



NASDAQ - NSIT

FOR IMMEDIATE RELEASE
TUESDAY, OCTOBER 24, 2000, 4PM EST

THIRD QUARTER 2000 EARNINGS RELEASE INSIGHT ENTERPRISES, INC. REPORTS 21ST CONSECUTIVE QUARTER OF SEQUENTIAL SALES AND EARNINGS GROWTH

Third Quarter Highlights:

- 48% net sales growth in U.S. core Insight business, up sequentially from 45%
- 229% sales growth in Direct Alliance business (on a service-based to revenue-based adjusted basis)
- 11% sequential growth in consolidated net sales
- 72% increase in consolidated net earnings*
- 65% increase in consolidated diluted earnings per share to \$0.38* per share
- Repurchased 735,550 shares of common stock (post-split adjusted)
- 70% increase in Insight unassisted web sales to 11.5% of net sales
- Annualized inventory turns of 68 times for the quarter
- Increased number of account executives by 172, net, for the quarter to 1,994

FINANCIAL SUMMARY TABLE

(Retroactively reflects 3-for-2 stock split paid on September 18, 2000)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2000	1999	% change	2000	1999	% change
Insight Enterprises, Inc.						
Net sales (000's)	\$ 540,261	\$ 397,074	36%	\$ 1,495,738	\$ 1,100,438	36%
Earnings from operations (adjusted) (000's)	\$ 26,532*	\$ 16,056	65%	\$ 70,073**	\$ 40,576	73%
Net earnings (adjusted) (000's)	\$ 16,172*	\$ 9,390	72%	\$ 42,920**	\$ 24,084	78%
Basic earnings per share (adjusted)	\$ 0.39*	\$ 0.24	63%	\$ 1.06**	\$ 0.63	68%
Diluted earnings per share (adjusted)	\$ 0.38*	\$ 0.23	65%	\$ 1.02**	\$ 0.60	70%
Shares used in adjusted earnings per share calculation (000's):						
Basic	41,001	38,576	6%	40,390	38,394	5%
Diluted	42,850	40,412	6%	42,044	40,115	5%
Insight Direct Worldwide, Inc.						
Net sales (000's)	\$ 502,903	\$ 362,990	39%	\$ 1,413,222	\$ 1,018,255	39%
Net earnings (adjusted) (000's)	\$ 13,676	\$ 7,688	78%	\$ 37,043**	\$ 20,260	83%
Direct Alliance Corporation						
Net sales (000's)	\$ 37,358	\$ 34,084	10%	\$ 82,516	\$ 82,183	0.4%
Net earnings (adjusted) (000's)	\$ 2,033	\$ 1,702	19%	\$ 5,410**	\$ 3,824	41%

* Three months ended September 30, 2000 earnings from operations (adjusted), net earnings (adjusted) and basic/diluted earnings per share (adjusted) include \$750,000 (\$463,000, net of taxes) of proceeds from an insurance claim, which was recorded in selling, general and administrative expenses.

**Nine months ended September 30, 2000 earnings from operations (adjusted), net earnings (adjusted) and basic/diluted earnings per share (adjusted) are before a \$1.1 million (\$685,000, net of taxes) accelerated vesting restricted common stock charge which was recorded in operating expenses.

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QUARTERLY OPERATING DATA SUMMARY TABLE

Three Months Ended
 September 30,

<u>Insight Direct Worldwide, Inc.</u>	<u>2000</u>	<u>1999</u>	<u>% change</u>
% of net sales – North America	94%	90%	46% *
% of net sales – Europe	6%	10%	(23%) *
Gross profit %	11.5%	11.8%	(.3%)
Operating expense %	7.0%	8.2%	(1.2%)
Direct shipments %	67%	58%	25% **
Direct shipments % – North America	72%	73%	25% **
Direct shipments % – Europe	33%	15%	14% **
Number of account executives	1,704	1,153	48%
Number of account executives – North America	1,531	1,018	50%
Number of account executives – Europe	173	135	28%
Average order size	\$ 1,383	\$ 997	39%
Average order size – North America	\$ 1,518	\$ 1,299	17%
Average order size – Europe	\$ 536	\$ 318	69%
Percent of sales to businesses	97%	91%	48% *
Percent unassisted web sales	11.5%	9.4%	70% *
Product Mix:			
Notebooks	20%	16%	78% *
Desktops and servers	18%	18%	39% *
Software	11%	11%	46% *
Networking and connectivity	9%	9%	50% *
Printers	8%	8%	37% *
Memory	7%	8%	31% *
Monitors and video	7%	6%	49% *
Storage devices	5%	7%	2% *
Miscellaneous	15%	17%	36% *
<u>Direct Alliance Corporation</u>			
Program sales:			
Service-based %	64%	39%	78% *
Revenue-based %	36%	61%	(35%) *
Gross profit %	15.3%	15.1%	.2%
Operating expense %	6.8%	6.8%	0%
Number of account executives	290	236	23%
Percent e-commerce orders	45%	49%	71% ***

* Based on net sales dollars

** Based on number of direct shipments

*** Based on number of orders

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Tempe, Arizona – October 24, 2000 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”), a holding company with two operating units, Insight Direct Worldwide, Inc. (“Insight”) and Direct Alliance Corporation (“Direct Alliance”), today announced record sales, net earnings and earnings per share for the three and nine months ended September 30, 2000. This marks the Company’s twenty-first consecutive quarter of sequential sales and net earnings growth.

Insight Enterprises, Inc.

Net sales, from both operating units, for the quarter ended September 30, 2000 increased 36% to \$540 million from \$397 million in the same period in 1999. Net earnings for the quarter increased 72% to \$16.2 million from \$9.4 million in the third quarter of 1999. Diluted earnings per share rose 65% to \$0.38 for the quarter ended September 30, 2000 compared to \$0.23 in the same period in 1999. Sales from the Company’s global direct marketing subsidiary, Insight, represented 93% of the quarter’s net sales, with the remaining 7% from Direct Alliance, the Company’s global outsourcing provider. The Company’s sales initiatives will continue to be supported by the addition of, on average, between 150 and 250 account executives per quarter through the end of the fiscal year.

Net sales, from both operating units, for the nine months ended September 30, 2000 increased 36% to \$1,496 million from \$1,100 million in the same period in 1999. Net earnings, before the effect of a restricted common stock charge, rose 78% to \$42.9 million for the nine months ended September 30, 2000 from \$24.1 million for the nine months ended September 30, 1999. Diluted earnings per share, before the net effect of a restricted common stock charge, rose 70% to \$1.02 for the nine months ended September 30, 2000 compared to \$0.60 in the same period in 1999. Sales from Insight represented 94% of net sales, with the remaining 6% from Direct Alliance for the nine months ended September 30, 2000. Nine month net earnings and earnings per share figures discussed above are shown before the effect of a \$685,000 charge, net of taxes, for early vesting of restricted common stock during the quarter ended June 30, 2000.

Three and nine month net earnings and earnings per share figures discussed above include \$463,000, net of taxes, of proceeds from an insurance claim related to covered expenses attributable to aborted acquisition costs incurred in the fourth quarter of 1999. As previously disclosed, the Company recorded in the fourth quarter of 1999 a nonrecurring charge of \$1.4 million, net of taxes, related to an aborted merger. Included as a reduction of selling, general and administrative expenses in Q3 2000 operating results are insurance proceeds totaling \$750,000, pretax. Excluding these insurance proceeds, net earnings and diluted earnings per share would have been \$15.7 million and \$0.37, respectively. These proceeds are not included in the results of operations of the operating units, Insight and Direct Alliance, as discussed below.

Additionally, all net earnings per share amounts reflect a 3-for-2 stock split effected in the form of a stock dividend paid on September 18, 2000.

The Company’s overall tax rate for the quarter ended September 30, 2000 was 39.7%, compared to 40.7% for the third quarter of 1999 and 39.2% for the second quarter of 2000. The increase in the effective rate from Q2 2000 to Q3 2000 was due to the additional amortization of goodwill resulting from the final PlusNet acquisition contingent payment in the second quarter of 2000. The decrease in the effective rate from Q3 1999 reflects the reduced effect of nonrecognition of tax benefits on foreign operating losses.

Working capital, as of September 30, 2000, was \$149 million, including \$43 million in cash and cash equivalents. Goodwill increased from December 31, 1999 due to the issuance of treasury stock in the amount of \$11.2 million in connection with the final acquisition contingent payment of PlusNet Technologies, Ltd. (“PlusNet”) in the second quarter of 2000. This payment was based upon profitability of PlusNet for the year ended December 31, 1999. Inventory turns were 68 times for the third quarter of 2000 compared to 65 times for the third quarter of 1999.

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Insight Direct Worldwide, Inc.

Insight's net sales and net earnings increased 39% to \$502.9 million and 78% to \$13.7 million, respectively, compared to net sales of \$363.0 million and net earnings of \$7.7 million in the third quarter of 1999. Insight's North American sales for the third quarter represented 94% of its net sales, up from 93% in the second quarter of 2000, with the remaining 6% occurring in Europe. This compares with 90% of net sales in North America and 10% in Europe in the third quarter of 1999. Sales to businesses represented 97% of sales in the third quarter of 2000 compared to 91% in 1999.

"Insight's U.S. core business grew 48% year-over-year, up from 45% last quarter," said Timothy A. Crown, Co-CEO. "We experienced strong demand during the quarter which resulted in increased growth rates in the U.S. market." Crown continued, "Notebooks, which grew 78% year over year, were our fastest growing product category for the quarter, followed by networking and connectivity products (50%), monitors and video (49%) and software products (46%)."

Insight's strong electronic commerce focus (www.insight.com) resulted in another record quarter of unassisted web sales. Unassisted web sales (those sales completed without the assistance of an Insight account executive) represented 11.5%, or \$57.5 million, of Insight's net sales in the third quarter, up from 9.4%, or \$33.8 million, of Insight's net sales in the same quarter last year – an increase of 70% in net sales. According to Crown, "Several e-commerce enhancements were made during the quarter including the introduction of SmartBusiness.Insight.com and the expansion of customer account reporting features."

Insight's gross profit as a percentage of net sales was 11.5% in the third quarter of 2000 as compared to 11.8% in the third quarter a year ago and 11.6% in the second quarter of 2000. According to Stanley Laybourne, Chief Financial Officer, "The decline in gross profit percentage is due to declining product margins while all other components of costs of goods sold, such as supplier reimbursements, freight and discounts, remained constant 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 mix.

Operating expenses at Insight continued to decrease year-over-year as a percentage of net sales. For Q3 2000, operating expenses were 7.0% of net sales compared to 8.2% in the same quarter in 1999. Operating expenses were 7.2% of net sales for the second quarter 2000. According to Laybourne, "The efficiency of Insight's sales and marketing approach to generate sales dollars along with increasing economies of scale have caused a gradual decline in Insight's operating expenses as a percentage of sales." Account executive additions and costs associated with international growth, however, offset these improvements.

Net sales for PlusNet, Insight's 95% owned United Kingdom Internet ("ISP") and applications ("ASP") service provider whose results are included in Insight's numbers, were \$2.3 million for the quarter ended September 30, 2000 compared to net sales of \$2.0 million in the same period of 1999. During the third quarter of 2000, PlusNet incurred a net loss of (\$190,000) compared to a net profit of \$576,000 in Q3 1999. According to Crown, "PlusNet continues to reinvest in its ASP operations." Crown continued, "We are continuing to actively pursue a sale of PlusNet and are optimistic that a transaction could occur before year end if the market value for potential purchasers remains stable."

Direct Alliance Corporation

Direct Alliance posted overall net sales of \$37.4 million in the quarter ended September 30, 2000, a 10% increase, compared to \$34.1 million in the third quarter of 1999. According to Tony Smith, President of Direct Alliance, "The overall sales growth at Direct Alliance is not indicative of its true growth due to its historical mix of outsourcing arrangements – that is, Direct Alliance has more service-based programs and less revenue-based programs as compared to a year ago." As a result of Direct Alliance's strategic emphasis on service-based programs as opposed to revenue-based programs, 64% of Direct Alliance's net sales were from service-based programs in Q3 2000 compared to 39% a year ago. According to Smith, "The true growth of Direct Alliance continues to be spectacular. If net sales had been recognized for all programs as if they were revenue-based programs, net sales growth quarter over quarter would have been 229%."

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Direct Alliance Corporation (continued)

Direct Alliance's gross profit percentage was 15.3% in the third quarter of 2000 compared to 15.1% in the third quarter a year ago and 17.3% in the second quarter of 2000. According to Laybourne, "The decline in gross profit percentage in Q3 2000 from Q2 2000 is due to a Q3 revenue-based seasonal outsourcing program which sells lower gross profit products." Operating expenses at Direct Alliance were 6.8% for Q3 2000 and Q3 1999 compared to 7.3% in Q2 2000. The sequential decrease was again due to the seasonal revenue-based program. Net earnings increased 19% to \$2.0 million in the third quarter of 2000 compared to \$1.7 million in 1999. Direct Alliance ended the quarter with 290 account executives, adding a net of 54 since September 30, 1999.

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 the Company's 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 the Company's actual results to differ materially from those projected in forward-looking statements made by the Company include, but are not limited to, the following: fluctuations in operating results, intense competition, reliance on outsourcing arrangements, mix of outsourcing arrangements, past and future acquisitions, international operations, risk of business interruption, management of rapid growth, need for additional financing, changing methods of distribution, reliance on suppliers, changes in supplier reimbursement programs, rapid change in product standards, inventory obsolescence, dependence on key personnel, sales and income tax uncertainty and increasing marketing, postage and shipping costs. 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, 1999, as filed with the Securities and Exchange Commission.

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 110,000 brand name products primarily to businesses in the United States, Canada, the United Kingdom and Germany. Insight sells products via the Internet and by a staff of customer-dedicated account executives utilizing proactive outbound telephone-based sales, electronic commerce and electronic marketing. **PlusNet Technologies, Ltd.**, a 95% owned subsidiary of Insight Direct Worldwide, Inc., is an Internet ("ISP") and applications ("ASP") service provider providing Internet access and value-added Internet services within the United Kingdom to residential, small- and medium-sized business and corporate customers. **Direct Alliance Corporation** is a leading global outsourcing services provider of direct and web marketing, sales and transactional management services for traditional and e-commerce companies. Direct Alliance Corporation creates custom solutions that deliver enhanced sales growth and cost effective integrated operations for businesses that want to sell directly to the end user. For additional Company information, call (480) 902-1001 in the United States or visit www.insight.com, www.plus.net or www.direct-alliance.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 September 30,		For the Nine Months Ended September 30,	
	2000	1999	2000	1999
Net sales	\$ 540,261	\$ 397,074	\$ 1,495,738	\$ 1,100,438
Costs of goods sold	<u>476,548</u>	<u>349,127</u>	<u>1,318,656</u>	<u>970,361</u>
Gross profit	63,713	47,947	177,082	130,077
Operating expenses:				
Selling, general and administrative expenses	36,688	31,585	105,851	88,584
Restricted stock charge	-	-	1,127	-
Amortization of goodwill	<u>493</u>	<u>306</u>	<u>1,158</u>	<u>917</u>
Earnings from operations	26,532	16,056	68,946	40,576
Non-operating (income) expenses, net	<u>(277)</u>	<u>218</u>	<u>(915)</u>	<u>681</u>
Earnings before income taxes	26,809	15,838	69,861	39,895
Income tax expense	<u>10,637</u>	<u>6,448</u>	<u>27,626</u>	<u>15,811</u>
Net earnings	<u>\$ 16,172</u>	<u>\$ 9,390</u>	<u>\$ 42,235</u>	<u>\$ 24,084</u>
Earnings per share*:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.24</u>	<u>\$ 1.05</u>	<u>\$ 0.63</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.23</u>	<u>\$ 1.00</u>	<u>\$ 0.60</u>
Shares used in per share calculation*:				
Basic	<u>41,001</u>	<u>38,576</u>	<u>40,390</u>	<u>38,394</u>
Diluted	<u>42,850</u>	<u>40,412</u>	<u>42,044</u>	<u>40,115</u>

* Retroactively reflects 3-for-2 stock split effected in the form of a stock dividend paid on September 18, 2000.

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

	September 30,	December 31,
	2000	1999
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,602	\$ 66,675
Accounts receivable, net.....	299,798	200,910
Inventories, net.....	23,724	18,928
Prepaid expenses and other current assets	<u>6,752</u>	<u>6,800</u>
Total current assets	372,876	293,313
Property and equipment, net.....	75,389	56,436
Goodwill, net	34,908	25,285
Other assets.....	<u>2,483</u>	<u>348</u>
	\$ <u>485,656</u>	\$ <u>375,382</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt.....	\$ 634	\$ 638
Current portion of obligations under capital leases	366	260
Accounts payable.....	210,118	135,201
Accrued expenses and other current liabilities	<u>13,162</u>	<u>15,687</u>
Total current liabilities.....	224,280	151,786
Long-term debt, less current portion.....	13,307	13,798
Obligations under capital leases, less current portion.....	1,177	1,034
Stockholders' equity:		
Preferred stock	-	-
Common stock	414	268
Additional paid-in capital.....	146,960	125,923
Retained earnings	125,964	83,729
Accumulated other comprehensive income – foreign currency translation adjustment.....	(4,145)	(1,156)
Treasury stock.....	<u>(22,301)</u>	<u>-</u>
Total stockholders' equity.....	<u>246,892</u>	<u>208,764</u>
	\$ <u>485,656</u>	\$ <u>375,382</u>

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