



NASDAQ - NSIT

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

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

Second Quarter Highlights:

- 46% growth in consolidated net sales, including Comark
- 13% growth in Insight Direct Worldwide, Inc. net earnings
- 3% growth in Direct Alliance Corporation net earnings
- Effective April 25, 2002, acquired Comark, Inc. ("Comark"), North America's largest privately-held technology solutions provider

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2002	2001	% change	2002	2001	% change
Insight Enterprises, Inc.						
Net sales	\$ 737,065	\$ 504,826	46%	\$1,265,028	\$ 1,062,329	19%
Earnings from operations	\$ 22,623	\$ 19,343*	17%	\$ 42,461	\$ 43,095*	(1%)
Net earnings	\$ 13,143	\$ 11,898*	10%	\$ 25,208	\$ 26,184*	(4%)
Basic earnings per share	\$ 0.29	\$ 0.29*	-	\$ 0.58	\$ 0.63*	(8%)
Diluted earnings per share	\$ 0.28	\$ 0.28*	-	\$ 0.56	\$ 0.62*	(10%)
Shares used in earnings per share calculation:						
Basic	44,924	41,462	8%	43,549	41,255	6%
Diluted	46,363	42,577	9%	44,991	42,414	6%
Insight Direct Worldwide, Inc.						
Net sales	\$ 713,226	\$ 481,649	48%	\$1,215,489	\$ 1,013,029	20%
Net earnings	\$ 10,626	\$ 9,445	13%	\$ 20,187	\$ 21,448	(6%)
Direct Alliance Corporation						
Net sales	\$ 23,839	\$ 23,177	3%	\$ 49,539	\$ 49,300	-
Net earnings	\$ 2,517	\$ 2,453*	3%	\$ 5,021	\$ 4,736*	6%

* Excludes a \$1.4 million (\$830,000, net of taxes) charge, recorded in operating expenses, for the effect of aborted IPO costs related to Direct Alliance Corporation incurred during the three months ended June 30, 2001.

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QUARTERLY OPERATING DATA SUMMARY TABLE

Three Months Ended
June 30,

<u>Insight Direct Worldwide, Inc.</u>	<u>2002</u>	<u>2001</u>	<u>% change</u>
% of net sales – North America	88%	93%	39% *
% of net sales – Europe	12%	7%	177% *
Gross profit %	11.5%	11.0%	0.5%
Operating expense %	8.9%	7.8%	1.1%
Direct shipments %	61%	72%	15% **
Direct shipments % – North America	66%	75%	8% **
Direct shipments % – Europe	42%	50%	103% **
Number of account executives	2,241	1,823	23%
Number of account executives – North America	1,971	1,621	22%
Number of account executives – Europe	270	202	34%
Average order size	\$ 1,263	\$ 1,256	1%
Average order size – North America	\$ 1,438	\$ 1,325	9%
Average order size – Europe	\$ 558	\$ 703	(21%)
Percent of sales to businesses	99%	98%	55% *
Percent unassisted web sales	9.5%	11.3%	23% *
Product Mix:			
Notebooks and PDA's	14%	15%	46% *
Desktops and servers	17%	15%	82% *
Software	16%	17%	44% *
Storage devices	8%	9%	27% *
Networking and connectivity	10%	9%	72% *
Printers	11%	9%	82% *
Monitors and video	7%	7%	56% *
Memory and processors	5%	6%	31% *
Supplies and accessories	5%	5%	53% *
Miscellaneous	7%	8%	34% *
<u>Direct Alliance Corporation</u>			
Net sales mix:			
Service fees	90%	88%	5% *
Pass through product sales	10%	12%	(12%)*
Earnings from operations %	17.2%	17.5% ***	1%

* Based on net sales dollars

** Based on number of direct shipments

*** Earnings from operations excludes a \$1.4 million charge, recorded in operating expenses during the three months ended June 30, 2001, for the effect of aborted IPO costs.

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Tempe, Arizona – July 25, 2002 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”) today announced net sales and net earnings for the three and six months ended June 30, 2002. The Company is a holding company with two operating segments, Insight Direct Worldwide, Inc. (“Insight”) and Direct Alliance Corporation (“Direct Alliance”).

Insight Enterprises, Inc.

Net sales from both operating segments, for the quarter ended June 30, 2002, increased 46% to \$737.1 million from \$504.8 million in the same period in 2001. Net earnings for the quarter increased 10% to \$13.1 million from \$11.9 million in Q2 2001. Diluted earnings per share remained constant at \$0.28 for the quarter ended June 30, 2002 and June 30, 2001. Net earnings and diluted earnings per share for 2001 exclude a charge of \$830,000, net of taxes, for the effect of aborted IPO costs related to Direct Alliance Corporation. Sales from the Company’s global direct marketing segment, Insight, represented 97% of the quarter’s net sales, with the remaining 3% from Direct Alliance, the Company’s global outsourcing segment.

Net sales from both segments, for the six months ended June 30, 2002, increased 19% to \$1,265.0 million from \$1,062.3 million for the six months ended June 30, 2001. Net earnings decreased 4% to \$25.2 million for the six months ended June 30, 2002 from \$26.2 million in Q2 2001. Diluted earnings per share decreased 10% to \$0.56 for the six months ended June 30, 2002 compared to \$0.62 for the six months ended June 30, 2001. Net earnings and diluted earnings per share for 2001 exclude a charge of \$830,000, net of taxes, for the effect of aborted IPO costs related to Direct Alliance Corporation. Sales from Insight represented 96% of net sales, with the remaining 4% from Direct Alliance for the six months ended June 30, 2002.

The Company’s effective tax rate for the quarters ended June 30, 2002 and 2001 was 38.6% and 38.7%, respectively. The effective tax rate was reduced by the elimination of losses in Germany, the elimination of goodwill amortization, and a reduction in Canadian tax rates. This reduction in the effective tax rate was offset by the recognition of tax benefits on foreign operating losses at a lower effective tax rate than that of the United States as well as a higher state tax rate for the recently acquired Comark operations.

Working capital as of June 30, 2002 was \$154.6 million. Annualized inventory turns were 63 times for the second quarter of 2002 compared to 96 times for the second quarter of 2001. The decrease in annualized inventory turns resulted from a reduction in the percentage of direct shipments and corresponding increase in inventory balances due to the acquisition of Comark in the second quarter of 2002 and Action plc (“Action”) in the fourth quarter of 2001.

Insight Direct Worldwide, Inc.

Insight’s net sales and net earnings increased 48% to \$713.2 million and 13% to \$10.6 million, respectively, compared to net sales of \$481.6 million and net earnings of \$9.4 million in the second quarter of 2001. “As discussed in our pre earnings announcement and conference call last week, Insight’s disappointing results stemmed from a 21% decline in net sales in the United Kingdom without an appropriate decrease in operating expenses, resulting in a net operating loss for Insight’s United Kingdom operations,” said Timothy A. Crown, CEO. Net sales in Q2 2002 for Insight’s United Kingdom operations were \$89 million. Mr. Crown added, “However, Insight’s North American operations, which represent the majority of our business, remain healthy and continue to capture market share despite a persistently challenging economy. Additionally, we are extremely excited to now have Comark as part of the Insight group.” Overall net sales for Insight in North America were \$624 million, of which \$235 million was contributed by Comark since its acquisition on April 25, 2002.

Insight’s gross profit as a percentage of net sales was 11.5% in the second quarter of 2002 as compared to 11.0% in the second quarter a year ago. According to Stanley Laybourne, Chief Financial Officer, “The increase in gross margin over prior year is due to focused internal initiatives to improve product gross margin, offset by some reductions in supplier reimbursements. Gross profit percentage decreased from 12% in Q1 2002 due primarily to lower gross margins in the large enterprise sector contributed by the acquisition of Comark, and due to a lower gross profit from our UK operations.” Offsetting this decrease was net revenue reporting of certain software products, which resulted in an increase in gross profit percentage in the second quarter of 2002 of 0.45%. 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 customer, product and services mix.

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For Q2 2002, operating expenses were 8.9% of net sales compared to 7.8% in the same quarter in 2001. Mr. Laybourne added, "The increase from prior year is due primarily to the inclusion of operating expenses for acquired and newly developed entities and a higher operating expense percentage in our United Kingdom operations." Offsetting this increase was a decrease of approximately 0.1% due to goodwill no longer amortized in accordance with the new accounting pronouncement, SFAS No. 142.

Direct Alliance Corporation

Direct Alliance posted overall net sales of \$23.8 million in the quarter ended June 30, 2002, a 3% increase, compared to \$23.2 million in the second quarter of 2001. Service fees increased 4.9% to \$21.3 million for Q2 2002 from \$20.3 million in the same quarter in 2001, while pass through product sales decreased 11.9% from \$2.8 million in Q2 2001 to \$2.5 million in Q2 2002. Direct Alliance's gross profit decreased \$600,000, or 11%, to \$5.0 million for the second quarter of 2002, compared to \$5.6 million for the second quarter of 2001. This decrease was due to: a reduced gross profit percentage generated in a new program for an existing customer; the reclassification of operating expenses allocated to specific projects to cost of goods sold; and reduced gross profit from a closed program. Operating expenses at Direct Alliance decreased 40% to \$900,000 for the second quarter of 2002 compared to \$1.5 million for the second quarter of 2001. Operating expenses as a percentage of net sales were 3.8% in Q2 2002 compared to 6.5%, excluding the effect of the aborted IPO costs, in Q2 2001. The reduction in operating expenses was due to significant cost cutting measures and increases in expenses allocated to specific projects and therefore included in costs of goods sold. Direct Alliance posted net earnings of \$2.5 million for the second quarter of 2002 and 2001.

Guidance

The Company expects consolidated net sales for the third quarter of 2002 to be between \$840 million and \$900 million and diluted earnings per share to be between \$0.23 and \$0.29, excluding non-recurring charges related to the restructuring of Insight's United Kingdom operations. Mr. Crown stated, "Despite declining economic conditions, Insight historically has sustained stable growth and performance, and we strongly believe this is a reliable long-term trend for our business model. We are optimistic that the isolated difficulties we experienced in our United Kingdom operations during Q2 2002 can be overcome by the end of the year. We have excellent people and resources throughout the organization that will help us tap new opportunities for growth, and we remain confident in the future outlook for the Company as a whole."

The Company will host a corresponding conference call and live Webcast at 5:00 p.m. EST to discuss the quarterly results of operations. 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 for 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 and in a timely manner including the conversion to one common information systems platform, general economic and computer industry conditions, competition, integration of past and future acquisitions, 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.

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About Insight

Insight Enterprises, Inc., a *Fortune* 1000 company, is a holding company composed of the following operating segments: **Insight Direct Worldwide, Inc.** is a leading global direct marketer of computers, hardware and software, offering a broad line of more than 200,000 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 June 30,		For the Six months Ended June 30,	
	2002	2001	2002	2001
Net sales	\$ 737,065	\$ 504,826	\$1,265,028	\$ 1,062,329
Costs of goods sold	<u>650,181</u>	<u>446,487</u>	<u>1,112,574</u>	<u>939,712</u>
Gross profit	86,884	58,339	152,454	122,617
Operating expenses:				
Selling and administrative expenses	63,950	38,515	109,682	78,549
Aborted IPO costs	-	1,354	-	1,354
Amortization	<u>311</u>	<u>481</u>	<u>311</u>	<u>973</u>
Earnings from operations	22,623	17,989	42,461	41,741
Non-operating expense (income), net	<u>1,218</u>	<u>(60)</u>	<u>2,015</u>	<u>(18)</u>
Earnings before income taxes	21,405	18,049	40,446	41,759
Income tax expense	<u>8,262</u>	<u>6,981</u>	<u>15,238</u>	<u>16,405</u>
Net earnings	<u>\$ 13,143</u>	<u>\$ 11,068</u>	<u>\$ 25,208</u>	<u>\$ 25,354</u>
 Earnings per share:				
Basic	<u>\$ 0.29</u>	<u>\$ 0.27</u>	<u>\$ 0.58</u>	<u>\$ 0.61</u>
Diluted	<u>\$ 0.28</u>	<u>\$ 0.26</u>	<u>\$ 0.56</u>	<u>\$ 0.60</u>
 Shares used in per share calculation:				
Basic	<u>44,924</u>	<u>41,462</u>	<u>43,549</u>	<u>41,255</u>
Diluted	<u>46,363</u>	<u>42,577</u>	<u>44,991</u>	<u>42,414</u>

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

	June 30, 2002	December 31, 2001
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 31,868
Accounts receivable, net	470,289	296,749
Inventories, net	80,028	33,754
Deferred income taxes and other current assets.....	<u>13,481</u>	<u>13,046</u>
Total current assets.....	563,798	375,417
Property and equipment, net.....	123,198	105,663
Goodwill, net	174,855	108,731
Other assets.....	<u>333</u>	<u>670</u>
	\$ <u>862,184</u>	\$ <u>590,481</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital leases.....	\$ 3,197	\$ 3,009
Lines of credit	83,553	-
Accounts payable	282,764	172,872
Accrued expenses and other current liabilities	<u>39,641</u>	<u>39,794</u>
Total current liabilities	409,155	215,675
Long-term debt and capital leases, less current portion	14,756	16,228
Lines of credit.....	-	38,524
Deferred income taxes.....	1,209	-
Stockholders' equity:		
Preferred stock	-	-
Common stock.....	469	427
Additional paid-in capital.....	255,973	170,982
Retained earnings	199,496	174,288
Accumulated other comprehensive income – foreign currency translation adjustment	4,435	(2,334)
Treasury stock	<u>(23,309)</u>	<u>(23,309)</u>
Total stockholders' equity	<u>437,064</u>	<u>320,054</u>
	\$ <u>862,184</u>	\$ <u>590,481</u>

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