed by Ingram Micro Sales and Marketing staff for the benefit of reseller customers and suppliers.

- bullet Financial Services. Includes accounts receivable financing, a purchase order program, and credit insurance provided or arranged by Ingram Financial Services Company for reseller customers.

- bullet Inventory Management. A variety of services conducted for reseller customers that includes contract warehousing, inventory

tracking by serial number, and other services.

- bullet Telesales. Telesales performed by the Company for suppliers and reseller customers.

- bullet Warehousing. Leasing of warehouse space to suppliers and reseller customers.

- bullet Technical Education. Various computer-based and self-study training programs, some leading to certification from suppliers.

- bullet Warranty and Repair. Comprehensive warranty coverage on end-user systems. This service is sub-contracted by Ingram Micro to third-party repair businesses for reseller customers.

All of these services are currently available in the Company's U.S. operations. The degree of implementation of these value-added services in Ingram Micro's international operations varies depending on particular market circumstances. Although the Company believes that value-added services are important as a complement to its core business, such services do not, and are not in the future expected to, generate a material percentage of the Company's net sales. In addition, such value-added services do not, and are not in the future expected to, require a material portion of the Company's resources.

Ingram Alliance

Ingram Micro entered the master reseller (also known as "aggregation") business in late 1994 with the launch of Ingram Alliance. Ingram Alliance is designed to offer resellers access to the industry's leading hardware manufacturers at competitive prices by utilizing a lower cost business model that depends upon a higher average order size, lower product returns percentage, and supplier-paid financing. See "Risk Factors--Narrow Margins" and "--Risks Associated with Ingram Alliance."

The Company believes that it has been able to leverage its leading traditional wholesale distribution business in the United States to establish its master reseller business. Over 95% of Ingram Alliance's sales are funded by floor plan financing companies. The Company typically receives payment from these financing institutions within three business days from the date of the sale, allowing Ingram Alliance to operate at much lower relative working capital levels than the Company's wholesale distribution business. Such floor plan financing is typically subsidized for Ingram Alliance's reseller customers by its suppliers.

Since its inception, Ingram Alliance has experienced rapid growth. In 1995, Ingram Alliance achieved net sales in excess of \$700 million, and it currently has 12 suppliers and more than 800 reseller customers. Ingram Alliance's success has, to a large degree, been attributable to its ability to leverage Ingram Micro's distribution infrastructure and capitalize on strong supplier relationships.

To support additional growth, Ingram Alliance remains committed to further developing relations with key suppliers. These efforts are largely driven by joint supplier/distributor sales calls, proposal and bid development programs, and tailored marketing campaigns carried out by Ingram Alliance supplier program teams.

Ingram Alliance pursues an integrated sales and marketing strategy to gain new customers and grow its business. A fully-dedicated telesales team is in place, which in conjunction with the Company's field sales representatives aims to cultivate important relationships with reseller customers. Further, Ingram Alliance provides a wide range of high quality "for fee" value-added services for its customers including technical training and certification, warranty and repair, fulfillment, technical support, contract warehousing, and configuration services. Special promotional activities and creative financing packages are additional incentives for resellers to do business with Ingram Alliance.

Information Systems

The Company's information system, IMPulse, is central to its ability to provide superior execution to its customers, and as such, the Company believes that it represents an important competitive advantage. See "Risk Factors--Dependence on Information Systems."

Ingram Micro's systems are primarily mainframe-based in order to provide the high level of scalability and performance required to manage such a large and complex business operation. IMPulse is a single, standardized, real-time information system and operating environment, used across all of the Company's worldwide operations. It has been customized as necessary for use in every country in which the Company operates and has the capability to handle multiple languages and currencies. On a daily basis, the Company's systems typically handle 12 million on-line transactions, 26,000 orders, and 37,000 shipments. The Company has designed IMPulse as a scalable system that has the capability to support increased transaction volume. The overall on-line response time for the Company's network of over 8,000 user stations (terminals, printers, personal computers, and radio frequency hand held terminals) is less than one-half second.

Worldwide, Ingram Micro's centralized processing system supports more than 40 operational functions including receiving, order processing, shipping, inventory management, and accounting. At the core of the IMPulse system is on-line, real-time distribution software to which considerable enhancements and modifications have been made to support the

Company's growth and its low cost business model. The Company makes extensive use of advanced telecommunications technologies with customer service-enhancing features, such as Automatic Call Distribution to route customer calls to the telesales representatives. The Telesales Department relies on its Sales Wizard system for on-line, real-time tracking of all customer calls and for status reports on sales statistics such as number of customer calls, customer call intentions, and total sales generated. IMPulse allows the Company's telesales representatives to deliver real-time information on product pricing, inventory, availability, and order status to reseller customers. The SAGP pricing system enables telesales representatives to make informed pricing decisions through access to specific product and order related costs for each order. Considering the industry's narrow margins, these pricing decisions are particularly important, and the Company believes that its ability to make thousands of informed pricing decisions daily represents a competitive advantage.

In the United States, the Company is in the process of implementing CTI technology, which will provide the telesales and customer service representatives with Automatic Number Identification capability and advanced telecommunications features such as on-screen call waiting and automatic call return, thereby reducing the time required to process customer orders and customer service requests.

To complement Ingram Micro's telesales, customer service, and technical support capabilities, IMPulse supports CIS, which integrates all of the Company's electronic services into a single solution. CIS offers a number of different electronic media through which customers can conduct business with the Company, such as the Customer Automated Purchasing System ("CAPS"), Electronic Data Interchange ("EDI"), the Bulletin Board Service, and the Ingram Micro Web site. The Company's latest additions to CIS are its Internet-based Electronic Catalog and Manufacturer Information Library. The Electronic Catalog provides reseller customers with real-time access to product pricing and availability, with the capability to search by product category, name, or manufacturer. The Manufacturer Information Library is a comprehensive multi-manufacturer database of timely and accurate product, sales, marketing, and technical information, which is updated nightly for new information. Ingram Micro believes it is the first microcomputer wholesale distributor to offer electronic access to real-time product pricing, availability, and information on the World Wide Web. All of Ingram Micro's CIS offerings are constantly being reviewed for enhancement. For instance, a faster local network intranet solution to access the Manufacturer Information Library is currently being tested, and ordering and configuration capabilities through the Internet are under consideration.

The Company's warehouse operations use extensive bar-coding technology and radio frequency technology for receiving and shipping, and real-time links to UPS and FedEx for freight processing and shipment tracking. The Customer Service Department uses the POWER System for on-line documentation and faster processing of customer product returns. To ensure that adequate inventory levels are maintained, the Company's buyers depend on the Purchasing system to track inventory on a continual basis. Many other features of IMPulse help to expedite the order processing cycle and reduce operating costs for the Company as well as its reseller customers and suppliers.

To support and augment the Company's mainframe-based systems, the Company utilizes a number of client-server applications. Examples are the Marketing On-line Management System, a software application that provides management, accountability, and financial controls for over 6,000 marketing projects; APImage, an application that facilitates imaging of invoices and related documents in the Accounts Payable department, substantially reducing paper processing and improving document work flow; and DSS, a data warehousing application that enables multidimensional sales and profitability analysis. In the United States, over 330 associates across all functions have access to 75 million lines of data through DSS. DSS is used for, among other tasks, pricing decisions and analysis of profitability by customer market and product category. DSS is currently being implemented in Canada and the U.K., with plans to add other international locations thereafter. The Company has also begun to deploy other PC-based tools for both the United States and international locations, including workstations in Telesales and Purchasing to assist with product acquisition and pricing decisions.

The Company employs various security measures and backup systems designed to protect against unauthorized use or failure of its information systems. Access to the Company's information systems is controlled through the use of passwords and additional security measures are taken with respect to especially sensitive information. The Company has a five year contract with Sungard Recovery Services for disaster recovery and twice per year performs a complete systems test, including applications and database integrity. In addition, the Company has backup power sources for emergency power and also has the capability to automatically reroute incoming calls, such as from its Santa Ana (West Coast sales) facility to its Buffalo (East Coast sales) facility. The Company has not in the past experienced significant failures or downtime of IMPulse or any of its other information systems, but any such failure or significant downtime could prevent the Company from taking customer orders, printing product pick-lists, and/or shipping product and could prevent customers from accessing price and product availability information from the Company. See "Risk Factors--Dependence on Information Systems."

Over 350 experienced information technology professionals support the daily maintenance and continuous development of the Company's systems.

Operations

Order Entry

The order entry process begins with the entry of a customer account number by a telesales representative. With this input, IMPulse automatically displays the customer's name, address, credit terms, financing arrangements, and preferred shipping method. The telesales representative assists the customer on-line with product lookups, real-time inventory availability, price inquiries, and status of previous orders. As an order is entered, key information is filled in by the system, such as product description, price, availability, and adjusted gross margin. The closest warehouse to the customer with available product is automatically determined, and the corresponding product quantity is reserved. The system totals the order and automatically checks the customer's credit status. The order is released for processing, unless credit limits are exceeded or the order falls outside acceptable profit levels. In the latter case, the order is put on hold and immediately elevated for review by credit or sales management.

Reseller customers can also conduct business electronically through the Company's CIS offerings such as CAPS, EDI, and IM On Line. By using CIS, resellers can access the Company's database and place orders directly without the assistance of a telesales representative. See "--Information Systems."

Shipping

In most of Ingram Micro's operations, the Company's objective is to ship substantially all orders received by 5:00 p.m. on the same day. In Canada, France, Belgium, the U.K. and the Netherlands, the cut-off time for same day shipment is 6:00 p.m. When an order is released, it is immediately available for processing in the designated warehouse. IMPulse ensures cost efficient order processing through a system called Pick Assignment which determines pick lists based on the warehouse location of items ordered. In the distribution centers, Ingram Micro relies on a sophisticated bar code reading system and a flexible automated package handling system for picking, packing, and shipping products accurately and cost effectively. In addition, IMPulse provides on-line shipping, manifesting, freight costing, invoicing and package tracking information.

The Company's warehouse inventories are maintained automatically by IMPulse which updates stock levels and feeds this information to the purchasing system for restocking as soon as an order is received. On-line quality assurance done during receipt of inbound product and prior to the shipment of orders ensures the integrity of warehouse stock inventory and the accuracy of shipments to customers. See "Risk Factors--Dependence on Independent Shipping Companies."

Purchasing

To monitor product inventory, the purchasing staff, numbering over 260 worldwide, uses the IMPulse system inventory reports, which provide product inventory levels, six months' sales history, month-to-date, and year-to-date sales statistics by SKU and by warehouse location. Buyers carefully analyze current and future inventory positions and profitability potential. Several factors, such as inventory carrying cost, payment terms, purchase rebates, volume discounts, and marketing funds are considered in negotiating deals with suppliers. Buyers enter purchase orders into the IMPulse system, indicating the SKU number, the quantity to be ordered, and the warehouse locations to which the order should be shipped. Cost information and supplier terms and conditions are automatically entered on the purchase order; and can be modified if different terms have been negotiated. The IMPulse system automatically generates purchase orders for each inventory warehouse location and transmits these orders directly to the suppliers via EDI or facsimile. See "Risk Factors--Risk of Declines in Inventory Value."

A number of purchasing programs have been developed to exploit opportunities unique to certain of the Company's operations. In Europe, the country managers work together as a group to obtain the best available supplier terms. The European "Inventory Sharing" program, when fully implemented, will allow sales personnel in one market to order products that are out of stock or otherwise unavailable in the local country from another European Ingram Micro business unit. Benefits of this program include lower inventory costs, better inventory turnover, and improved margins. In Canada, the U.S. Direct Fulfillment Program allows the fulfillment of individual Canadian orders from the United States as necessary. See "--Geographic Tactics--Canada" and "--Europe."

Geographic Tactics

Ingram Micro operates worldwide with a set of common, global strategies. Recognizing the varying requirements of the Company's different geographic markets, the Company has developed specific tactics to address local market conditions. However, the Company's non-U.S. operations are subject to certain additional risks. See "Risk Factors--Exposure to Foreign Markets; Currency Risk."

United States

In the United States, the Company has undertaken a number of key initiatives to enhance its position in the wholesale microcomputer marketplace:

- bullet In an effort to capture an increased share of the VAR sector, the Company will seek to convey to the market its superior ability to supply basic wholesaling services to VARs, as well as its breadth of product offerings to support vertical VAR customer sets. The Premier VAR Plus program has been developed as the prime marketing vehicle for all VAR programs and services. This program provides VARs with graduated levels of business services based on monthly purchase volume. Such services include a dedicated technical sales force, end-user leads, technology seminars, and marketing symposiums.

bullet As a cornerstone of the Company's VAR efforts, the Enterprise Computing Division continues to expand its penetration in markets for high-end technical products such as UNIX, Windows NT, document imaging, and networking equipment. This will be accomplished by developing programs which institute a Company-wide commitment to the UNIX VAR market, providing a sophisticated sales force experienced in complex networking technology solutions, partnering with key suppliers of high-end technical products, and leveraging the Company's core competencies in electronic ordering and configuration.

bullet In order to increase its share of the Consumer sector, the Company maintains a team of sales account managers and business development specialists dedicated to the Consumer account base. The aim of the Consumer Markets Division is to provide a variety of value-added services including inventory mix management, store personnel training, marketing programs, and administration of supplier programs.

Canada

While the Company's Canadian operation closely mirrors the U.S. operation, initiatives unique to the Canadian operating environment have been developed and are described below:

bullet The U.S. Direct Fulfillment Program has been instituted in Canada to take advantage of its proximity to the United States. Through this program, Canadian customers are currently able to receive products directly from the Chicago distribution center. The expanded use of the U.S. Direct Fulfillment Program will allow for greater breadth of SKUs and manufacturers represented in the Canadian marketplace.

bullet As part of its overall strategy to grow share in the retail market, the Canadian operation periodically employs Dealer Development Representatives who provide product education, display set-up assistance, and other on-site assistance as a special service to retail customers.

Europe

One of the Company's key objectives is to become the market share leader in Europe. The Company entered Europe in 1989 with an acquisition in Belgium. See "Risk Factors--Acquisitions." Through a series of small acquisitions, it has rapidly grown to a pan-European presence with aggregate net sales of \$1.8 billion in 1995, covering 11 countries: Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Sweden, Spain, and the United Kingdom. The Company believes that it has the second largest market share position in Europe and that it has a strong base for future growth and increased profitability. Particular areas of focus in Europe include:

bullet The Company will seek to enhance gross margin in the European operation through increased emphasis on high-end and higher margin technical product sales and the implementation of the SAGP system.

bullet A program unique to Ingram Micro is Inventory Sharing. This program allows sales personnel in one European market to order products that are out of stock or otherwise unavailable in the local country from another Ingram Micro business unit. The billing is done in the local currency with all value-added taxes, tax reporting, and similar functions managed automatically by the IMPulse system. Inventory sharing allows the Company to expand its sales base without an expansion of inventory investment or individual country expansion of stock product assortment. Benefits of the program include lower inventory costs, better inventory turnover, and improved gross margin. An important initiative is to add more country operations to the inventory sharing program and to enhance the program through coordinated purchasing among several countries.

bullet Continued cost reduction, as a percentage of net sales, and cost control are important for boosting profitability in the European operation. The Company aims to further reduce expense ratios of the individual business units through increased sales volume, the continued development and refinement of operations and management processes, and the increasing use of selected U.S. and Canadian business programs.

Mexico/Asia Pacific

Mexico. Ingram Dicom, a 70%-owned subsidiary of Ingram Micro, is the leading wholesale distributor of microcomputer products in Mexico. Ingram Dicom offers over 6,000 products to more than 5,900 reseller customers in Mexico. In 1995, over 85% of Ingram Dicom's net sales came from 1,100 resellers who primarily service the country's major banks and businesses. Additionally, Ingram Dicom also sells to a small but growing VAR client base and to mass merchant retailers (e.g., Sam's Club, Sanborn's, Price Club).

As the local high technology market becomes more sophisticated, Ingram Dicom intends to add higher volume, more specialized technical (e.g., UNIX, networking) products to its inventory. Other important initiatives include adding a wider selection of technical education courses, extending CAPS electronic ordering throughout the entire Ingram Dicom operation, and offering a broader range of financing options for reseller customers. The Company will also continue to negotiate supplier terms and conditions aimed at limiting the Company's exposure to foreign currency fluctuations.

Asia Pacific. Ingram Micro's Asia Pacific operations, supported by its Singapore office and warehouse, focus on serving the Singapore, Malaysia, Indonesia, Philippines, Thailand, India, and Hong Kong markets. Over 800 customers are currently served from the Singapore base, with approximately 64% of these customers concentrated in the local Singapore market. The Company operates a sales office in Tokyo serving the Japanese market. In addition, the Company has recently acquired a distributor in Malaysia.

In building a solid regional Asia Pacific business, the Company intends to leverage its systems capability, financial strength, management experience, and excellent relationships with key suppliers. The initial aim of the Asia Pacific strategy is to recruit new suppliers and reseller customers while further adding experienced managers in key functional areas of the business. The Company is currently exploring the possibility of establishing additional operations through joint ventures or acquisitions. See "Risk Factors--Acquisitions."

Export Markets

Ingram Micro's Export Division continues to expand in international markets where the Company does not have a stand-alone, in-country presence. The Miami, Santa Ana, and Belgium offices serve more than 2,500 resellers in over 100 countries. In addition, the Export Division has field sales representatives based in Buenos Aires, Argentina and Quito, Ecuador.

Key strategic objectives for the Export Division include increasing sales and market share in each of the regions it serves primarily by providing a broad product assortment, further cultivating key supplier relationships, and expanding reseller service offerings. The Company will continue to position itself as a global distributor of microcomputer products providing resellers in all markets access to the Company's vast selection of products via its extensive network of international and U.S. warehouses.

Competition

The Company operates in a highly competitive environment, both in the United States and internationally. The microcomputer products distribution industry is characterized by intense competition, based primarily on price, product availability, speed and accuracy of delivery, effectiveness of sales and marketing programs, credit availability, ability to tailor specific solutions to customer needs, quality and breadth of product lines and service, and availability of technical and product information. The Company believes it competes favorably with respect to each of these factors. As price points have declined, the Company believes that value-added services capabilities (such as configuration, innovative financing programs, order fulfillment, contract telesales, and contract warehousing) will become more important competitive factors.

The Company entered the master reseller business through Ingram Alliance in late 1994. See "--Ingram Alliance." The Company competes with other master resellers, which sell to groups of affiliated franchisees and third-party dealers. Many of the Company's competitors in the master reseller business are more experienced and have more established contacts with affiliated resellers, third-party dealers, or suppliers, which may provide them with a competitive advantage over the Company.

The Company is constantly seeking to expand its business into areas closely related to its core microcomputer products distribution business. As the Company enters new business areas, it may encounter increased competition from current competitors and/or from new competitors, some of which may be current customers of the Company. For example, the Company intends to distribute media in the new digital video disc format and may compete with traditional music and printed media distributors. In addition, certain services the Company provides may directly compete with those provided by the Company's reseller customers. There can be no assurance that increased competition and adverse reaction from customers resulting from the Company's expansion into new business areas will not have a material adverse effect on the Company's business, financial condition, or results of operations. See "Risk Factors--Intense Competition."

Ingram Micro's primary competitors include large U.S.-based international distributors such as Merisel, Tech Data, and Arrow Electronics (a worldwide industrial electronics distributor), as well as national distributors such as AmeriQuest Technologies (majority owned by Computer 2000), Handleman, Navarre, and Avnet. Ingram Alliance's principal competitors include such master resellers as Intelligent Electronics, MicroAge, Datago, InaCom, and recent entrant Tech Data Elect, a division of Tech Data. Ingram Micro competes internationally with a variety of national and regional distributors. European competitors include international distributors such as Computer 2000 (owned by German conglomerate Viag AG), CHS Electronics, and Softmart/Tech Data, and several local and regional distributors, including Actebis, Scribona, and Microtech. In Canada, Ingram Micro competes with Merisel, Globelle, Beamscope, and Tech Data. Ingram Dicom is the leading distributor in Mexico, competing with such companies as MPS, CHS Electronics, Intertec, and Dataflux. In the Asia Pacific market, Ingram Micro faces both regional and local competitors, of whom the largest is Tech Pacific, a division of First Pacific Holdings, which operates in more than five Asia Pacific markets.

Ingram Micro also competes with hardware manufacturers and software publishers that sell directly to reseller customers and end-users.

Facilities

Ingram Micro's worldwide executive headquarters, as well as its West Coast sales and support offices, are located in Santa Ana, California. The Company also maintains an East Coast operations center in Buffalo, New York. A new United States distribution center in Millington, Tennessee is expected to be completed in April 1997, adding 600,000 square feet to the Company's warehouse capacity. This distribution center will be strategically located near several major transportation hubs and is expected to benefit from lower regional labor costs. The U.S. network of distribution centers permits Ingram Micro to keep an extensive supply of product close to its reseller customers, which enables the Company to provide substantially all of its U.S. reseller customers with one- or two-day ground delivery.

The principal properties of the Company consist of the following:

Location - - - - -	Principal Use - - - - -	Approximate Floor Area in Sq. Ft - - - - -
United States		
Santa Ana, CA	Executive offices	398,245
Buffalo, NY	Offices	188,341
Nashville, TN	Data Processing Center	11,782
Millington, TN	Distribution Center (under construction)	600,000
Chicago/Carol Stream, IL	Distribution Centers	456,139
Fullerton, CA	Distribution Center	401,394
Harrisburg, PA	Distribution Center	230,000
Memphis, TN	Distribution Center	160,000
Fremont, CA	Distribution Center	141,540
Carrollton, TX	Distribution Center	121,654
Atlanta, GA	Distribution Center	83,049
Miami, FL	Distribution Center, Offices	52,080
Santa Ana, CA	Returns Center, Offices	219,500
Fremont, CA	Freight Consolidation Center	58,435
Europe		
Brussels, Belgium	Offices	33,600
Horsholm, Denmark	Offices	39,682
Ballerup, Denmark	Distribution Center	58,104
Lesquin, France	Offices	37,088
Paris, France	Offices	4,250
Roncq, France	Distribution Center	96,000
Ottobrunn, Germany	Offices	32,221
Kirchheim, Germany	Distribution Center	75,904
Milan, Italy	Offices	17,114
Milan, Italy	Distribution Center	44,669
Rome, Italy	Offices, Distribution Center	10,225
Utrecht, Netherlands	Offices	30,999
Vianen, Netherlands	Distribution Center	61,149
Oslo, Norway	Offices, Distribution Center	53,595
Madrid, Spain	Offices, Distribution Center	17,689
Barcelona, Spain	Offices, Distribution Center	74,508
Kista, Sweden	Offices	26,371
Sollentuna, Sweden	Distribution Center	43,126
Milton Keynes, U.K	Offices, Distribution Center	211,992
Canada		
Toronto, Ontario	Offices, Distribution Center	274,376
Vancouver, B.C	Offices, Distribution Center	87,148
Montreal, Quebec	Offices	12,000
Mexico		
Mexico City, D.F	Offices, Distribution Center	65,695
Puebla, Puebla	Offices, Distribution Center	11,679
Leon, Guanajuato	Offices, Distribution Center	11,206
Guadalajara, Jalisco	Offices, Distribution Center	9,967
Merida, Yucatan	Offices, Distribution Center	6,437
Monterrey, Nuevo Leon	Offices, Distribution Center	6,039
Hermosillo, Sonora	Offices, Distribution Center	5,156
Asia		
Singapore	Offices, Distribution Center	20,989
Kuala Lumpur, Malaysia	Offices, Distribution Center	6,000
Tokyo, Japan	Offices	720

All of the Company's facilities, with the exception of the Brussels office and the distribution centers in Chicago and Roncq, France are leased. The Company does not anticipate any material difficulty in renewing any of its leases as they expire or securing replacement facilities, in each case on commercially reasonable terms. The Company has recently purchased three undeveloped properties in Santa Ana, California totaling approximately 23.27 acres.

Trademarks and Service Marks

The Company holds various trademarks and service marks, including, among others, "Ingram Micro," "IMpulse," the Ingram Micro logo, "Partnership America," and "Leading the Way in Worldwide Distribution." Certain of these marks are registered, or are in the process of being registered, in the United States and various foreign countries. Even though the Company's marks may not be registered in every country where the Company conducts business, in many cases the Company has acquired rights in those

marks because of its continued use of them. Management believes that the value of the Company's marks is increasing with the development of its business but that the business of the Company as a whole is not materially dependent on such marks.

Employees

As of September 28, 1996, the Company had approximately 8,434 associates located as follows: United States--5,322, Europe--1,840, Canada--797, Mexico--405, and Asia-Pacific--70. Ingram Micro believes that its success depends on the skill and dedication of its associates. The Company strives to attract, develop, and retain outstanding personnel. None of the Company's associates in the United States, Europe, Canada, Malaysia, and Singapore are represented by unions. In Mexico, Ingram Dicom has collective bargaining agreements with one of the national unions. The Company considers its employee relations to be good.

Legal Proceedings

There are no material pending legal proceedings to which the Company is a party or to which any of its property is subject.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information with respect to each person who is an executive officer or director of the Company:

Name	Age	Present and Prior Positions Held(1)	Years Positions Held
Jerre L. Stead(2)	53	Chief Executive Officer and Chairman of the Board Chief Executive Officer and Chairman of the Board, Legent Corporation, a software development company Executive Vice President, Chairman and Chief Executive Officer, AT&T Corp. Global Information Solutions (NCR Corp.), a computer manufacturer President and Chief Executive Officer, AT&T Corp. Global Business Communication Systems, a communications company Chairman, President and Chief Executive Officer, Square D Co., an electronics manufacturer	Aug. 1996 - Present Jan. 1995 - Aug. 1995 May 1993 - Dec. 1994 Sept. 1991 - Apr. 1993 Sept. 1988 - Aug. 1991
Jeffrey R. Rodek	43	Worldwide President; Chief Operating Officer Senior Vice President, Americas and Caribbean, Federal Express, an overnight courier firm Senior Vice President, Central Support Services, Federal Express	Dec. 1994 - Present July 1991 - Sept. 1994 Dec. 1989 - July 1991
David R. Dukes	52	Vice Chairman Chief Executive Officer, Ingram Alliance Co-Chairman Chief Operating Officer President	Apr. 1996 - Present Jan. 1994 - Present Jan. 1992 - Apr. 1996 Sept. 1989 - Dec. 1993 Sept. 1989 - Dec. 1991
Sanat K. Dutta	47	Executive Vice President; President, Ingram Micro U.S. Executive Vice President Senior Vice President, Operations	Oct. 1996 - Present Aug. 1994 - Oct. 1996 May 1988 - Aug. 1994
Michael J. Grainger	44	Executive Vice President; Worldwide Chief Financial Officer Chief Financial Officer Vice President and Controller, Ingram Industries	Oct. 1996 - Present May 1996 - Oct. 1996 July 1990 - Present
John Wm. Winkelhaus, II	46	Executive Vice President; President, Ingram	

		Micro Europe	Jan. 1996 - Oct. 1996
		Senior Vice President, Ingram Micro Europe	Feb. 1992 - Dec. 1995
		Senior Vice President, Sales	Apr. 1989 - Jan. 1992
James E. Anderson, Jr.	49	Senior Vice President, Secretary, and General Counsel	Jan. 1996 - Present
		Vice President, Secretary, and General Counsel, Ingram Industries	Sept. 1991 - Present
		Partner, Dearborn & Ewing, a Nashville law firm	Jan. 1986 - Sept. 1991
Douglas R. Antone	43	Senior Vice President; President, Ingram Alliance	July 1994 - Present
		Senior Vice President, Worldwide Sales and Marketing, Borland International	Nov. 1993 - May 1994
		Senior Vice President, Worldwide Sales, Borland International	July 1990 - Nov. 1993
Larry Elchesen	46	Senior Vice President President, Ingram Micro Canada	June 1994 - Present May 1989 - Present
Philip Ellett	42	Senior Vice President; Chief Operating Officer, Ingram Micro Europe	Oct. 1996 - Present
		Senior Vice President; General Manager, U.S. Consumer Markets Division	Jan. 1996 - Oct. 1996
		President, Gates/Arrow, an electronics distributor	Aug. 1994 - Dec. 1995
		President and Chief Executive Officer, Gates/F.A. Distributing, Inc.	Oct. 1991 - Aug. 1994
		President and Chief Operating Officer, Gates/F.A. Distributing, Inc.	Oct. 1990 - Oct. 1991
David M. Finley	56	Senior Vice President, Human Resources	July 1996 - Present
		Senior Vice President, Human Resources, Budget Rent a Car, a car rental company	May 1995 - July 1996
		Vice President, Human Resources, The Southland Corporation, a convenience retail company	Jan. 1977 - May 1995
Robert Furtado	40	Senior Vice President, Operations	Aug. 1994 - Present
		Vice President, Operations	July 1989 - Aug. 1994
Robert Grambo	32	Senior Vice President, Telesales	Oct. 1995 - Present
		Vice President, Sales	Apr. 1994 - Sept. 1995
		Vice President, Product Marketing	Apr. 1993 - Mar. 1994
		President, Bloc Publishing Corp., a software publishing firm	Apr. 1992 - Apr. 1993
		Senior Director, Purchasing, Ingram Micro	Jan. 1990 - Apr. 1992
Ronald K. Hardaway	52	Senior Vice President; Chief Financial Officer, Ingram Micro U.S.	Jan. 1992 - Present
		Senior Vice President and Controller	June 1990 - Jan. 1992
Gregory J. Hawkins	42	Senior Vice President, Sales	Oct. 1995 - Present
		Vice President, Sales	Jan. 1993 - Oct. 1995
		Vice President, Major Accounts	Aug. 1992 - Jan. 1993
		Director, Major Accounts, Consumer Markets	June 1992 - Aug. 1992
		Director, Marketing	Jan. 1991 - June 1992
James M. Kelly	60	Senior Vice President, Management Information Systems	Feb. 1991 - Present
David W. Rutledge	43	Senior Vice President, Asia Pacific, Latin	

		America and Export Markets	Jan. 1996 - Present
		Senior Vice President, Administration	Sept. 1991 - Dec. 1995
		Vice President, Secretary, and General Counsel, Ingram Industries	Jan. 1986 - Sept. 1991
Martha R. Ingram(3)(4)	61	Director	May 1996 - Present
		Chairman of the Board of Directors	May 1996 - Aug. 1996
		Chairman of the Board of Directors, Ingram Industries	June 1995 - Present
		Director, Ingram Industries	1981 - Present
		Chief Executive Officer, Ingram Industries	Apr. 1996 - Present
		Director of Public Affairs, Ingram Industries	1979 - June 1995
John R. Ingram(3)	35	Director	Dec. 1994 - Present
		Acting Chief Executive Officer	May 1996 - Aug. 1996
		Co-President, Ingram Industries	Jan. 1996 - Present
		President, Ingram Book Company	Jan. 1995 - Oct. 1996
		Vice President, Purchasing, Ingram Micro Europe	Jan. 1994 - Dec. 1994
		Vice President, Management Services, Ingram Micro Europe	July 1993 - Dec. 1993
		Director of Management Services, Ingram Micro Europe	Jan. 1993 - June 1993
		Director of Purchasing	Apr. 1991 - Dec. 1992
David B. Ingram(3)	33	Director	May 1996 - Present
		Chairman and President, Ingram Entertainment	Mar. 1996 - Present
		President and Chief Operating Officer, Ingram Entertainment	Aug. 1994 - Mar. 1996
		Vice President, Major Accounts, Ingram Entertainment	Nov. 1993 - Aug. 1994
		Assistant Vice President, Sales, Ingram Entertainment	June 1992 - Nov. 1993
		Director, Sales, Ingram Entertainment	July 1991 - June 1992
Don H. Davis, Jr. (5)	56	Director	Oct. 1996 - Present
		President and Chief Operating Officer, Rockwell International Corporation, a diversified high- technology company	July 1995 - Oct. 1996
		Executive Vice President and Chief Operating Officer, Rockwell International Corporation	Jan. 1994 - July 1995
		Senior Vice President; President, Automation Group, Rockwell International Corporation	June 1993 - Jan. 1994
		President, Allen-Bradley Company, a wholly- owned subsidiary of Rockwell International Corporation	July 1989 - Jan. 1994
Philip M. Pfeffer	51	Director	1986 - Present
		President and Chief Operating Officer, Random House Inc., a publishing company	May 1996 - Present
		Executive Vice President, Ingram Industries	Dec. 1981 - Mar. 1996
		Chairman and Chief Executive Officer, Ingram Distribution Group Inc.	Dec. 1981 - Dec. 1995
		Chairman, Ingram Micro Holdings Inc.	Apr. 1989 - Oct. 1995
J. Phillip Samper (6)	62	Director	Oct. 1996 - Present
		Chairman and Chief Executive Officer, Cray Research, Inc., a computer products company	May 1995 - Mar. 1996

		President and Chief Executive Officer, Sun Microsystems Computer Company, a division of Sun Microsystems, Inc., a computer products company	Jan. 1994 - Mar. 1995
		Managing Partner, FRN Group, a private investment and consulting firm	Feb. 1991 - Jan. 1994
		President and Chief Executive Officer, Kindercare Learning Centers, Inc., a child care and educational company	May 1990 - Feb. 1991
Joe B. Wyatt (7)	61	Director	Oct. 1996 - Present
		Chancellor, Vanderbilt University	July 1982 - Present

(1) The first position and any other positions not given a separate corporate identification are with the Company.

(2) Jerre L. Stead is a director of Armstrong World Industries, Inc., Autodesk, Inc., and TJ International, Inc.

(3) Martha R. Ingram is the mother of David B. Ingram and John R. Ingram. There are no other family relationships among the above individuals.

(4) Martha R. Ingram is a director of Baxter International Inc., First American Corporation, and Weyerhaeuser Co.

(5) Don H. Davis, Jr. is a director of Sybron International Corporation.

(6) J. Phillip Samper is a director of Armstrong World Industries, Inc., The Interpublic Group of Companies, Inc., Sylvan Learning Systems, Inc., Network Storage Corp., and Scitex Corporation, Ltd.

(7) Joe B. Wyatt is a director of Sonat, Inc. and Reynolds Metals Company.

Board of Directors

The Board of Directors currently consists of Mr. Stead, Mrs. Ingram, and Messrs. John R. Ingram, David B. Ingram, Davis, Pfeffer, Samper, and Wyatt. So long as the Ingram Family Stockholders and their permitted transferees (as defined in the Board Representation Agreement) own in excess of 25,000,000 shares of the outstanding Common Equity, the Board Representation Agreement will provide for the designation of (i) not more than three directors designated by the Ingram Family Stockholders, (ii) one director designated by the Chief Executive Officer of the Company, and (iii) four or five additional directors ("Independent Directors") who are not members of the Ingram family or executive officers or employees of the Company. Directors designated by the Ingram Family Stockholders may include Martha R. Ingram, any of her legal descendants, or any of their respective spouses. See "The Split-Off and the Reorganization--The Reorganization." Mr. Pfeffer is an Independent Director, and Messrs. Davis, Samper, and Wyatt will be Independent Directors. One additional Independent Director may be designated after the closing of the IPO.

Committees. The Board Representation Agreement provides for the formation of certain committees of the Board of Directors. The Bylaws of the Company specifically provide for four committees: an Executive Committee, a Nominating Committee, an Audit Committee, and a Compensation Committee.

The Executive Committee will consist of three directors, one of whom will be a director designated by the Ingram Family Stockholders, one of whom will be the director designated by the Chief Executive Officer of the Company, and one of whom will be an Independent Director. The Executive Committee may approve management decisions requiring the immediate attention of the Board of Directors during the period of time between each regularly scheduled meeting of the Board. The Executive Committee will not have authority to approve any of the following items, all of which require the approval of the Board: (i) any action that would require the approval of the holders of a majority of the stock held by certain of the Ingram Family Stockholders or that would require approval of the holders of a majority of the Common Equity under applicable law or under the Certificate of Incorporation or Bylaws of the Company; (ii) any acquisition with a total aggregate consideration in excess of 2% of the Company's stockholders' equity; (iii) any action outside the ordinary course of business of the Company; or (iv) any other action involving a material shift in policy or business strategy for the Board.

The Nominating Committee will consist of three directors, two of whom will be directors designated by the Ingram Family Stockholders, and one of whom will be the director designated by the Chief Executive Officer of the Company. The function of the Nominating Committee will be to recommend to the full Board of Directors nominees for election as directors of the Company and to elect members of committees of the Board of Directors. The Nominating Committee will name the respective members of an Audit Committee and a Compensation Committee.

The Audit Committee will consist of at least three directors, and a majority of the members of the Audit Committee will be Independent Directors. The functions of the Audit Committee will be to recommend annually

to the Board of Directors the appointment of the independent auditors of the Company, discuss and review in advance the scope and the fees of the annual audit and review the results thereof with the independent auditors, review and approve non-audit services of the independent auditors, review compliance with existing major accounting and financial reporting policies of the Company, review the adequacy of the financial organization of the Company, and review management's procedures and policies relating to the adequacy of the Company's internal accounting controls and compliance with applicable laws relating to accounting practices.

The Compensation Committee will consist of three directors, one of whom will be a director designated by the Ingram Family Stockholders and two of whom will be Independent Directors. The functions of the Compensation Committee will be to review and approve annual salaries, bonuses, and grants of stock options pursuant to the 1996 Plan for all executive officers and key members of the Company's management staff and to review and approve the terms and conditions of all employee benefit plans or changes thereto.

Compensation of Directors. Directors who are not Independent Directors will not receive any additional compensation for serving on the Board of Directors, but will be reimbursed for expenses incurred in attending meetings of the Board of Directors and Committees thereof. Each Independent Director will be granted, at the later of (i) the date his or her service begins and (ii) October 31, 1996, options to purchase 45,000 shares of Common Stock. These options will have an exercise price per share equal to the market price of the Common Stock on the date of grant and will vest in equal installments on the first, second, and third anniversaries of the date of grant. Independent directors will not receive any other compensation for their service, but will be reimbursed for expenses incurred in attending meetings of the Board of Directors and committees thereof.

Executive Compensation

Summary Compensation Table. The following table provides information relating to compensation for the year ended December 30, 1995 for the Company's former Chief Executive Officer and the other four most highly compensated executive officers of the Company (collectively, the "Named Executive Officers") for services rendered by each Named Executive Officer during the year ended December 30, 1995. A portion of this compensation was paid by Ingram Industries and was included as a factor in the determination of intercompany charges paid by the Company to Ingram Industries.

Name and Principal Position(s)	Annual Compensation			Long-Term Compensation Awards ----- Securities Underlying Option/SARs(#) -----	All Other Compensation -----
	year(1)	Salary\$(2)	Bonus\$(3)		
Linwood A. (Chip) Lacy, Jr.(5) Former Chief Executive Officer and Former Chairman of the Board of Directors	1995	\$558,000	\$414,057	--	\$ 28,617
Jeffrey R. Rodek Worldwide President and Chief Operating Officer	1995	392,820	267,089	240,258(6)	163,649
David R. Dukes Vice Chairman of the Company and Chief Executive Officer of Ingram Alliance	1995	260,130	205,611	--	10,607
Sanat K. Dutta Executive Vice President and President, Ingram Micro U.S.	1995	263,500	213,593	--	12,365
John Wm. Winkelhaus, II Executive Vice President and President, Ingram Micro Europe	1995	250,000	130,441	--	124,287

(1) Under rules promulgated by the Securities and Exchange Commission, since the Company was not a reporting company during the three immediately preceding fiscal years, only the information with respect to the most recent completed fiscal year is reported in the Summary Compensation Table.

(2) Includes amounts deferred under qualified and nonqualified defined contribution compensation plans and pretax insurance premium amounts.

(3) Reflects amounts paid in 1996 in respect of the fiscal year ended December 30, 1995.

(4) Includes the following amounts: Mr. Lacy (group term life insurance, \$3,600; employer thrift plan contributions, \$20,625; relocation, \$4,392); Mr. Rodek (group term life insurance, \$1,632; employer thrift plan contributions, \$11,631; relocation, \$150,386); Mr. Dukes (group term life insurance, \$1,152; employer thrift plan contributions, \$9,455); Mr. Dutta (group term life insurance, \$2,784; employer thrift plan contributions, \$9,581); and Mr. Winkelhaus (group term life insurance, \$1,006; employer thrift plan contributions, \$6,211; and expatriate compensatory payments, \$117,070).

- (5) Mr. Lacy was an employee of Ingram Industries at all times during 1995. All amounts shown for Mr. Lacy were paid by Ingram Industries, and a portion of such amounts is reflected in the Company's consolidated statement of income under charges allocated from Ingram Industries.
- (6) Represents options exercisable for 175,000 shares of Ingram Industries common stock, which will be converted into options exercisable for 240,258 shares of Common Stock in connection with the Split-Off.

Stock Option/SAR Grants in Last Fiscal Year. The following table provides information relating to stock options granted to the Named Executive Officers for the year ended December 30, 1995.

Name	Individual Grants(1)				Potential Realizable Value at Assumed Annual Rate of Stock Price Appreciation for Option Term	
	Number of Securities Underlying Options/SARS Granted	% of Total Options/SARS Granted to Employees of the Company in Fiscal Year	Exercise or Base Price (\$/sh)	Expiration Date	5%(\$)	10%(\$)
Linwood A. (Chip) Lacy, Jr.	--	--	--	--	--	--
Jeffrey R. Rodek(2)	240,258	22.95%	\$2.85	1/1/03	\$326,532	\$782,100
David R. Dukes	--	--	--	--	--	--
Sanat K. Dutta	--	--	--	--	--	--
John Wm. Winkelhaus, II	--	--	--	--	--	--

(1) The Company has, since December 30, 1995, granted certain options to purchase Class B Common Stock, including options to purchase 150,000, 35,000, 40,000, and 40,000 shares, respectively, to Messrs. Rodek, Dukes, Dutta, and Winkelhaus. Additionally, options to purchase Common Stock are expected to be granted to certain officers of the Company, including options to purchase 200,000, 150,000, 125,000, and 75,000 shares, respectively, to Messrs. Rodek, Dukes, Dutta, and Winkelhaus, concurrently with the IPO at the initial public offering price set forth on the cover page of this Prospectus. See "--1996 Plan--Options."

(2) Represents options exercisable for 175,000 shares of Ingram Industries common stock, which will be converted into options exercisable for 240,258 shares of Common Stock in connection with the Split-Off. Mr. Rodek's options vest according to the following schedule: 34,324 shares on January 1, 1997, 60,064 shares on January 1, 1998, 60,064 shares on January 1, 1999, 60,064 shares on January 1, 2000, and 25,742 shares on January 1, 2001.

Stock Options/SAR Exercises in Last Fiscal Year and Fiscal Year-End Options/SAR Values. The following table provides information relating to stock options and ISUs exercised by the Named Executive Officers during the year ended December 30, 1995, as well as the number and value of securities underlying unexercised stock options held by the Named Executive Officers as of December 30, 1995.

Name	Shares Acquired on Exercise During 1995(1)(2)	Value Realized \$(3)	Number of Securities Underlying Unexercised Options/SARS at Year End	Value of Unexercised In-the-Money Options/SARS at Year End
			Exercisable/Unexercisable(2)	Exercisable/Unexercisable
Linwood A. (Chip) Lacy, Jr	1,613,158(4)	\$2,917,808	46,875/372,315(5)	\$119,844/\$810,153(5)
Jeffrey R. Rodek	--	--	0/274,580	0/ 214,400
David R. Dukes	--	518,063	30,032/243,861	71,921/ 540,609
Sanat K. Dutta	--	--	0/258,105	0/ 455,656
John Wm. Winkelhaus, II	--	278,600	0/244,376	0/ 450,216

- (1) Excludes Ingram Industries ISUs held by Messrs. Lacy, Dukes, and Winkelhaus that matured in 1995 and were settled in cash.
- (2) Reflects the conversion of shares of Ingram Industries common stock, or options exercisable for shares of Ingram Industries common stock, into shares of Class B Common Stock, or options exercisable for shares of Common Stock, in connection with the Split-Off.
- (3) Includes \$830,408, \$518,063, and \$278,600 paid to Messrs. Lacy, Dukes, and Winkelhaus, respectively, in connection with the settlement of ISUs.
- (4) 1,544,513 of such shares were acquired from the E. Bronson Ingram Charitable 8% Remainder Unitrust and were deemed to be acquired from the Company.

(5) Excludes options exercisable for 12,731/101,121 shares of Ingram Industries common stock with a value of \$44,687/\$302,084.

Pension Plan

None of the Named Executive Officers other than Mr. Lacy participates in the tax-qualified Ingram Retirement Plan and the non-qualified Ingram Supplemental Executive Retirement Plan (the "Retirement Plans") sponsored by Ingram Industries. At the time he left the Company, Mr. Lacy had earned one year of credited service under the Retirement Plans.

Mr. Lacy's benefit from the Retirement Plans will be in the form of a deferred annuity. At age 65, his life only annuities would be \$178.70 per month from the Ingram Retirement Plan and \$539.70 per month from the Ingram Supplemental Executive Retirement Plan. It is anticipated that the Company will establish a qualified plan similar to the Ingram Industries qualified plan. None of the Named Executive Officers will participate in the Company's qualified retirement plan.

Employment Agreements

In August 1996, the Company entered into an agreement with Mr. Stead pursuant to which he agreed to serve as Chief Executive Officer and Chairman of the Board of the Company. The agreement provides for the grant to Mr. Stead of options at the initial public offering price exercisable for 3,600,000 shares of Common Stock. Such options will vest over an extended period, as described below. In lieu of receipt of 200,000 of such options, Mr. Stead may purchase 200,000 shares of Common Stock directly from the Company at the initial public offering price. See "--1996 Plan--Options." Mr. Stead will not receive any salary, bonus, or other cash compensation during the vesting period of such options; however, the Company has agreed to compensate Mr. Stead in a mutually agreeable manner in the event that the initial public offering price exceeds \$14.00. The Company has also agreed to provide Mr. Stead and his spouse with lifetime healthcare coverage, with a lifetime cap of \$2.0 million, as well as certain other perquisites.

In December 1994, the Company entered into an agreement with Mr. Rodek pursuant to which he agreed to serve as President and Chief Operating Officer of the Company and as a member of the Company's Board of Directors. The agreement provides for a base salary, participation in the Company's Executive Incentive Bonus Plan, and participation in the Company's health and benefit programs. Mr. Rodek will receive a severance benefit equal to his annual base salary if the Company terminates his employment without cause prior to January 1, 1998. Mr. Rodek currently serves as Worldwide President and Chief Operating Officer.

In April 1988, the Company entered into an agreement with Mr. Dutta pursuant to which he agreed to serve as Senior Vice President, Operations. The agreement provides for a base salary, participation in the Company's Executive Incentive Bonus Plan, and participation in the Company's health and benefit programs. Mr. Dutta will receive a severance benefit of nine months' base salary if he is terminated without cause or 12 months' base salary if he is involuntarily terminated or has a substantial change in title or reduction of salary within 12 months of a change in control (as defined in the agreement). Mr. Dutta currently serves as Executive Vice President and President, Ingram Micro U.S.

In June 1991, the Company entered into an agreement with Mr. Winkelhaus pursuant to which he agreed to serve as Senior Vice President, Ingram Micro Europe. The agreement provides for a base salary, a housing cost and goods and services differential, participation in the Company's Executive Incentive Bonus Plan, and participation in the Company's health and benefit programs. Mr. Winkelhaus currently serves as Executive Vice President and President, Ingram Micro Europe.

Mr. Lacy resigned as Chairman and Chief Executive Officer of the Company effective May 31, 1996. Pursuant to an agreement (the "Severance Agreement"), Mr. Lacy resigned from all positions with the Company, and resigned from all positions with Ingram Industries and its other subsidiaries, except that Mr. Lacy will remain a director of Ingram Industries until December 31, 1997, unless earlier removed in accordance with the bylaws of Ingram Industries. In addition, Mr. Lacy has agreed to serve as a director of the Company, if so requested by Ingram Industries, until December 31, 1997.

Pursuant to the Severance Agreement, Mr. Lacy has agreed to cooperate with the Company and Ingram Industries in connection with the consummation of the Split-Off and the IPO. Mr. Lacy has also agreed not to use or disclose confidential information relating to the Company. Furthermore, Mr. Lacy has agreed that until November 30, 1998, he will not compete with the Company or solicit for hire any person who was or becomes an employee of the Company between December 1, 1995 and June 1, 1998. Mr. Lacy has also agreed to similar restrictions with respect to the businesses of Ingram Industries and its other subsidiaries.

The Company has agreed to pay Mr. Lacy one year's salary at the level in effect as of the date of his resignation, and has paid Mr. Lacy \$272,000, his earned bonus for the first five months of 1996. In addition, the Severance Agreement provides for the continuation of certain health and life insurance benefits for a period of 12 months from the date thereof. Mr. Lacy will also receive certain payments from Ingram Industries.

The shares of Ingram Industries common stock owned by Mr. Lacy will be converted into shares of Class B Common Stock in connection with the

Split-Off. These shares have been placed in an escrow account, although Mr. Lacy will be permitted to sell such shares, subject to applicable tax and securities laws, provided that the after-tax proceeds of such sales remain in the escrow account. If at any time prior to December 1, 1998, Mr. Lacy breaches the terms and conditions of the Severance Agreement, the Company shall have the right to be reimbursed for its damages from this escrow account. Furthermore, Ingram Industries and the Company may suspend any payments or obligations otherwise owed to Mr. Lacy. If not earlier released due to the death of Mr. Lacy or a Change of Control (as defined therein), fifty percent of the escrow account will be released on June 1, 1998 and the remainder on December 1, 1998.

Key Employee Stock Purchase Plan

As of April 30, 1996, the Board of Directors of the Company adopted, and Ingram Industries, as the sole stockholder of the Company, approved, the Key Employee Stock Purchase Plan (the "Stock Purchase Plan"). The Company has reserved 4,000,000 shares of Class B Common Stock to cover awards under the Stock Purchase Plan.

Employee Offering. In the second quarter of 1996, the Company offered (the "Employee Offering") 2,775,000 shares of its Class B Common Stock, of which 2,510,400 shares were purchased, in reliance upon Regulation D and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), for \$17,572,800, to certain of its officers. Such shares are subject to vesting, certain restrictions on transfer, and repurchase by the Company upon termination of the holder's employment. As of October 31, 1996, 50,000 of such shares have been repurchased by the Company. In order to allow loan financing from a bank of the shares purchased in the Employee Offering, the Company entered into repurchase agreements with such bank, pursuant to which it agreed to repurchase (i) unvested shares at the lower of fair market value and \$7.00 and (ii) vested shares at fair market value, in the event of an employee's default on his or her loan.

Restricted Stock Grants. The Company also made grants pursuant to the Stock Purchase Plan of an aggregate of 107,000 restricted shares of Class B Common Stock to certain officers and employees of the Company, which shares will vest 25% on April 1, 1998 and each year thereafter through 2001. Prior to vesting, such shares are subject to forfeiture to the Company, with no consideration paid to the holder thereof, upon termination of the holder's employment. As of October 31, 1996, 5,000 of such shares have been forfeited to the Company.

1996 Plan

As of April 30, 1996, the Board of Directors of the Company adopted, and Ingram Industries, as the sole stockholder of the Company, approved, the 1996 Equity Incentive Plan (the "1996 Plan"). The Company has amended the 1996 Plan, effective as of October 31, 1996, primarily to increase the number of shares available for grant from 10,000,000 shares to 12,000,000 shares, as well as to change the allowable vesting schedule for options granted under the 1996 Plan and to permit options to be granted to purchase shares of Common Stock in addition to Class B Common Stock. Options granted prior to October 31, 1996 will continue to be governed by the 1996 Plan as in effect prior to the amendment of the 1996 Plan.

The purpose of the 1996 Plan is to attract and retain key personnel and to enhance their interest in the Company's continued success.

The 1996 Plan is administered by the Board of Directors of the Company or a committee appointed thereby (the "Committee"). The Committee has broad discretion, subject to contractual restrictions affecting the Company, as to the specific terms and conditions of each award and any rules applicable thereto, including but not limited to the effect thereon of the death, retirement, or other termination of employment of the participant.

The 1996 Plan permits the granting of (i) stock options that qualify as "Incentive Stock Options" under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), (ii) options other than Incentive Stock Options ("Nonqualified Stock Options"), (iii) SARs granted either alone or in tandem with other awards under the 1996 Plan, (iv) restricted stock and restricted stock units, (v) performance awards, and (vi) other stock-based awards. The Company has reserved 12,000,000 shares of Common Equity (which may be either Common Stock or Class B Common Stock) to cover awards under the 1996 Plan.

The Board of Directors may amend, alter, or terminate the 1996 Plan at any time, provided that stockholder approval generally must be obtained for any change that would require stockholder approval under Rule 16b-3 under the Exchange Act or any other regulatory or tax requirement that the Board deems desirable to comply with or obtain relief under and subject to the requirement that no rights under an outstanding award may be impaired by such action without the consent of the holder thereof. The Committee may amend or modify the terms of any outstanding award but only with the consent of the participant if such amendment would impair his rights. In the event of certain corporate transactions or events affecting the shares or the structure of the Company, the Committee may make certain adjustments as set forth in the 1996 Plan.

The 1996 Plan is not subject to any provision of ERISA and is not qualified under Section 401(a) of the Code.

Options. On June 25, 1996, the Company granted options to

purchase approximately 4,800,000 shares of Class B Common Stock under the 1996 Plan to all full-time employees of the Company who had at such time been continuously employed by the Company since January 1, 1996, as well as to certain employees of the Company, at the director level and above, who began employment with the Company at a later date. The exercise price of these options is \$7.00 per share. These options, which are Incentive Stock Options to the extent permitted under the terms of the 1996 Plan and the Code, will vest as follows: (i) for officers of the Company, in four equal annual installments commencing on April 1, 1998, and (ii) for non-officers, in five equal annual installments commencing on April 1, 1997, in each case subject to continued employment with the Company.

Concurrently with the closing of the IPO, it is expected that the Board of Directors will grant options under the 1996 Plan to purchase approximately 5,200,000 shares of Common Stock to certain executive officers, employees, and Independent Directors of the Company. The exercise price of these options will be equal to the initial public offering price set forth on the cover page of this Prospectus. Of such options, options to purchase 3,400,000 shares will be granted to Mr. Stead pursuant to the employment agreement described above. See "--Employment Agreements." Of the total options being granted to Mr. Stead, options to purchase 200,000 shares will vest immediately, and options to purchase an additional 1,600,000 shares will vest in four equal installments beginning April 1, 1998. The remaining options to purchase an additional 1,600,000 shares granted to Mr. Stead, as well as the options to purchase approximately 1,000,000 shares to be granted to other executive officers and employees of the Company, will vest over a fixed term, subject to continued employment with the Company; however, such options will vest earlier if the Company achieves certain performance criteria. The Company also has granted to the Independent Directors, concurrently with the IPO, options to purchase an aggregate of 180,000 shares of Common Stock at the initial public offering price. See "--Board of Directors --Compensation of Directors." The Company has also granted options to purchase an aggregate of approximately 635,000 shares of Common Stock to certain officers of the Company, in connection with the hiring or promotion of such officers. All of such options have or will have an exercise price equal to the initial public offering price and otherwise have terms similar to those of the options granted in June 1996.

1996 Employee Stock Purchase Plan

The Company intends to make available to its employees the opportunity to purchase shares of Common Stock under its 1996 Employee Stock Purchase Plan (the "ESPP"). The ESPP was adopted by the Board of Directors and stockholders in October 1996. The ESPP is intended to qualify under Section 423 of the Code and permits eligible employees of the Company to purchase Common Stock through payroll deductions, provided that no employee may accrue the right to purchase more than \$25,000 worth of stock under all employee stock purchase plans of the Company in any calendar year. Up to 1,000,000 shares of Common Stock will be initially available for sale under the ESPP. The amount of additional shares of Common Stock that will be made available for sale under the ESPP, if any, has not been determined. The initial offering period will commence on or about November 1, 1996 and will end on the last market trading day on or before December 31, 1998, and the right to purchase shares of Common Stock will accrue in an amount not to exceed \$13,000 per employee during the offering period. The price of Common Stock offered under the initial offer under the ESPP will be 100% of the lower of the fair market value of the Common Stock on the first or last day of the offering period. The price of Common Stock offered under subsequent ESPP offerings, the duration of which will be determined by the Committee, will be from 85% to 100% of the lower of the fair market value of the Common Stock on the first or last day of each offering period, as determined by the Committee. Employees may end their participation in the ESPP at any time during an offering period, and they will be paid their payroll deductions accumulated to date. Participation ends automatically on termination of employment with the Company.

Rights granted under the ESPP are not transferable by a participant other than by will, the laws of descent and distribution, or as otherwise provided under the ESPP.

The Board may amend or terminate the ESPP at any time. The ESPP will terminate in all events on the last business day in October 2006.

Executive Incentive Bonus Plan

All officers of the Company are eligible to participate in the Company's Executive Incentive Bonus Plan (the "Bonus Plan"). Pursuant to the Bonus Plan, officers receive bonus payments based on the Company's meeting or exceeding budgeted results, as well as individual achievement of previously agreed upon goals.

Rollover Plan; Incentive Stock Units

In connection with the Split-Off, Ingram Industries options held by the Company's employees and certain other Ingram Industries options and SARs will be converted to the Options. In addition, holders of approximately 300,000 Ingram Industries ISUs will have the option to exchange a portion of their ISUs for the Options. See "The Plan" and "The Split-Off and the Reorganization--The Split-Off." Upon conversion, assuming all eligible ISUs are exchanged, approximately 11,000,000 Options will be outstanding, with exercise prices ranging from \$0.66 to \$3.32 per share. See "The Split-Off and the Reorganization--The Split-Off." The majority of these options will be fully vested by the year 2000 and expire no later than ten years from the date of grant. These vested options generally become exercisable, if otherwise vested, upon the earlier of (i) nine months after the Split-Off or (ii) a public offering of the shares, in each case subject to the optionee's continued employment with any of the Company, Ingram

Industries, or Ingram Entertainment.

Compensation Committee Interlocks and Insider Participation

The Board of Directors of the Company does not currently maintain a separate compensation committee. Historically, base compensation of officers of the Company, and Mr. Lacy's compensation under the Bonus Plan, has been determined by the Executive Compensation Committee of the Ingram Industries board of directors, which in 1995 consisted of E. Bronson Ingram, until his resignation from the Board in May, and Messrs. Lacy and Pfeffer. Mr. Lacy did not participate in the determination of his compensation. Compensation under the Bonus Plan for all officers of the Company other than Mr. Lacy was determined by the entire Board of Directors of the Company.

CERTAIN TRANSACTIONS

Historically, Ingram Industries has provided certain administrative services to the Company. The Company is allocated a portion of the costs of these administrative services. This allocation totaled \$1.6 million, \$2.4 million, \$3.5 million, and \$3.3 million in 1993, 1994, 1995, and the first three quarters of 1996, respectively. In connection with the Split-Off, the Company will enter into the Transitional Service Agreements with Ingram Industries relating to the continued provision of certain administrative services. The Company believes that the terms of the Transitional Service Agreements will be on a basis as favorable as those that would be obtained from third parties on an arm's length basis. The Transitional Service Agreements generally terminate on December 31, 1996, although payroll services under the Transitional Service Agreements will be provided through December 31, 1997. After such termination, the Company will be required to provide such services internally or find a third-party provider of such services.

Additionally, Ingram Industries has provided a large portion of the debt financing required by the Company in connection with its expansion. As of December 31, 1994, December 30, 1995, and September 28, 1996, \$449.4 million, \$673.8 million, and \$479.7 million, respectively, was outstanding to Ingram Industries. Interest on such debt has been charged based on Ingram Industries' domestic weighted average cost of funds. See Note 6 of Notes to Consolidated Financial Statements. In connection with the Split-Off, the Company will assume Ingram Industries' accounts receivable securitization program in partial satisfaction of amounts due to Ingram Industries. The Company intends to use borrowings under the Credit Facility to repay the remaining intercompany indebtedness to Ingram Industries, which was incurred for general corporate purposes, primarily working capital needs in connection with the expansion of the Company's business. The Company will also use borrowings under the Credit Facility to repay outstanding revolving indebtedness related to amounts drawn by certain of the Company's subsidiaries, as participants in Ingram Industries' existing \$380 million credit facility, which will terminate concurrently with the closing of the IPO. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

The Company leases certain office space near Buffalo, New York from a partnership owned by certain members of the Ingram family. The lease agreement expires January 31, 2013 and requires annual rental payments of approximately \$1.6 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources." The Company currently subleases its facilities in Santa Ana, California and Harrisburg, Pennsylvania from Ingram Industries pursuant to a sublease which expires March 1, 2007. The sublease agreement requires annual rental payments of approximately \$2.1 million. In connection with the Reorganization, the Company intends to acquire ownership of these facilities for an aggregate amount of approximately \$22.6 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources." The Company's lease for its distribution center in Millington, Tennessee is guaranteed by Ingram Industries. This guarantee provides for the release of Ingram Industries' guarantee upon satisfaction by the Company of certain financial requirements specified in the guarantee including consummation of an initial public offering of at least \$300 million. Certain of the Company's other leases are guaranteed by Ingram Industries. The Company anticipates that such guarantees will be released in connection with the Split-Off.

The Company extended a loan during 1995 to one of its senior executive officers. This loan has been repaid in full. The largest aggregate amount outstanding at any time during 1995 was \$450,000. This loan bore interest at the intercompany rate of interest paid by the Company to Ingram Industries.

In connection with the Split-Off, it is expected that agreements relating to board representation and registration rights with respect to Common Stock held by the Ingram Family Stockholders (including shares of Common Stock issued upon conversion of Class B Common Stock) will be entered into by the Company and the Ingram Family Stockholders. See "The Split-Off and the Reorganization."

THE SPLIT-OFF AND THE REORGANIZATION

Immediately prior to the closing of the IPO, Ingram Industries will consummate the Split-Off. The consummation of the Split-Off is a non-waiveable condition to the closing of the IPO. The Company, Ingram Industries, and Ingram Entertainment have also entered into certain agreements to effect the Reorganization. The following is a summary of certain of the

material terms of the Split-Off.

The Split-Off

Immediately prior to the closing of the IPO, it is contemplated that Ingram Industries will consummate an exchange, under an Exchange Agreement (the "Exchange Agreement"), pursuant to which certain existing stockholders of Ingram Industries may exchange a specified number of their shares of Ingram Industries common stock for shares of Class B Common Stock of the Company of equivalent value to the shares of Ingram Industries so exchanged. The exchange of shares of Ingram Industries common stock for shares of Class B Common Stock of the Company, together with those elements of the Reorganization contemplated to occur prior to the closing of the IPO, are referred to herein as the "Split-Off." See "Principal Stockholders." If all eligible stockholders were to exchange all of their shares of Ingram Industries common stock eligible to be exchanged, they would receive 107,251,362 shares of Class B Common Stock. The exchange values were determined by the board of directors of Ingram Industries, which relied in part on an opinion of a financial advisor to the effect that the Split-Off was fair to all involved parties. In the Exchange Agreement, the Company covenants that, during the two-year period following the Split-Off, it will not (i) liquidate, merge, or consolidate with any other person, or sell, exchange, distribute, or dispose of any material asset other than in the ordinary course of business, (ii) with certain limited exceptions, redeem or reacquire any of its capital stock transferred in the Split-Off, (iii) cease to conduct the principal active trade or business conducted by it during the five years immediately preceding the Split-Off, or (iv) otherwise take any actions inconsistent with the facts and representations set forth in the private letter ruling from the U.S. Internal Revenue Service (the "IRS") regarding certain federal income tax consequences of the Reorganization and the Split-Off, in each case unless it first obtains an opinion from recognized tax counsel or a ruling from the IRS that such action will not affect the qualification of the transactions contemplated by the Exchange Agreement for tax-free treatment. All such covenants were necessary to obtain the private letter ruling from the IRS. After the Exchange, Ingram Entertainment will continue to be a wholly-owned subsidiary of Ingram Industries. Although there can be no assurance, it is contemplated that, pursuant to the Exchange Agreement, on or after June 20, 1997, certain remaining stockholders of Ingram Industries will exchange their remaining shares of Ingram Industries common stock for shares of Ingram Entertainment common stock.

Certain outstanding Ingram Industries options and SARs will be converted to, and certain Ingram Industries ISUs may be exchanged for, the Options. The exchange values for these options, SARs, and ISUs are primarily based on the exchange value for the underlying common stock. The option, SAR, and ISU exchange values were determined by the board of directors of Ingram Industries in accordance with the respective plans under which they were issued. If all eligible ISUs are exchanged, the total number of Options outstanding would be exercisable for approximately 11,000,000 shares of Common Stock. See "The Plan" and "Management--Rollover Plan; Incentive Stock Units."

The Company and the Ingram Family Stockholders are expected to enter into the Board Representation Agreement. So long as the Ingram Family Stockholders and their permitted transferees (as defined in the Board Representation Agreement) own in excess of 25,000,000 shares of the outstanding Common Equity, the Board Representation Agreement will provide for the designation of (i) not more than three directors designated by the Ingram Family Stockholders, (ii) one director designated by the Chief Executive Officer of the Company, and (iii) four or five additional Independent Directors (collectively, the "Designated Nominees").

The Ingram Family Stockholders will be required to vote their shares of Common Equity for the election of the Designated Nominees. In addition, certain types of corporate transactions, including transactions involving the potential sale or merger of the Company; the issuance of additional equity, warrants, or options; acquisitions involving aggregate consideration in excess of 10% of the Company's stockholders' equity; any guarantee of indebtedness of an entity other than a subsidiary of the Company exceeding 5% of the Company's stockholders' equity; and the incurrence of indebtedness in a transaction which could reasonably be expected to reduce the Company's investment rating (i) lower than one grade below the rating in effect immediately following the IPO or (ii) below investment grade, may not be entered into without the written approval of at least a majority of the voting power deemed to be held (for purposes of the Board Representation Agreement) by certain of the Ingram Family Stockholders, acting in their sole discretion.

The Board Representation Agreement will terminate on the date on which the Ingram Family Stockholders and their permitted transferees collectively cease to beneficially own at least 25,000,000 shares of the Common Equity of the Company (as such number may be equitably adjusted to reflect stock splits, stock dividends, recapitalization, and other transactions in the capital stock of the Company). All decisions for the Ingram Family Stockholders that are trusts or foundations will be made by the trustees thereof, who in some cases are members of the Ingram family.

The Ingram Family Stockholders and the other stockholders of Ingram Industries who will receive shares of Class B Common Stock in the Split-Off will enter into a registration rights agreement (the "Registration Rights Agreement") which grants the E. Bronson Ingram QTIP Marital Trust (the "QTIP Trust") demand registration rights following the closing of the IPO. Such demand registration rights may be exercised with respect to all or any portion (subject to certain minimum thresholds) of the shares of

Class B Common Stock owned by the QTIP Trust, one or more of the other Ingram Family Stockholders and certain of their permitted transferees on up to three occasions during the 84-month period following the closing of the IPO; provided that the Company shall not be obligated to effect (i) any registration requested by the QTIP Trust unless the QTIP Trust has furnished the Company with an opinion of counsel to the effect that such registration and any subsequent sale will not affect the tax-free nature of the Split-Off or (ii) more than one demand registration during any 12-month period.

The Registration Rights Agreement also grants one demand registration right (subject to certain minimum thresholds) to members of the Ingram family (which may only be exercised during the 84-month period following the closing of the IPO) and one demand registration right to certain minority stockholders of the Company if a change of control of the Company occurs following the closing of the IPO but prior to the second anniversary of the Split-Off Date. The minority stockholders will not be entitled to this registration right if they were offered the opportunity to participate in the change of control transaction.

The Registration Rights Agreement restricts the exercise by any party thereto of a demand registration right, and provides that the Company will not grant any registration rights to any other person that are more favorable than those granted pursuant to the Registration Rights Agreement or that provide for the exercise of demand registration rights sooner than three months following a public offering in which such person was entitled to include its shares, unless the number of shares requested to be included in such public offering exceeded 125% of the number of shares actually included.

In addition, the Registration Rights Agreement provides that the parties thereto shall be entitled to unlimited "piggyback" registration rights in connection with any proposed registration of equity securities by the Company (with certain specified exceptions) during the 84-month period following the completion of the IPO. Employees who received shares in the Employee Offering, and persons who have exercised Options, are bound by the provisions of the Registration Rights Agreement as if such employees were parties thereto, and are entitled to the "piggyback" registration rights provided therein, with respect to the portion of their shares of Class B Common Stock that is no longer subject to restrictions.

The Registration Rights Agreement contains provisions regarding reduction of the size of an offering that has been determined by the underwriters to have exceeded its maximum potential size and contains certain customary provisions, including those relating to holdback arrangements, registration procedures, indemnification, contribution and payment of fees and expenses.

Pursuant to an agreement (the "Thrift Plan Liquidity Agreement") with the Ingram Thrift Plan (the "Thrift Plan"), which will receive 10,007,000 shares of Class B Common Stock in the Split-Off, during the 90-day period following each of (i) the closing of the IPO and (ii) the first anniversary of the closing of the IPO the Company may elect to file a registration statement under the Securities Act covering such number of shares as are required to be sold by the Thrift Plan in order to comply with the requirements of ERISA or are necessary to fund distributions to Thrift Plan participants ("Registrable Securities"). If a registration statement covering the Registrable Securities has not become effective during either such 90-day period, the Thrift Plan may elect to sell any of such Registrable Securities to the Company during the 90-day period thereafter at the then-current fair market value of the Common Stock; provided that the Company's obligation in any fiscal year to purchase shares not required to fund distributions by the Thrift Plan will be limited to the lesser of \$10,000,000 or 3% of the Company's stockholders' equity as of the beginning of such fiscal year. In addition, the Thrift Plan may elect to sell to the Company one time each calendar month, such number of shares as are necessary to fund distributions to Thrift Plan participants, except during such periods when the Company has notified the Thrift Plan of the filing of a registration statement covering Registrable Securities or when such a registration statement is effective. The Company will not be obligated to make any repurchase pursuant to the Thrift Plan Liquidity Agreement if it determines that to do so would adversely affect the tax-free nature of the Split-Off or if such repurchase would be prohibited by a credit facility of the Company. Of the 10,007,000 shares of Class B Common Stock to be received by the Thrift Plan, 9,207,000 shares will be subject to a lock-up agreement in connection with the IPO. See "Shares Eligible for Future Sale."

The Reorganization

The Company is currently a subsidiary of Ingram Industries, a company controlled by the Ingram Family Stockholders. Ingram Industries is engaged in various businesses in addition to that of the Company, including inland marine transportation; the production and transport of specification commercial sand; insurance; and the distribution of books, prerecorded video cassettes, laser discs, video games, and spoken-word audio cassettes. The businesses of the Company, Ingram Industries, and Ingram Entertainment (each, an "Ingram Company") and their respective subsidiaries will be reorganized as described below. In conjunction with the Split-Off, the Company will assume Ingram Industries' accounts receivable securitization program in partial satisfaction of amounts due to Ingram Industries. The Company will repay the remaining intercompany indebtedness with borrowings under the Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Pursuant to a reorganization agreement (the "Reorganization Agreement"), each Ingram Company has agreed to retain or assume, at the time of the Reorganization, certain liabilities and obligations, including the

following: (i) liabilities and obligations incurred by such Ingram Company (other than certain general corporate level liabilities of Ingram Industries) with respect to periods ending on or prior to the closing of the Split-Off, other than liabilities or obligations arising as a result of any intentional act which is tortious or as a result of any illegal act (each, a "Designated Action") committed by (x) a corporate officer of Ingram Industries (except for actions that are believed by such person to be in furtherance of his duties as an officer or employee of the Company, Ingram Entertainment, or their respective subsidiaries, or the other subsidiaries or business operating units of Ingram Industries), (y) any other employee of Ingram Industries whose responsibilities are not primarily associated with the Company, Ingram Entertainment, or their respective subsidiaries, or the other subsidiaries or business operating units of Ingram Industries or (z) an employee (other than general corporate level employees of Ingram Industries) of any other Ingram Company; (ii) liabilities and obligations (other than general corporate level liabilities of Ingram Industries) incurred by any other Ingram Company with respect to periods ending on or prior to the closing of the Split-Off as a result of any Designated Action committed by an employee of any such Ingram Company or certain subsidiaries or business operating units of such Ingram Company; (iii) in the case of Ingram Industries, certain general corporate level liabilities and obligations up to an aggregate of \$100,000 incurred by Ingram Industries with respect to certain periods ending on or prior to the closing of the Split-Off and recorded under Ingram Industries' internal accounting system as "home office" liabilities, to the extent that such liabilities and obligations are extraordinary in nature and arise out of the ordinary course of business and were not accrued on Ingram Industries' year end 1995 balance sheet; (iv) specified liabilities and obligations related to certain asset dispositions and the settlement of certain claims; and (v) liabilities and obligations incurred by such Ingram Company with respect to periods beginning after the closing of the Split-Off. In addition, certain contingent assets or liabilities, as well as fees and costs incurred in connection with the Split-Off, will be shared 23.01% by Ingram Industries, 72.84% by the Company, and 4.15% by Ingram Entertainment. These contingent liabilities include (i) liabilities and obligations arising as a result of any Designated Action committed by a corporate officer of Ingram Industries (except for actions that are believed by such person to be in furtherance of his duties as an officer or employee of the Company, Ingram Entertainment, or their respective subsidiaries or other designated affiliates, or the other subsidiaries or designated affiliates of Ingram Industries), or any other employee of Ingram Industries whose responsibilities are not primarily associated with the Company, Ingram Entertainment, or their respective subsidiaries, or the other subsidiaries or business operating units of Ingram Industries; (ii) certain general corporate level liabilities and obligations, if the aggregate of such liabilities and obligations incurred by Ingram Industries exceeds \$100,000, incurred by Ingram Industries with respect to periods ending on or prior to the closing of the Split-Off and recorded under Ingram Industries' internal accounting system as "home office" liabilities, to the extent that such liabilities and obligations are extraordinary and non-recurring in nature and arise out of the ordinary course of business and were not accrued on Ingram Industries' 1995 balance sheet; (iii) certain liabilities and obligations incurred by Ingram Industries in respect of specified individuals pursuant to certain deferred compensation plans of Ingram Industries; and (iv) assets, liabilities, and obligations arising in connection with certain specified asset dispositions. The Company will not be responsible for any liabilities except to the extent that the Company's share of such liabilities, fees or costs and certain other amounts (net of any contingent assets) exceeds, in the aggregate, \$20,778,000. The Company currently believes that any such liabilities, fees, or costs will be largely offset by other amounts due from Ingram Industries. However, there can be no assurance that further payments, which could be material, will not be required in the future.

Pursuant to the Reorganization Agreement, each Ingram Company will agree to conduct its business, from the date of the Reorganization Agreement until the closing of the Split-Off, in the ordinary course of business consistent with past practice. The Reorganization Agreement provides that at or prior to the closing of the Split-Off, the Company will enter into bank repurchase agreements with respect to securities of the Company received in connection with the Exchange Agreement in exchange for shares of Ingram Industries common stock currently held as collateral for certain loans made to stockholders of Ingram Industries. If securities of Ingram Industries are exchanged for securities of Ingram Entertainment, as contemplated in "-- The Split-Off" above, Ingram Entertainment has agreed to enter into similar agreements with respect to such securities.

Pursuant to the Reorganization Agreement, each Ingram Company has agreed to indemnify each other Ingram Company from any and all damage, loss, liability, and expense incurred as a result of any breach by such party of any covenant or agreement pursuant to the Reorganization Agreement or the failure by such party to perform its obligations with respect to any liability retained or assumed by such party pursuant to the Reorganization Agreement.

The Ingram Companies will also enter into an employee benefits transfer and assumption agreement (the "Employee Benefits Agreement"). The Employee Benefits Agreement provides for the allocation of employee benefit assets and liabilities generally on a pro rata basis in respect of each Ingram Company's current and former employees. Each Ingram Company will indemnify the other parties with respect to such party's benefit-related assumed or retained assets and liabilities.

In connection with the Reorganization, the Ingram Companies will enter into a tax sharing and tax services agreement (the "Tax Sharing Agreement"). Under the Tax Sharing Agreement, the Company agrees that it will be liable for (i) its allocable share of the consolidated federal income tax liability and any consolidated state income tax liability for the year that includes the Split-Off and (ii) generally, 72.84% of any adjustment in excess of reserves already established by Ingram Industries for federal or state income tax liabilities of Ingram Industries, Ingram Entertainment, or the

Company (x) relating to tax periods ending on or prior to the Split-Off or (y) resulting from a failure (other than due to a breach of certain representations or covenants) of either the Split-Off or the subsequent exchange of securities of Ingram Industries for securities of Ingram Entertainment to qualify for tax-free treatment. However, no liability with respect to the subsequent exchange involving Ingram Entertainment will be allocated to the Company if such exchange is not completed in accordance with the provisions of the Exchange Agreement or if the facts and circumstances of such exchange are materially different from those on which the private letter ruling received by Ingram Industries (see "The Split-Off and the Reorganization -- Conditions to the Split-Off") is based, unless a supplemental private letter ruling reasonably satisfactory to the Company addressing such differences is obtained prior to such exchange. Subject to certain consultation rights and certain limited rights on the part of the Company to consent to a settlement, Ingram Industries will have the right to control any audit or proceeding relating to the Company for periods ending prior to the Split-Off. The Company will share in any refunds received in respect of the carryback of any future tax losses or credits it may suffer or receive. In addition, Ingram Industries and Ingram Entertainment have each agreed that, upon the exercise by one of its employees of an option granted in connection with the Split-Off, it will pay the Company an amount equal to the tax benefit, if any, received from any compensation deduction in respect of such exercise. Furthermore, if the Split-Off or the contemplated exchange of Ingram Entertainment common stock fails to qualify for tax-free treatment as a result of a breach by one of the Ingram Companies of specified representations or covenants contained in the Exchange Agreement, any resulting deficiency will be borne by such breaching Ingram Company.

In addition, until 1999, the Company will provide data processing services to Ingram Industries and Ingram Entertainment for a fee to be determined. The Ingram Companies have also entered into the Transitional Service Agreements relating to the continued provision of certain administrative services (including cash management, insurance, employee benefits, and payroll administration). The Transitional Service Agreements are expected to be on terms as favorable as those that would be obtained from third parties on an arm's length basis.

Conditions to the Split-Off

The Split-Off is subject to the satisfaction or waiver of certain conditions including, without limitation, (i) receipt of a private letter ruling from the IRS satisfactory to Ingram Industries and certain of the Ingram Family Stockholders as to the tax-free nature of the Split-Off and a determination by the board of directors of Ingram Industries and each of the Ingram Family Stockholders that nothing has come to their attention that causes them to conclude that significant questions exist as to the validity of the ruling as applied to the Reorganization or the Split-Off; (ii) the absence of any law, judgment, injunction, order or decree which prohibits consummation of the Split-Off; (iii) the effectiveness of certain ancillary agreements; (iv) receipt of required regulatory approvals and third-party consents; (v) consummation of the scheduled refinancing and assumption of debt; and (vi) settlement of intercompany receivables and payables. On October 16, 1996, Ingram Industries received from the IRS a private letter ruling as to the tax-free nature of the Split-Off. The Exchange Agreement may be terminated by the board of directors of Ingram Industries or the holders of a majority of the outstanding shares of Ingram Industries common stock at any time prior to the closing of the Split-Off.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information, as of September 28, 1996, as adjusted for (i) the Split-Off and (ii) the issuance of the Common Stock offered in the IPO as if such transactions had occurred on September 28, 1996, with respect to the beneficial ownership of each class of the Common Equity by (a) each person known by the Company to own beneficially more than five percent of the outstanding shares of either class of the Common Equity; (b) each director; (c) each of the Named Executive Officers; and (d) all executive officers and directors of the Company as a group. See "Management," and "Certain Transactions," and "The Split-Off and the Reorganization."

Name	Class B Common Stock		Common Stock(1)		Common Equity
	Shares Beneficially Owned	Percentage of Class	Shares Beneficially Owned	Percentage of Class	Percentage of Total Voting Power
E. Bronson Ingram QTIP					
Marital Trust(2)(3)	69,099,259	62.9%	--	--	61.8%
Ingram Thrift Plan(2)	10,007,000	9.1	--	--	8.9
David B. Ingram(2)(3)	72,377,210(4)(5)	65.9	8,580(6)(7)	*	64.7
Robin Ingram Patton(2)(3)	71,646,916(4)(5)	65.2	--(7)	--	64.1
Orrin H. Ingram(2)(3)	73,157,670(4)(5)	66.6	68,644(6)(7)	*	65.4
Roy E. Claverie(2)	10,859,083(4)(8)	9.9	150,000(6)(7)	*	9.7
SunTrust Bank, Atlanta(9)	12,115,391	11.0	--	--	10.8
Jerre L. Stead	--	--	400,000(10)	2.0%	*
Jeffrey R. Rodek	285,000	*	--	--	*
David R. Dukes	65,000	*	73,277(6)	*	*
Sanat K. Dutta	85,000	*	37,410(6)	*	*

John Wm. Winkelhaus, II	85,000	*	42,559(6)	*	
Martha R. Ingram(3)	83,740,788(4)(5)	76.3	--(7)	--	74.9
John R. Ingram(3)	71,875,978(4)(5)	65.5	33,633(6)(7)	*	64.3
Philip M. Pfeffer	1,972,476(5)	1.8	21,250(6)	*	1.8
J. Phillip Samper	--	--	--	--	--
Joe B. Wyatt	--	--	193,065(6)	*	*
Don H. Davis, Jr.	--	--	--	--	--
All executive officers and directors as a group (24 persons)(3)(11)	91,067,943(4)(5)	82.9	1,148,537(6)(7)	5.4	81.5
Linwood A. (Chip) Lacy, Jr.	1,390,062	1.3	110,500(6)	*	1.3

(footnotes on following page)

* Less than one percent.

- (1) Excludes each stockholder's beneficial ownership of Class B Common Stock, which may be converted into Class A Common Stock at any time, at the option of the holder. See "Description of Capital Stock."
- (2) The address for the indicated parties is: c/o Ingram Industries Inc., One Belle Meade Place, 4400 Harding Road, Nashville, Tennessee 37205.
- (3) David B. Ingram, Robin Ingram Patton, Orrin H. Ingram, John R. Ingram, and Martha R. Ingram are trustees of the QTIP Trust, and accordingly could each be deemed to be the beneficial owner of the shares held by the QTIP Trust.
- (4) Includes 71,286,290; 71,266,588; 71,286,290; 10,387,004; 71,286,290; 81,702,786; and 83,870,115 shares, for David B. Ingram, Robin Ingram Patton, Orrin H. Ingram, Roy E. Claverie, John R. Ingram, Martha R. Ingram, and all executive officers and directors as a group, respectively, which shares are held by various trusts or foundations of which these individuals are trustees. Such individuals could each be deemed to be the beneficial owner of the shares held by such trusts of which he or she is a trustee.
- (5) Excludes for David B. Ingram 5,132,080 shares held by one or more trusts of which he and/or his children are beneficiaries; for Robin Ingram Patton 2,932,917 shares held by one or more trusts of which she is a beneficiary; for Orrin H. Ingram 1,441,856 shares held by one or more trusts of which he and/or his children are beneficiaries; for John R. Ingram 2,732,815 shares held by one or more trusts of which he and/or his children are beneficiaries; for Mr. Lacy 223,097 shares held by a trust of which his children are beneficiaries; for Mr. Pfeffer 234,348 shares held by his children or one or more trusts of which his children are beneficiaries; and for Mr. Claverie 244,912 shares held by his children or one or more trusts of which he and/or his children are beneficiaries. Each such individual disclaims beneficial ownership as to such shares.
- (6) Represents Options exercisable within 60 days of the date of the table for shares of Common Stock.
- (7) Excludes approximately 250,000 shares of Common Stock that may be purchased by Ingram Industries in the IPO. As principal stockholders of Ingram Industries, the indicated stockholders may be deemed to be beneficial owners of the shares held by Ingram Industries.
- (8) Includes 10,007,000 shares held by the Ingram Thrift Plan. Mr. Claverie may be deemed to be the beneficial owner of such shares, because he is a trustee of the Ingram Thrift Plan.
- (9) The address for SunTrust Bank, Atlanta ("SunTrust") is 25 Park Place, NE, Atlanta, Georgia 30303. All shares are held by SunTrust as trustee for certain individuals. SunTrust and certain of its affiliates may be deemed beneficial owners of such shares; however, SunTrust and such affiliates disclaim any beneficial interest in such shares.
- (10) Includes options to purchase 200,000 shares of Common Stock, which represent the immediately exercisable portion of the options granted to Mr. Stead effective upon the closing of the IPO. See "Management--1996 Plan--Options."
- (11) Excludes shares beneficially owned by Mr. Lacy, the Company's former Chief Executive Officer and former Chairman of the Board of Directors.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 265,000,000 shares of Class A Common Stock, par value \$0.01 per share, of which 20,200,000 shares will be issued and outstanding upon the closing of the IPO (assuming no exercise of the Underwriters' over-allotment option in connection with the IPO), and 135,000,000 shares of Class B Common Stock, par value \$0.01 per share, of which 109,813,762 shares will be issued and outstanding upon the closing of the Split-Off. In addition, the Company's Certificate of Incorporation (the "Certificate of Incorporation") authorizes the issuance by the Company of up to 1,000,000 shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"), on terms determined by the Company's Board of Directors. Additionally, any shares of Common Stock (a maximum of 2,867,374 shares) sold in this offering will be outstanding. The

following description is a summary of the capital stock of the Company and is subject to and qualified in its entirety by reference to the provisions of the Certificate of Incorporation and the Amended and Restated Bylaws (the "Bylaws") of the Company, which are included as exhibits to the Registration Statement of which this Prospectus forms a part.

Common Equity

The shares of Common Stock and Class B Common Stock are identical in all respects, except for voting rights and certain conversion rights, as described below.

Voting Rights. Each share of Common Stock entitles the holder to one vote on each matter submitted to a vote of the Company's stockholders, including the election of directors, and each share of Class B Common Stock entitles the holder to ten votes on each such matter. Except as required by applicable law, holders of the Common Stock and Class B Common Stock vote together as a single class on all matters submitted to a vote of the stockholders of the Company. There is no cumulative voting. See "Risk Factors--Control by Ingram Family Stockholders."

Subject to New York Stock Exchange requirements, for so long as there are any shares of Class B Common Stock outstanding, any action that may be taken at a meeting of the stockholders may be taken by written consent in lieu of a meeting if the Company receives consents signed by stockholders having the minimum number of votes that would be necessary to approve the action at a meeting at which all shares entitled to vote on the matter were present and voted. This could permit certain holders of Class B Common Stock to take action regarding certain matters without providing other stockholders the opportunity to voice dissenting views or raise other matters. The right to take such action by written consent of stockholders will expire at such time as all outstanding shares of Class B Common Stock cease to be outstanding.

Dividends, Distributions and Stock Splits. Holders of Common Stock and Class B Common Stock are entitled to receive dividends at the same rate if, as, and when such dividends are declared by the Board of Directors out of assets legally available therefor after payment of dividends required to be paid on shares of Preferred Stock, if any.

In the case of dividends or distributions payable in Common Stock or Class B Common Stock, only shares of Common Stock will be distributed with respect to the Common Stock and only shares of Class B Common Stock will be distributed with respect to the Class B Common Stock. In the case of dividends or other distributions consisting of other voting shares of the Company, the Company will declare and pay such dividends in two separate classes of such voting securities, identical in all respects, except that the voting rights of each such security paid to the holders of the Common Stock shall be one-tenth of the voting rights of each such security paid to the holders of Class B Common Stock, and such security paid to the holders of Class B Common Stock shall convert into the security paid to the holders of the Common Stock upon the same terms and conditions applicable to the Class B Common Stock. In the case of dividends or other distributions consisting of securities convertible into, or exchangeable for, voting securities of the Company, the Company will provide that such convertible or exchangeable securities and the underlying securities be identical in all respects, except that the voting rights of each security underlying the convertible or exchangeable security paid to the holders of the Common Stock shall be one-tenth of the voting rights of each security underlying the convertible or exchangeable security paid to the holders of Class B Common Stock, and such underlying securities paid to the holders of Class B Common Stock shall convert into the security paid to the holders of the Common Stock upon the same terms and conditions applicable to the Class B Common Stock.

Neither the Common Stock nor the Class B Common Stock may be subdivided or combined in any manner unless the other class is subdivided or combined in the same proportion.

Conversion. The Common Stock has no conversion rights.

The Class B Common Stock is convertible into Common Stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Common Stock for each share of Class B Common Stock converted. Each share of Class B Common Stock will also automatically convert into one share of Common Stock upon the earliest to occur of (i) the fifth anniversary of the closing of the Split-Off; (ii) the sale or transfer of such share of Class B Common Stock (a) by a holder that is a party to the Board Representation Agreement to any person that is not an affiliate, spouse or descendant of such holder, their estates or trusts for their benefit or any other party to the Exchange Agreement or (b) by any other holder, to a holder that is not the spouse or descendant of such holder or their estates or trusts for the benefit thereof; and (iii) the date on which the number of shares of Class B Common Stock then outstanding is less than 25% of the aggregate number of shares of Common Equity then outstanding.

Liquidation. In the event of any dissolution, liquidation, or winding up of the affairs of the Company, whether voluntary or involuntary, after payment of the debts and other liabilities of the Company and making provision for the holders of Preferred Stock, if any, the remaining assets of the Company will be distributed ratably among the holders of the Common Stock and the Class B Common Stock, treated as a single class.

Mergers and Other Business Combinations. Upon a merger, combination, or other similar transaction of the Company in which shares of Common Equity are exchanged for or changed into other stock or securities,

cash and/or any other property, holders of each class of Common Equity will be entitled to receive an equal per share amount of stock, securities, cash, and/or any other property, as the case may be, into which or for which each share of any other class of Common Equity is exchanged or changed; provided that in any transaction in which shares of capital stock are distributed, such shares so exchanged for or changed into may differ as to voting rights and certain conversion rights to the extent and only to the extent that the voting rights and certain conversion rights of Common Stock and Class B Common Stock differ at that time.

Other Provisions. The holders of the Common Stock and Class B Common Stock are not entitled to preemptive rights. There are no redemption provisions or sinking fund provisions applicable to the Common Stock or the Class B Common Stock.

Preferred Stock

The Board of Directors is authorized, subject to any limitations prescribed by the DGCL, or the rules of any quotation system or national securities exchange on which stock of the Company may be quoted or listed, to provide for the issuance of shares of Preferred Stock in one or more series; to establish from time to time the number of shares to be included in each such series; to fix the rights, powers, preferences, and privileges of the shares of each series and any qualifications and restrictions thereon; and, to the extent permitted by the DGCL, to increase or decrease the number of shares of such series, without any further vote or action by the stockholders. Depending upon the terms of the Preferred Stock established by the Board of Directors, any or all series of Preferred Stock could have preference over the Common Stock with respect to dividends and other distributions and upon liquidation of the Company or could have voting or conversion rights that could adversely affect the holders of the outstanding Common Stock. The Company has no present plans to issue any shares of Preferred Stock.

Limitation of Liability; Indemnification

As permitted by the DGCL, the Certificate of Incorporation provides that directors of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the DGCL (which currently provides that such liability may be so limited, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the DGCL, relating to prohibited dividends or distributions or the repurchase or redemption of stock, or (iv) for any transaction from which the director derives an improper personal benefit).

Each person who is or was a party to any action by reason of the fact that such person is or was a director or officer of the Company shall be indemnified and held harmless by the Company to the fullest extent permitted by the DGCL. This right to indemnification also includes the right to have paid by the Company the expenses incurred in connection with any such proceeding in advance of its final disposition, to the fullest extent permitted by the DGCL. In addition, the Company may, by action of the Board of Directors, provide indemnification to such other employees and agents of the Company to such extent as the Board of Directors determines to be appropriate under the DGCL.

As a result of this provision, the Company and its stockholders may be unable to obtain monetary damages from a director for breach of his duty of care. Although stockholders may continue to seek injunctive or other equitable relief for an alleged breach of fiduciary duty by a director, stockholders may not have any effective remedy against the challenged conduct if equitable remedies are unavailable. The Company also reserves the right to purchase and maintain directors' and officers' liability insurance.

Other Certificate of Incorporation and Bylaw Provisions

The Bylaws provide that a majority of the total number of directors shall constitute a quorum for the transaction of business. The Board of Directors may act by unanimous written consent. The Board Representation Agreement contains additional provisions relating to corporate governance. See "The Split-Off and the Reorganization -- The Split-Off."

Annual meetings of stockholders shall be held to elect the Board of Directors and transact such other business as may be properly brought before the meeting. Special meetings of stockholders may be called by the chairman and shall be called by the secretary on the written request of stockholders having 10% of the voting power of the Company. The stockholders may act by written consent in lieu of a meeting of stockholders until such time as all shares of Class B Common Stock cease to be outstanding.

The Certificate of Incorporation may be amended with the approval of the Board of Directors (by the vote required as described above), and for so long as any shares of Class B Common Stock remain outstanding, in addition to any vote required by law, any such amendment also requires the approval of the holders of a majority of the Company's outstanding voting power and a majority of the members of the Board of Directors. However, any amendment to the provisions of the Certificate of Incorporation relating to the Common Equity also requires the consent of a majority of the outstanding voting power held by the Ingram Family Stockholders. The Bylaws may be amended with the approval of three-quarters of the entire Board of Directors or by the holders of 75% of the Company's voting power present and entitled to vote at any annual or special meeting of stockholders at which a quorum is present.

The number of directors which shall constitute the whole Board of Directors shall be fixed by resolution of the Board of Directors. The number of directors shall be eight or nine. The size of the initial Board is fixed at eight members, but may be increased to nine in accordance with the Board Representation Agreement. The vote of a majority of the entire Board is required for all actions of the Board. The directors shall be elected at the annual meeting of the stockholders, except for filling vacancies. Directors may be removed with the approval of the holders of a majority of the Company's voting power present and entitled to vote at a meeting of stockholders. Vacancies and newly created directorships on the Board of Directors resulting from any increase in the number of directors may be filled by a majority of the directors then in office, although less than a quorum, a sole remaining director, or the holders of a majority of the voting power present and entitled to vote at a meeting of stockholders. So long as the Ingram Family Stockholders and their permitted transferees own at least 25,000,000 shares of the Common Equity, the Bylaws will provide for the appointment of the Designated Nominees.

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote generally, shall constitute a quorum for stockholder action at any meeting.

Section 203 of the DGCL

After the IPO, the Company will be subject to Section 203 of the DGCL which, subject to certain exceptions, prohibits a Delaware corporation from engaging in a business combination (as defined therein) with an "interested stockholder" (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of the Company or any person affiliated with such person) for a period of three years following the date that such stockholder became an interested stockholder, unless (i) prior to such date the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation at the time the transaction commenced (excluding for purposes of determining the number of shares outstanding those shares owned (a) by directors who are also officers of the corporation and (b) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (iii) on or subsequent to such date the business combination is approved by the board of directors of the corporation and authorized at a meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the interested stockholder.

Transfer Agent

The transfer agent and registrar for the Common Stock is First Chicago Trust Company of New York.

SHARES ELIGIBLE FOR FUTURE SALE

Upon the closing of the IPO, the Company will have outstanding an aggregate of 20,200,000 shares of Common Stock (23,200,000 shares if the Underwriters' over-allotment option in connection with the IPO is exercised in full), and 109,813,762 shares of Class B Common Stock. Additionally, any shares of Common Stock sold in this offering will be outstanding (a maximum of 2,867,374 shares). Of the total outstanding shares of Common Equity, only the shares of Common Stock sold in the IPO and in this offering will be freely tradable without restriction or further registration under the Securities Act, unless purchased by "affiliates" of the Company, as that term is defined in Rule 144 under the Securities Act (which sales would be subject to certain volume limitations and other restrictions described below).

The remaining shares of Common Equity held by existing stockholders upon completion of the IPO will be "restricted securities" as that term is defined in Rule 144 under the Securities Act. In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned shares for at least two years (including, if the shares are transferred, the holding period of any prior owner except an affiliate) is entitled to sell in "broker's transactions" or to market makers, within any three-month period commencing 90 days after the date of the IPO, a number of shares that does not exceed the greater of (i) 1% of the then outstanding shares of such class of the Common Equity (approximately 1,098,138 shares immediately after the IPO) or (ii) generally, the average weekly trading volume in such class of the Common Stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale, and subject to certain other limitations and restrictions. In addition, a person who is not deemed to have been an affiliate of the Company at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least three years, would be entitled to sell such shares under Rule 144(k) without regard to the volume and other requirements described above. Shares of Common Equity that would otherwise be deemed "restricted securities" could be sold at any time through an effective registration statement relating to such shares of Common Equity.

Of the 109,813,762 shares of Class B Common Stock outstanding as of the closing of the IPO, 2,562,400 shares were acquired in July

1996 pursuant to the Employee Offering and the concurrent grant of restricted stock awards, and 107,251,362 shares will have been acquired pursuant to the Split-Off. Under current law, absent registration or an exemption from registration other than Rule 144, (a) no shares of Class B Common Stock will be eligible for sale as of October 31, 1996; (b) 107,251,362 shares of Class B Common Stock will be eligible for sale two years from the effective date of the Split-Off, and (c) the 2,562,400 shares of Class B Common Stock sold in the Employee Offering in July 1996 (or granted concurrently therewith) and not repurchased or forfeited will be eligible for sale upon the later of (i) July 1998 and (ii) for those shares pledged to secure purchase money loans for such shares, two years after the release of such pledge. In addition, the 2,562,400 shares of Class B Common Stock issued in July 1996 are subject to contractual vesting restrictions, which restrictions begin to lapse in April 1998.

Pursuant to the Registration Rights Agreement, the QTIP Trust, which after the Split-Off will hold 69,099,259 shares of Class B Common Stock, has certain demand registration rights with respect to all or any portion (subject to certain minimum thresholds) of the shares of Class B Common Stock owned by the QTIP Trust, one or more of the other Ingram Family Stockholders and certain of their permitted transferees on up to three occasions during the 84-month period following the closing of the IPO; provided that the Company shall not be obligated to effect (i) any registration requested by the QTIP Trust unless the QTIP Trust has furnished the Company with an opinion of counsel to the effect that such registration and any subsequent sale will not affect the tax-free nature of the Split-Off or (ii) more than one demand registration during any 12-month period. The Registration Rights Agreement also grants one demand registration right (subject to certain minimum thresholds) to members of the Ingram family holding, at the time of the Split-Off, approximately 18,210,000 shares of Class B Common Stock (which may only be exercised within the 84-month period following the closing of the IPO). All holders of such demand registration rights are subject to the lock-up agreements described below, and therefore are restricted from selling any shares during the 180-day period following the date of the Prospectus relating to the IPO. In addition, the Registration Rights Agreement grants one demand registration right to certain minority stockholders of the Company, if a change of control of the Company occurs following the closing of the IPO but prior to the second anniversary of the Split-Off Date. The minority stockholders will not be entitled to this registration right if they were offered the opportunity to participate in the change of control transaction.

In addition, the Registration Rights Agreement provides that the recipients of Class B Common Stock received in the Split-Off will be entitled to unlimited "piggyback" registration rights in connection with any proposed registration of equity securities by the Company (with certain specified exceptions) during the 84-month period following the closing of the IPO. Employees who received shares in the Employee Offering, holders of restricted stock granted at the time of the Employee Offering, and persons who have exercised Rollover Stock Options, are bound by the provisions of the Registration Rights Agreement as if such employees were parties thereto, and are entitled to the "piggyback" registration rights provided therein, with respect to the portion of their shares of Common Equity that is no longer subject to restrictions.

Pursuant to the Thrift Plan Liquidity Agreement, the Thrift Plan has certain rights to require the Company to purchase such shares of Class B Common Stock as are required to be sold by the Thrift Plan in order to comply with the requirements of ERISA or are necessary to fund distributions to Thrift Plan participants, if the Company does not arrange for the registration of such shares. Of the 10,007,000 shares of Class B Common Stock held by the Thrift Plan, 9,207,000 shares will be subject to the lock-up agreements described below.

In addition to the registration statement of which this Prospectus forms a part, the Company expects to file a registration statement on Form S-8 relating to Options held by employees of the Company. See "The Plan--Exercise of Options." The Company also intends to file a registration statement on Form S-8 relating to options granted under the 1996 Plan. Shares registered under such registration statements will, subject to Rule 144 volume limitations applicable to affiliates, be available for sale in the open market, unless such shares are subject to vesting restrictions with the Company or the lock-up agreements described below. Immediately following the closing of the IPO there will be outstanding options (including the Options) exercisable for approximately 21,000,000 shares of Common Equity. Of such options, approximately 2,600,000 Options and 200,000 options granted to Mr. Stead will be exercisable immediately after the closing of the IPO for shares of Common Stock, although shares issuable upon exercise of approximately 1,000,000 of such options will be subject to the lock-up agreements described below. In addition, approximately 1,350,000 Options will become exercisable on or prior to May 1, 1997, although the shares issuable upon exercise of approximately 600,000 of such Options will be subject to the lock-up agreements described below. In addition, on April 1, 1997, options granted to non-officers of the Company pursuant to the 1996 Plan will become exercisable for approximately 700,000 shares of Class B Common Stock, none of which will be subject to the lock-up agreements described below. See "The Plan," "Management--1996 Plan," and "--Rollover Plan; Incentive Stock Units."

The Company and its directors and executive officers, and certain stockholders of the Company, have agreed, subject to certain exceptions, not to offer, sell, contract to sell or otherwise dispose of any Common Stock for a period of 180 days after the date of the Prospectus relating to the IPO without the prior written consent of Morgan Stanley & Co. Incorporated. Morgan Stanley & Co. Incorporated has informed the Company that it has no present intention to consent to any such transactions. Of the 107,251,362 shares of Class B Common Stock to be received in the Split-Off,

all but 3,855,892 shares are subject to such lock-up agreements. Each holder of shares received in the Split-Off, in order to obtain the private letter ruling from the IRS, has represented in the Exchange Agreement that there is no plan or intention by such holder to sell, exchange, transfer by gift or otherwise dispose of any of such holder's Class B Common Stock subsequent to the Split-Off. As described above, all such shares are subject to restrictions on resale under Rule 144, including a two-year holding period. However, 800,000 of such 3,855,892 shares are held by the Thrift Plan, which has the registration rights described above, and therefore such shares may be registered and be eligible for immediate resale under certain limited circumstances. In addition, certain minority stockholders may have demand registration rights under the Registration Rights Agreement upon a change of control, as described above.

Prior to the IPO, there has not been any public market for either class of the Common Equity. No prediction can be made as to the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. Sales of substantial additional amounts of Common Equity in the public market, or the perception that such sales could occur, could adversely affect the prevailing market price of the Common Stock.

LEGAL MATTERS

Certain legal matters with respect to the Common Stock offered in this offering will be passed upon for the Company by Davis Polk & Wardwell, New York, New York.

EXPERTS

The consolidated financial statements as of December 31, 1994 and December 30, 1995 and for each of the three fiscal years in the period ended December 30, 1995 included in this Prospectus have been so included in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

ADDITIONAL INFORMATION

This prospectus applies only to Options and is available from David Finley, Ingram Micro Inc., 1600 East St. Andrew Place, Santa Ana, California 92705 (telephone number: (714) 566-1000) and from Michael Head, Ingram Industries, Inc., 4400 Harding Road, Nashville, Tennessee 37205 (telephone number: (615) 298-8200).

Prior to the IPO, the Company has not been subject to the reporting requirements of the Exchange Act. The Company has filed with the Commission a registration statement on Form S-1 (together with any amendments thereto, the "Registration Statement") under the Securities Act, with respect to the shares of Common Stock being offered in the IPO. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto, certain items of which are omitted as permitted by the Rules and Regulations of the Commission. Statements contained in this Prospectus as to the contents of any contract or other document referred to herein are not necessarily complete, and in each instance in which a copy of such contract or other document has been filed as an exhibit to the Registration Statement, reference is made to such copy and each such statement is qualified in all respects by such reference.

As a result of the IPO, the Company will be subject to the informational requirements of the Exchange Act, and, in accordance therewith, will file reports and other information with the Commission. A copy of the Registration Statement, the exhibits and schedules forming a part thereof and the reports and other information filed by the Company in accordance with the Exchange Act may be inspected without charge at the offices of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at certain regional offices of the Commission located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material may also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of the fees prescribed by the Commission. Such material may also be accessed electronically by means of the Commission's home page on the Internet at <http://www.sec.gov>.

INGRAM MICRO INC.

Rollover Stock Option Plan

SECTION 1. Purpose. The purpose of the Ingram Micro Inc. Rollover Stock Option Plan is to provide for the granting of options to purchase shares of Micro's common stock upon the conversion and cancellation of certain options to purchase shares of, and ISUs and SARs relating to, common stock of Industries as provided in the Conversion Agreement in connection with the split-off pursuant to the Exchange Agreement.

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

"Board" means the Board of Directors of Micro.

"Cause" means commission of acts of dishonesty, disloyalty or acts substantially detrimental to the welfare of Micro, Industries or Entertainment or any of their respective Subsidiaries, as determined by the respective Boards of Directors, or designated committees thereof.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"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 only, is a "non-employee director" within the meaning of Rule 16b-3. Until otherwise determined by the Board, the Compensation Committee designated by the Board shall be the Committee under the Plan. If the Board has not designated a committee to administer the Plan, the term "Committee" shall mean the Board.

"Conversion Agreement" means the Stock Option, SAR and ISU Conversion and Exchange Agreement, dated as of the date of the Closing among the Ingram Companies and the other Persons set forth on the signature pages thereof.

"Employee" means an employee of Micro, Industries or Entertainment or any of their respective Subsidiaries.

"Employer" means a Participant's employer on the date that an Option is granted hereunder to such Participant or any of such Employer's respective parent or subsidiary corporations.

"Entertainment" means Ingram Entertainment Inc.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Agreement" means the Exchange Agreement dated as of September 4, 1996, as amended and restated as of October 17, 1996, among the Ingram Companies and the other Persons set forth on the signature pages thereof.

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

"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. 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.

"First Closing" shall have the meaning ascribed thereto in the Exchange Agreement.

"Incentive Stock Option" means a right to purchase Shares from 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.

"Industries" means Ingram Industries Inc.

"Ingram Company" means each of Micro, Industries and Entertainment and their respective Subsidiaries.

"Ingram Family" means Martha Ingram, her descendants (including any adopted Persons and their descendants) and their respective spouses.

"ISU" shall have the meaning ascribed thereto in the Conversion Agreement.

"Micro" means Ingram Micro Inc.

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

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

"Option Agreement" means the written agreement evidencing an Option in substantially the form attached hereto as Annex 1.

"Participant" means any Employee set forth in Schedule 1 to the Conversion Agreement holding Options, ISUs or SARs outstanding as of the First Closing under any Industries Equity-Based Plan (as defined in the Conversion Agreement) and to the extent applicable, any heirs or legal representatives thereof.

"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 Rollover Stock Option Plan.

"Public Offering" means an underwritten registered public offering of Shares of any class of common stock of Micro.

"Purchase Agreement" means an agreement substantially in the form attached hereto as Annex 2 or Annex 3, as the case may be, to be executed by Micro and a Participant as a condition to the exercise, prior to a Public Offering, by such Participant of any Option granted hereunder.

"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.

"SAR" shall have the meaning ascribed thereto in the Conversion Agreement.

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

"Shares" means shares of the Class A Common Stock, \$.01 par value per share, of Micro, or such other securities of Micro as may be designated by the Committee from time to time pursuant to the provisions of the Plan.

"Subsidiary" means, with respect to Industries, Entertainment or Micro, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by such Person at any time after the First Closing.

SECTION 3. Administration.

(a) Authority of Committee. The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, 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: (i) determine whether, to what extent, and under what circumstances Options may be settled or exercised in cash, Shares, other securities or other property, or suspended and the method or methods by which Options may be settled, exercised or suspended; (ii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other property and other amounts payable with respect to an Option shall be deferred either automatically or at the election of the holder thereof or of the Committee; (iii) interpret and administer the Plan and any instrument or agreement relating to, or Option made under, the Plan; (iv) 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; and (v) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. The Committee shall treat each Participant equally under this Section 3(a) and without regard to whether any such Participant is employed by Micro, Entertainment or Industries or any of their respective parent or subsidiary corporations, as the case may be.

(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 Option 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 any Ingram Company, any Participant, any holder or beneficiary of any Option, any stockholder and any Employee.

SECTION 4. Shares Available for Options.

(a) Shares Available. Subject to adjustment as provided in Section 4(b), the number of Shares with respect to which Options may be granted under the Plan shall be 12,000,000.

(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, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of Shares or other securities of 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 preserve 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 (i) the number of Shares of Micro (or number and kind of other securities or property) with respect to which Options may thereafter be granted, (ii) the number of Shares or other securities of Micro (or number and kind of other securities or property) subject to outstanding Options, and (iii) the exercise price with respect to any Option, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Option; provided, in each case, that except to the extent deemed desirable by the Committee (A) with respect to Options that are intended to qualify as Incentive Stock Options, no such adjustment shall be authorized to the extent that such adjustment would cause the Plan to violate Section 422(b)(1) of the Code and (B) with respect to any Option, no such adjustment shall be authorized to the extent that such authority would be inconsistent with the Plan's meeting the requirements of Section 162(m) of the Code.

(c) Sources of Shares Deliverable Under Options. Any Shares

delivered pursuant to an Option may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

SECTION 5. Eligibility. Participation in the Plan is limited to those Employees who qualify as Participants as of the First Closing.

SECTION 6. Stock Options.

(a) Grant. The Employees to whom Options shall be granted, the number of Shares to be covered by each Option, the option price therefor, the type of Option and the conditions and limitations applicable to the exercise of the Option shall be determined in accordance with the Conversion Agreement, including Schedule 1 thereto. Options will be Incentive Stock Options, Non-Qualified Stock Options or both, as provided in the Conversion Agreement. 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.

(b) Exercise Price. The Committee shall establish the exercise price as provided in Schedule 1 to the Conversion Agreement.

(c) Exercise. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, subject to the Conversion Agreement, specify in the applicable Option Agreement or thereafter. The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal or state securities laws, as it may deem necessary or advisable.

(d) Payment. No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the option price therefor is received by Micro. Such payment may be made in cash, or its equivalent, or, if and to the extent permitted by the Committee, by exchanging Shares owned by the optionee (which are not the subject of any pledge or other security interest), or by a combination of the foregoing, provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to Micro as of the date of such tender is at least equal to such option price.

SECTION 7. Termination or Suspension of Employment. The following provisions shall apply in the event of the Participant's termination of employment unless the Committee shall have provided otherwise, either at the time of the grant of the Option or thereafter.

(a) Nonqualified Stock Options.

(i) Termination of Employment. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if the Participant's employment with the Participant's Employer or any of its Subsidiaries is terminated for any reason other than death, permanent and total disability, retirement or Cause, the Participant's right to exercise any Nonqualified Stock Option shall terminate, and such Option shall expire, on the earlier of (A) the 60th day following such termination of employment or (B) the date such Option would have expired had it not been for the termination of employment. The Participant shall have the right to exercise such Option prior to such expiration to the extent it was exercisable at the date of such termination of employment and has not subsequently been exercised.

(ii) Death, Disability or Retirement. Except as the Committee may at any time otherwise provide or as required to comply with applicable law, if the Participant's employment with the Participant's Employer or any of its Subsidiaries is terminated by reason of death, permanent and total disability, or retirement, the Participant or his successor (if employment is terminated by death) shall have the right to exercise any Nonqualified Stock Option during the one-year period following such termination of employment, to the extent it was exercisable and outstanding at the date of such termination of employment, but in no event shall such option be exercisable later than the date the Option would have expired had it not been for the termination of such employment. The meaning of the terms "permanent and total disability" and "retirement" shall be determined by the Committee.

(iii) Cause. On the date the Participant's employment with the Participant's Employer or any of its Subsidiaries is terminated for Cause, the Participant's right to exercise any Nonqualified Stock Option shall terminate and such Option shall expire.

(iv) Acceleration and Extension of Exercisability. Notwithstanding the foregoing, the Committee may, in its discretion, provide at any time (A) that an Option 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 would have expired had it not been for the termination of the Participant's employment and (B) that an Option may become immediately exercisable when it finds that such acceleration would be in the best interests of Micro.

(b) Incentive Stock Options. Except as otherwise determined by the Committee at the time of grant or otherwise or as required to comply with applicable law, if the Participant's employment with the Participant's Employer or any of its Subsidiaries is terminated for any reason other than for Cause, the Participant shall have the right to exercise any Incentive Stock Option during the 60 days after such termination of employment to the extent it was exercisable at the date of such termination, but in no event later than the date the Option would have expired had it not been for the termination of such employment. If the Participant does not exercise such

Option to the full extent permitted by the preceding sentence, the remaining exercisable portion of such Option automatically will be deemed a Nonqualified Stock Option, and such Option will be exercisable during the period set forth in Section 7(a) of the Plan, provided that in the event that employment is terminated because of death or the Participant dies in such 60-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. On the date the Participant's employment with his Employer or any of its Subsidiaries is terminated for Cause, the Participant's right to exercise any Incentive Stock Option shall terminate and such Option shall expire.

(c) Any time spent by a Participant in the status of "leave without pay" shall be disregarded for purposes of determining the extent to which any Option or portion thereof has vested or otherwise become exercisable or nonforfeitable.

SECTION 8. Amendment and Termination.

(a) Amendments to the Plan. Subject to the provisions of the Conversion Agreement, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement, including for these purposes any approval requirement which is a prerequisite for exemptive relief from Section 16(b) of the Exchange Act, for which or with which the Board deems it necessary or desirable to qualify or comply. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary so as to have the Plan conform with local rules and regulations in any jurisdiction outside the United States.

(b) Amendments to Options. Subject to the provisions of the Conversion Agreement, the Committee may waive any conditions or rights under, amend any terms of, or alter or suspend any Option theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration or suspension that would adversely affect the rights of any Participant or any holder or beneficiary of any Option theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.

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

SECTION 9. General Provisions.

(a) Nontransferability. No Option 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 provided, however, that an Option other than an Incentive Stock Option may be transferable, to the extent set forth in the applicable Option Agreement, (i) if such Option Agreement provisions do not disqualify such Option for exemption under Rule 16b-3 or (ii) if such Option is not intended to qualify for exemption under such rule.

(b) No Rights to Options. Except as provided in the Conversion Agreement or herein, no Employee, Participant or other Person shall have any claim to be granted any Option, and there is no obligation for uniformity of treatment of Employees, Participants, or holders or beneficiaries of Options. The terms and conditions of Options need not be the same with respect to each recipient.

(c) Share Certificates. All certificates for Shares or other securities of Micro or any Subsidiary delivered under the Plan pursuant to any Option 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 Securities and Exchange Commission or any stock exchange upon which such Shares or other securities are then listed and any applicable 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.

(d) Withholding. A Participant may be required to pay to the Participant's Employer and such Employer shall have the right and is hereby authorized to withhold from any payment due or transfer made under any Option or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities or other property) of any applicable withholding taxes in respect of an Option, its exercise, or any payment or transfer under an Option or under the Plan and to take such other action as may be necessary in the opinion of the Employer to satisfy all obligations for the payment of such taxes.

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

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent Micro or any of its Subsidiaries from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted stock and Shares (subject to stockholder approval if such approval is required), and such

arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Option shall not be construed as giving a Participant the right to be retained in the employ of the Participant's Employer or any other Ingram Company. Further, the Participant's Employer may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan or otherwise, unless otherwise expressly provided in the Plan or in any Option Agreement.

(h) Rights as a Stockholder. Subject to the provisions of the applicable Option, no Participant or holder or beneficiary of any Option shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until he or she has become the holder of such Shares.

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

(j) Severability. If any provision of the Plan or any Option is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Option, or would disqualify the Plan or any Option 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 Option, such provision shall be stricken as to such jurisdiction, Person or Option and the remainder of the Plan and any such Option shall remain in full force and effect.

(k) Other Laws. The Committee may refuse to issue or transfer any Shares or other consideration under an Option 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 or entitle Micro to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to 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 Option granted hereunder shall be construed as an offer to sell securities of 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 U.S. federal securities laws and any other laws to which such offer, if made, would be subject.

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

(m) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Option, 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 cancelled, terminated, or otherwise eliminated.

(n) Execution of Purchase Agreement; Disposition of Shares. Prior to a Public Offering, no Shares shall be issued pursuant to the exercise of an Option unless and until a Purchase Agreement shall be executed by Micro and the Participant. Each certificate representing Shares so acquired shall bear an appropriate legend setting forth the restrictions on transfer of such Shares as provided by such Purchase Agreement.

(o) 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.

SECTION 10. Term of the Plan.

(a) Effective Date. The Plan shall be effective as of August 20, 1996, subject to approval by the stockholders of Micro.

(b) Expiration Date. Subject to earlier termination by Micro, the Plan shall expire 90 days after the First Closing. Unless otherwise expressly provided in the Plan or in an applicable Option Agreement, any Option granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust or suspend any such Option or to waive any conditions or rights under any such Option shall, continue after the authority for grant of new Options hereunder has been exhausted or terminated.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

An itemized statement of the estimated amount of the expenses, other than underwriting discounts and commissions, incurred and to be incurred in connection with the issuance and distribution of the securities registered pursuant to this Registration Statement is as follows:

Securities and Exchange Commission registration fee....	\$1,423
NYSE listing fee.....	10,036
Printing and engraving expenses.....	5,000
Accounting fees and expenses.....	10,000
Legal fees and expenses.....	25,000
Transfer Agent fees and expenses.....	5,000
Miscellaneous.....	3,541

Total.....	\$60,000
	=====

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law (the "DGCL") provides, in effect, that any person made a party to any action by reason of the fact that he is or was a director, officer, employee or agent of the Company may and, in certain cases, must be indemnified by the Company against, in the case of a non-derivative action, judgments, fines, amounts paid in settlement and reasonable expenses (including attorneys' fees) incurred by him as a result of such action, and in the case of a derivative action, against expenses (including attorneys' fees), if in either type of action he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. This indemnification does not apply, in a derivative action, to matters as to which it is adjudged that the director, officer, employee or agent is liable to the Company, unless upon court order it is determined that, despite such adjudication of liability, but in view of all the circumstances of the case, he is fairly and reasonably entitled to indemnity for expenses, and, in a non-derivative action, to any criminal proceeding in which such person had reasonable cause to believe his conduct was unlawful.

Section 102 of the DGCL allows the Company to eliminate or limit the personal liability of a director to the Company or to any of its stockholders for monetary damage for a breach of fiduciary duty as a director, except in the case where the director (i) breaches such person's duty of loyalty to the Company or its stockholders, (ii) fails to act in good faith, engages in intentional misconduct or knowingly violates a law, (iii) authorizes the payment of a dividend or approves a stock purchase or redemption in violation of Section 174 of the DGCL or (iv) obtains an improper personal benefit. Article Tenth of the Company's Certificate of Incorporation includes a provision which eliminates directors' personal liability to the fullest extent permitted under the Delaware General Corporation Law.

Article Tenth of the Company's Certificate of Incorporation provides that the Company shall indemnify any person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, to the fullest extent permitted by Delaware Law. Each such indemnified party shall have the right to be paid by the Company for any expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware Law. Article Tenth of the Company's Certificate of Incorporation also provides that the Company may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the Company to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

As permitted by Delaware Law and the Company's Certificate of Incorporation, the Company maintains insurance covering its directors and officers against certain liabilities incurred by them in their capacities as such, including among other things, certain liabilities under the Securities Act of 1933, as amended.

Item 15. Recent Sales of Unregistered Securities

In the second quarter of 1996, the Company offered 2,775,000 shares of its Class B Common Stock to certain of its employees, of which 2,510,400 shares were purchased for \$17.6 million. The shares were issued without registration under the Securities Act in reliance upon the exemptions from registration afforded by Section 4(2) of the Securities Act, and Regulation D and Regulation S promulgated under the Securities Act. All such shares were issued pursuant to the Company's Key Employee Stock Purchase Plan and are subject to certain restrictions.

Reference is made to "Management--Rollover Plan; Incentive Stock Units" and "The Split-Off and the Reorganization--The Split-Off" regarding shares, and options exercisable for shares, of the Company's Common Equity, to be issued in connection with the Exchange, the purchasers thereof and the consideration therefor. Such issuances will occur without registration under the Securities Act in reliance upon the exemptions from registration afforded by Section 4(2) of the Securities Act and Regulation D promulgated under the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) List of Exhibits.

- 3.01 -- Form of Certificate of Incorporation of the Registrant (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 -- Form of Bylaws of the Registrant (incorporated by reference to Exhibit 3.02 to the IPO S-1)
- 3.03 -- Form of Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.03 to the IPO S-1)
- 4.01 -- Specimen Certificate for the Class A Common Stock, par value \$0.01 per share, of the Registrant (incorporated by reference to Exhibit 4.01 to the IPO S-1)
- 5.01 -- Opinion of Davis Polk & Wardwell
- 10.01 -- Ingram Micro Inc. Executive Incentive Bonus Plan (incorporated by reference to Exhibit 10.01 to the IPO S-1)
- 10.02 -- Ingram Micro Inc. Management Incentive Bonus Plan (incorporated by reference to Exhibit 10.02 to the IPO S-1)
- 10.03 -- Ingram Micro Inc. General Employee Incentive Bonus Plan (incorporated by reference to Exhibit 10.03 to the IPO S-1)
- 10.04 -- Agreement dated as of December 21, 1994 between the Company and Jeffrey R. Rodek (incorporated by reference to Exhibit 10.04 to the IPO S-1)
- 10.05 -- Agreement dated as of April 25, 1988 between the Company and Sanat K. Dutta (incorporated by reference to Exhibit 10.05 to the IPO S-1)
- 10.06 -- Agreement dated as of June 21, 1991 between the Company and John Wm. Winkelhaus, II (incorporated by reference to Exhibit 10.06 to the IPO S-1)
- 10.07 -- Ingram Micro Inc. Rollover Stock Option Plan (incorporated by reference to Exhibit 10.07 to the IPO S-1)
- 10.08 -- Ingram Micro Inc. Key Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.08 to the IPO S-1)
- 10.09 -- Ingram Micro Inc. 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.09 to the IPO S-1)
- 10.10 -- Ingram Micro Inc. Amended and Restated 1996 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to the IPO S-1)
- 10.11 -- Severance Agreement dated as of June 1, 1996 among the Company, Ingram Industries, Linwood A. Lacy, Jr., and NationsBank, N.A., as trustee of the Linwood A. Lacy, Jr. 1996 Irrevocable Trust dated February 1996 (incorporated by reference to Exhibit 10.11 to the IPO S-1)
- 10.12 -- Form of Credit Agreement dated as of October , 1996 among the Company and Ingram European Coordination Center N.V., Ingram Micro Singapore Pte Ltd., and Ingram Micro Inc., as Borrowers and Guarantors, certain financial institutions, as the Lenders, NationsBank of Texas, N.A., as Administrative Agent for the Lenders and The Bank of Nova Scotia as Documentation Agent for the Lenders (incorporated by reference to Exhibit 10.12 to the IPO S-1)
- 10.13 -- Form of Amended and Restated Reorganization Agreement dated as of October 17, 1996 among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.13 to the IPO S-1)
- 10.14 -- Form of Registration Rights Agreement to be dated as of the closing date of the Split-Off among the Company and the persons listed on the signature pages thereof (incorporated by reference to Exhibit 10.14 to the IPO S-1)
- 10.15 -- Form of Board Representation Agreement to be dated as of the closing date of the Split-Off (incorporated by reference to Exhibit 10.15 to the IPO S-1)
- 10.16 -- Form of Thrift Plan Liquidity Agreement to be dated as of the closing date of the Split-Off among the Company and the Ingram Thrift Plan (incorporated by reference to Exhibit 10.16 to the IPO S-1)
- 10.17 -- Form of Tax Sharing and Tax Services Agreement to be dated as of the closing date of the Split-Off among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.17 to the IPO S-1)
- 10.18 -- Form of Master Services Agreement to be dated as of the closing date of the Split-Off among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.18 to the IPO S-1)
- 10.19 -- Form of Employee Benefits Transfer and Assumption Agreement to be dated as of the closing date of the Split-Off among the Company, Ingram Industries, and Ingram Entertainment (incorporated by reference to Exhibit 10.19 to the IPO S-1)
- 10.20 -- Form of Data Center Services Agreement to be dated as of the closing date of the Split-Off among the Company, Ingram Book Company, and Ingram Entertainment Inc. (incorporated by reference to Exhibit 10.20 to the IPO S-1)
- 10.21 -- Form of Amended and Restated Exchange Agreement to be dated as of the closing date of the Split-Off among the Company, Ingram Industries, Ingram Entertainment and the other parties thereto (incorporated by reference to Exhibit 10.21 to the IPO S-1)
- 10.22 -- Agreement dated as of August 26, 1996 between the Company and Jerre L. Stead (incorporated by reference to Exhibit 10.22 to the IPO S-1)
- 10.23 -- Definitions for Ingram Funding Master Trust Agreements (incorporated by reference to Exhibit 10.23 to the IPO S-1)
- 10.24 -- Asset Purchase and Sale Agreement dated as of February 10, 1993 between Ingram Industries and Ingram Funding (incorporated by reference to Exhibit 10.24 to the IPO S-1)
- 10.25 -- Pooling and Servicing Agreement dated as of February 10, 1993 among Ingram Funding, Ingram Industries and Chemical Bank (incorporated by reference to Exhibit 10.25 to the IPO S-1)

- 10.26 -- Amendment No. 1 to the Pooling and Servicing Agreement dated as of February 12, 1993, the Asset Purchase and Sale Agreement dated as of February 12, 1993, and the Liquidity Agreement dated as of February 12, 1993 (incorporated by reference to Exhibit 10.26 to the IPO S-1)
- 10.27 -- Certificate Purchase Agreement dated as of July 23, 1993 (incorporated by reference to Exhibit 10.27 to the IPO S-1)
- 10.28 -- Schedule of Certificate Purchase Agreements (incorporated by reference to Exhibit 10.28 to the IPO S-1)
- 10.29 -- Series 1993-1 Supplement to Ingram Funding Master Trust Pooling and Servicing Agreement dated as of July 23, 1993 (incorporated by reference to Exhibit 10.29 to the IPO S-1)
- 10.30 -- Schedule of Supplements to Ingram Funding Master Trust Pooling and Servicing Agreement dated as of July 23, 1993 (incorporated by reference to Exhibit 10.30 to the IPO S-1)
- 10.31 -- Letter of Credit Reimbursement Agreement dated as of February 10, 1993 (incorporated by reference to Exhibit 10.31 to the IPO S-1)
- 10.32 -- Liquidity Agreement dated as of February 10, 1993 (incorporated by reference to Exhibit 10.32 to the IPO S-1)
- 10.33 -- Amendment No. 2 to the Pooling and Servicing Agreement dated as of February 12, 1993, the Asset Purchase and Sale Agreement dated as of February 12, 1993, and the Liquidity Agreement dated as of February 12, 1993 (incorporated by reference to Exhibit 10.33 to the IPO S-1)
- 10.34 -- Agreement dated as of October 10, 1996 between the Company and Michael J. Grainger (incorporated by reference to Exhibit 10.34 to the IPO S-1)
- 10.35 -- Form of Repurchase Agreement (incorporated by reference to Exhibit 10.35 to the IPO S-1)
- 21.01 -- Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.01 to the IPO S-1)
- 23.01 -- Consent of Price Waterhouse LLP
- 23.02 -- Consent of Davis Polk & Wardwell (included in their opinion filed as Exhibit 5.01)
- 24.01 -- Powers of Attorney of certain officers and directors of the Registrant (see page II-6)
- 27.01 -- Financial Data Schedule (EDGAR version only) (incorporated by reference to Exhibit 27.01 to the IPO S-1)

(b) Financial Statement Schedules

See Schedule II on page S-1. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable or the information is contained in the Consolidated Financial Statements and related notes and therefore have been omitted.

Item 17. Undertakings.

The undersigned registrant hereby undertakes that:

(1) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(2) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(3) For the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Ingram Micro Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Ana, State of California, on this 4th day of November, 1996.

Ingram Micro Inc.

By: /s/ Michael J. Grainger

Name: Michael J. Grainger
Title: Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
<div>* _____ Jerre L. Stead</div>	Chief Executive Officer (Principal Executive Officer); Chairman of the Board	November 4, 1996
<div>/s/ Michael J. Grainger _____ Michael J. Grainger</div>	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 4, 1996
<div>* _____ Martha R. Ingram</div>	Director	November 4, 1996
<div>* _____ John R. Ingram</div>	Director	November 4, 1996
<div>* _____ David B. Ingram</div>	Director	November 4, 1996
<div>* _____ Philip M. Pfeffer</div>	Director	November 4, 1996

* Pursuant to Power of Attorney previously filed with the Commission

<div>/s/ Michael J. Grainger _____ Michael J. Grainger</div>	Attorney-in-Fact	November 4, 1996
--	------------------	------------------

POWER OF ATTORNEY

The Registrant and each person whose signature appears below constitutes and appoints Jerre L. Stead, James E. Anderson, Jr. and Michael J. Grainger, and any agent for service named in this Registration Statement and each of them, his, her, or its true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him, her, or it and in his, her, or its name, place and stead, in any and all capacities, to sign and file (i) any and all amendments (including post-effective amendments) to this Registration Statement, with all exhibits thereto, and other documents in connection therewith, and (ii) a registration statement, and any and all amendments thereto, relating to the offering covered hereby filed pursuant to Rule 462(b) under the Securities Act of 1933, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and things requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he, she, or it might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<div>/s/ Don H. Davis, Jr. _____ Don H. Davis, Jr.</div>	Director	November 4, 1996
<div>/s/ J. Phillip Samper _____ J. Phillip Samper</div>	Director	November 4, 1996
<div>/s/ Joe B. Wyatt _____ Joe B. Wyatt</div>	Director	November 4, 1996

INGRAM MICRO INC.

SCHEDULE II --VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Balance at	Charged to	Balance
------------	------------	---------

Description -----	beginning of year -----	costs and expenses -----	Other(*) -----	Deductions -----	at end of year -----
Allowance for doubtful accounts receivable and sales returns:					
1995.....	\$25,668	\$24,168	\$ 673	\$(19,718)	\$30,791
1994.....	18,594	20,931	(4)	(13,853)	25,668
1993.....	12,928	17,492	2,343	(14,169)	18,594
Inventory Obsolescence:					
1995.....	\$10,706	\$13,199	\$ 207	\$(11,867)	\$12,245
1994.....	9,431	9,410	257	(8,392)	10,706
1993.....	6,076	6,587	121	(3,353)	9,431

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

DAVIS POLK & WARDWELL
450 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017

TEL: 212-450-4000

FAX: 212-450-4800

(212) 450-4343

November 5, 1996

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

Re: Ingram Micro Inc. Registration Statement on Form S-1
(File No. 333-12785)

Ladies and Gentlemen:

We have acted as counsel to Ingram Micro Inc. (the "Company") in connection with the Company's Registration Statement on Form S-1 (the "Registration Statement") (No. 333-12785) filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), for the registration of 2,867,374 shares (the "Shares") of the Company's Class A Common Stock, par value \$0.01 per share (the "Common Stock"), issuable pursuant to the Company's Rollover Stock Option Plan (the "Plan").

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary for the purposes of rendering this opinion.

On the basis of the foregoing and assuming the due execution and delivery of certificates representing the Shares, we are of the opinion that the Shares have been duly authorized and, when and to the extent issued pursuant to the Plan upon receipt by the Company of adequate consideration therefor, will be validly issued, fully paid and non-assessable.

If the Company files an abbreviated registration statement (the "Rule 462(b) Registration Statement"), which incorporates the Registration Statement, to register additional shares of Common Stock (the "Additional Shares") pursuant to Rule 462(b) under the Securities Act, and assuming the due authorization of the Additional Shares by the Company, for purposes of the preceding opinion, any reference therein to the "Shares" shall be deemed to include the Additional Shares.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and if filed, the Rule 462(b) Registration Statement. We also consent to the reference to our name under the caption "Legal Matters" in the Prospectus contained in the Registration Statement, and if filed, the Rule 462(b) Registration Statement.

Very truly yours,

/s/ Davis Polk & Wardwell

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Prospectus constituting part of this Registration Statement on Form S-1 (333-12785) of our report dated February 29, 1996, except as to Note 12 which is dated as of September 9, 1996 and Note 2 which is dated as of October 29, 1996, relating to the financial statements of Ingram Micro Inc., which appears in such Prospectus. We also consent to the application of such report to the Financial Statement Schedules for the three years ended December 30, 1995 listed under Item 16(b) of this Registration Statement when such schedules are read in conjunction with the financial statements referred to in our report. The audits referred to in such report also included these schedules. We also consent to the reference to us under the heading "Experts" in such Prospectus.

Price Waterhouse LLP

Nashville, Tennessee
November 1, 1996