



NASDAQ - NSIT

FOR IMMEDIATE RELEASE
THURSDAY, APRIL 25, 2002, 4PM EST

FIRST QUARTER 2002 EARNINGS RELEASE INSIGHT ENTERPRISES, INC. REPORTS DILUTED EPS OF \$0.28

First Quarter Highlights:

- 27% sequential growth in quarterly diluted EPS from \$0.22 pro forma (a) EPS in Q401
- 3% operating margin in Insight Europe resulting from successful integration of Action
- 12.4% consolidated gross profit margin, up sequentially from 12.2%
- Operating expenses down sequentially from 9.2% of net sales to 8.6%
- 10% growth in Direct Alliance net earnings
- Insight Services Corp. announces partnerships with several leading third-party service providers
- Climbed to #679 on *Fortune Magazine's* "Fortune 1000 List"
- Announced on April 25, 2002 the acquisition of Comark, Inc., North America's largest privately-held technology solutions provider

(a) Pro forma diluted EPS is before charges of \$8.9 million, net of taxes, relating to acquisition integration expenses and the closure of our German operation in Q401. Reported diluted EPS was \$0.01

FINANCIAL SUMMARY TABLE (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended		
	March 31,		
	2002	2001	% change
<u>Insight Enterprises, Inc.</u>			
Net sales	\$527,963	\$557,503	(5%)
Earnings from operations	\$ 19,838	\$ 23,752	(16%)
Net earnings	\$ 12,065	\$ 14,286	(16%)
Basic earnings per share	\$ 0.29	\$ 0.35	(17%)
Diluted earnings per share	\$ 0.28	\$ 0.34	(18%)
Shares used in earnings per share calculation:			
Basic	42,173	41,048	3%
Diluted	43,620	42,251	3%
<u>Insight Direct Worldwide, Inc.</u>			
Net sales	\$502,263	\$531,380	(5%)
Net earnings	\$ 9,561	\$ 12,003	(20%)
<u>Direct Alliance Corporation</u>			
Net sales	\$ 25,700	\$ 26,123	(2%)
Net earnings	\$ 2,504	\$ 2,283	10%

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QUARTERLY OPERATING DATA SUMMARY TABLE

<u>Insight Direct Worldwide, Inc.</u>	Three Months Ended March 31,		
	2002	2001	% change
% of net sales – North America	78%	93%	(22%)*
% of net sales – Europe	22%	7%	221%*
Gross profit %	12.0%	11.1%	.9%
Operating expense %	8.9%	7.3%	1.6%
Direct shipments %	62%	69%	2%**
Direct shipments % – North America	75%	73%	(11%)**
Direct shipments % – Europe	35%	40%	179%**
Number of account executives	1,477	1,791	(18%)
Number of account executives – North America	1,197	1,632	(27%)
Number of account executives – Europe	280	159	76%
Average order size	\$ 926	\$ 1,228	(25%)
Average order size – North America	\$ 1,148	\$ 1,314	(13%)
Average order size – Europe	\$ 558	\$ 621	(10%)
Percent of sales to businesses	97%	97%	(5%)*
Percent unassisted web sales	14.2%	12.5%	7%*
Product Mix:			
Notebooks and PDA's	13%	16%	(21%)*
Desktops and servers	16%	15%	10%*
Software	14%	15%	(7%)*
Storage devices	12%	10%	19%*
Networking and connectivity	9%	9%	(2%)*
Printers	13%	9%	44%*
Monitors and video	7%	7%	(2%)*
Memory and processors	5%	6%	(22%)*
Supplies and accessories	4%	5%	(32%)*
Miscellaneous	7%	8%	(6%)*
<u>Direct Alliance Corporation</u>			
Net sales mix:			
Service fees	86%	83%	2%*
Product sales	0%	0%	0%*
Pass through product sales	14%	17%	(17%)*
Earnings from operations %	15.8%	14.5%	8%
* Based on net sales dollars			
** Based on number of direct shipments			

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Tempe, Arizona – April 25, 2002 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”) today announced net sales and net earnings for the three months ended March 31, 2002. The Company is a holding company with two operating units, Insight Direct Worldwide, Inc. (“Insight”) and Direct Alliance Corporation (“Direct Alliance”).

Insight Enterprises, Inc.

Net sales, from both operating units, for the quarter ended March 31, 2002 decreased 5% to \$528.0 million from \$557.5 million in the same period in 2001. Sequentially, net sales remained relatively flat compared to \$529.9 million for the quarter ended December 31, 2001. Net earnings for the quarter decreased 16% to \$12.1 million from \$14.3 million in the first quarter of 2001. Sequentially, net earnings increased 32% from \$9.2 million (pro forma, before charges of \$8.9 million, net of taxes, relating to acquisition integration expenses and closure of our German operation) in Q4 2001. Diluted earnings per share decreased 18% to \$0.28 for the quarter ended March 31, 2002 compared to \$0.34 in the same period in 2001. Diluted earnings per share increased 27% sequentially from \$0.22 (pro forma, before charges of \$8.9 million, net of taxes, relating to acquisition integration expenses and closure of our German operation) last quarter. Sales from the Company’s global direct marketing subsidiary, Insight, represented 95% of the quarter’s net sales, with the remaining 5% from Direct Alliance, the Company’s global outsourcing provider.

The Company’s effective tax rate for the quarters ended March 31, 2002 and 2001 was 36.6% and 39.7%, respectively. The decrease in the effective tax rate was due primarily to the elimination of losses in Germany, utilization of net operating loss carry-forwards in the United Kingdom, the reduction in amortization of goodwill and a reduction in the Canadian tax rates.

Working capital, as of March 31, 2002, was \$146.1 million, including \$62.0 million in cash and cash equivalents. Annualized inventory turns were 56 times for the first quarter of 2002 compared to 92 times for the first quarter of 2001. The decrease in annualized inventory turns results from a reduction in the percentage of direct shipments in Europe and corresponding increase in inventory balances due to the acquisition of Action in the fourth quarter of 2001.

Insight Direct Worldwide, Inc.

Insight’s net sales and net earnings decreased 5% to \$502.3 million and 20% to \$9.6 million, respectively, compared to net sales of \$531.4 million and net earnings of \$12.0 million in the first quarter of 2001. Sequentially, sales were relatively flat, but net earnings grew an impressive 52% over net earnings (pro forma, before charges of \$8.9 million, net of taxes, relating to acquisition integration expenses and closure of our German operation) of \$6.3 million in the fourth quarter of 2001. “We are extremely pleased with the performance of Insight, both in North America and Europe,” said Timothy A. Crown, CEO. “We have successfully integrated Action into our existing operations as planned and our European team delivered a 3% operating margin, in line with their lofty Q1 2002 goal. Additionally, our North American operation continues to take market share, improve gross margin and control operating expenses, all of which resulted in an impressive bottom line performance for Insight.”

Insight’s strong electronic commerce focus (www.insight.com) resulted in another impressive quarter for unassisted web sales. Unassisted web sales (those sales completed without the assistance of an Insight account executive) represented 14.2%, or \$70.5 million, of Insight’s net sales in the first quarter, up from 12.5%, or \$66.1 million, of Insight’s net sales in the same quarter last year – an increase of 7% in net sales.

Insight’s gross profit as a percentage of net sales was 12.0% in the first quarter of 2002 as compared to 11.1% in the first quarter a year ago and 11.6% in the fourth quarter of 2001. According to Stanley Laybourne, Chief Financial Officer, “The consistent improvement in gross margin over the past two quarters is due primarily to focused internal initiatives to improve product gross margin, offset by some reductions in supplier reimbursements. We are driving the message of profitability and market share throughout the company and the results are starting to show.” Other components of costs of goods sold have remained fairly consistent as a percentage of net sales. As stated in previous releases, Insight does expect its future gross profit percentage to fluctuate depending on factors such as industry-wide pricing pressures, supplier reimbursement programs, pricing/selling strategies and product and services mix.

For Q1 2002, operating expenses were 8.9% of net sales compared to 7.3% in the same quarter in 2001. Operating expenses were 9.4% of net sales (pro forma, before charges of \$17.8 million relating to acquisition integration expenses and closure of our German operation) for the fourth quarter 2001. According to Laybourne, “The decrease is due primarily to the cost cutting initiatives we made in fourth quarter of 2001 and the successful integration of Action. We also experienced a decrease of approximately 0.1% due to goodwill no longer amortized in accordance with the new accounting pronouncement, SFAS No. 142.”

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Direct Alliance Corporation

Direct Alliance posted overall net sales of \$25.7 million in the quarter ended March 31, 2002, a 2% decrease, compared to \$26.1 million in the first quarter of 2001 and a 1% decrease compared to \$26.0 million in the fourth quarter of 2001. Direct Alliance's gross profit remained constant at \$5.4 million for the first quarter of 2002 and 2001 but declined 13% from \$6.2 million in the fourth quarter of 2001. Operating expenses at Direct Alliance decreased 19% to \$1.3 million for the first quarter of 2002 compared to \$1.6 million for the first and fourth quarters of 2001. Operating expenses as a percentage of net sales were 5.1% in Q1 2002 compared to 6.1% in Q1 2001 and 6.2% in Q4 2001. Direct Alliance posted net earnings of \$2.5 million, a 10% increase from \$2.3 million for the first quarter of 2001 and a 14% decrease from \$2.9 million in the fourth quarter of 2001.

As disclosed in a separate press release, the Company acquired Comark, Inc. effective April 25, 2002. Including the effects of this acquisition on a forward-looking basis, the Company expects consolidated net sales for the second quarter of 2002 to be between \$720 million and \$760 million and diluted earnings per share to be between \$0.31 and \$0.35.

The Company will host a corresponding conference call and live Webcast at 5:00 p.m. EST to discuss the quarterly results of operations and the acquisition of Comark, Inc. A live Webcast of the conference call (in listen-only mode) will be available from the Company's corporate website at www.insight.com.

Certain statements in this release may be "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. These forward-looking statements may include projections of matters that affect sales, gross profit, operating expenses or net earnings; projections of capital expenditures; projections of growth; hiring plans; plans for future operations; financing needs or plans; plans relating to our products; and assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking information. Some of the important factors that could cause our actual results to differ materially from those projected in forward-looking statements made by us include, but are not limited to, the following: our ability to integrate Comark successfully, general economic and computer industry conditions, competition, reliance on outsourcing arrangements, past and future acquisitions, international operations, reliance on information systems, reliance on suppliers, changes in supplier reimbursement programs, management of growth, changing methods of distribution, rapid change in product standards, inventory obsolescence, dependence on key personnel and sales or use tax collection. These factors are discussed in greater detail under "Factors That May Affect Future Results And Financial Condition" in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the Securities and Exchange Commission.

About Insight

Insight Enterprises, Inc., a Fortune 1000 company, is a holding company composed of the following operating units: **Insight Direct Worldwide, Inc.** is a leading global direct marketer of computers, hardware and software, offering a broad line of more than 180,000 brand name products primarily to businesses in the United States, Canada, and the United Kingdom. Insight sells its products via a staff of customer-dedicated account executives utilizing proactive outbound telephone-based sales, a customer-focused direct sales force, electronic commerce and electronic marketing and via the Internet. **Direct Alliance Corporation** is a business process outsourcing organization providing marketplace solutions in the areas of direct marketing, direct sales, finance and logistics using state-of-the-art proprietary technology, infrastructure and processes. For additional information about Insight Enterprises, Inc. call (480) 902-1001 in the United States or visit www.insight.com.

CONTACTS: **STANLEY LAYBOURNE**
CHIEF FINANCIAL OFFICER,
SECRETARY AND TREASURER
TEL. 480-350-1142
EMAIL slaybour@insight.com

KAREN MCGINNIS
SENIOR VICE PRESIDENT-
FINANCE
TEL. 480-333-3074
EMAIL kmcginni@insight.com

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INSIGHT ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
 (UNAUDITED)

	For the Three Months Ended March 31,	
	2002	2001
Net sales	\$ 527,963	\$ 557,503
Costs of goods sold	<u>462,393</u>	<u>493,225</u>
Gross profit	65,570	64,278
Operating expenses:		
Selling and administrative expenses	45,732	40,034
Amortization of goodwill	<u>-</u>	<u>492</u>
Earnings from operations	19,838	23,752
Non-operating expenses, net	<u>797</u>	<u>42</u>
Earnings before income taxes	19,041	23,710
Income tax expense	<u>6,976</u>	<u>9,424</u>
Net earnings	<u>\$ 12,065</u>	<u>\$ 14,286</u>
 Earnings per share:		
Basic	<u>\$ 0.29</u>	<u>\$ 0.35</u>
Diluted	<u>\$ 0.28</u>	<u>\$ 0.34</u>
Shares used in per share calculation:		
Basic	<u>42,173</u>	<u>41,048</u>
Diluted	<u>43,620</u>	<u>42,251</u>

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INSIGHT ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	March 31, 2002	December 31, 2001
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,006	\$ 31,868
Accounts receivable, net	307,356	304,680
Inventories, net	32,795	33,754
Prepaid expenses and other current assets	9,069	13,046
Total current assets	411,226	383,348
Property and equipment, net	104,174	105,663
Goodwill, net	106,730	108,731
Other assets	71	670
	\$ 622,201	\$ 598,412
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 2,643	\$ 2,616
Current portion of obligations under capital leases	398	393
Lines of credit	32,737	-
Accounts payable	197,549	180,803
Accrued expenses and other current liabilities	31,782	39,794
Total current liabilities	265,109	223,606
Long-term debt, less current portion	14,312	15,538
Obligations under capital leases, less current portion	589	690
Lines of credit	-	38,524
Stockholders' equity:		
Preferred stock	-	-
Common stock	434	427
Additional paid-in capital	182,599	170,982
Retained earnings	186,353	174,288
Accumulated other comprehensive income – foreign currency translation adjustment	(3,886)	(2,334)
Treasury stock	(23,309)	(23,309)
Total stockholders' equity	342,191	320,054
	\$ 622,201	\$ 598,412

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