



NASDAQ - NSIT

FOR IMMEDIATE RELEASE
TUESDAY, JANUARY 30, 2001, 4PM EST

FOURTH QUARTER AND YEAR END 2000 EARNINGS RELEASE
INSIGHT ENTERPRISES, INC. REPORTS
22ND CONSECUTIVE QUARTER OF SEQUENTIAL SALES GROWTH

Fourth Quarter and Year End Highlights:

- 30% and 34% year-over-year growth in consolidated net sales for Q4 and year-end 2000, respectively
- 38% and 45% year-over-year net sales growth in U.S. core Insight business for Q4 and year-end 2000, respectively
- 234% year-over-year sales growth in Direct Alliance business for 2000 (if all sales were accounted for as if they were from product based programs)
- 71% increase in consolidated net earnings^{a,b,c} in 2000
- 52% increase in quarterly consolidated diluted earnings per share to \$0.35^{a,b} per share
- 58% increase in Insight unassisted web sales to 12.4% of net sales for the quarter
- Annualized inventory turns of 78 times for the quarter and 74 times for the year
- Repurchased 1,399,225 shares of common stock during 2000
- Named #13 on *Forbes* "Platinum 400 Ranking"

FINANCIAL SUMMARY TABLE

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

	Three Months Ended December 31,			Year Ended December 31,		
	2000	1999	% change	2000	1999	% change
Insight Enterprises, Inc.						
Net sales (000's)	\$ 545,348	\$ 417,931	30%	\$ 2,041,086	\$ 1,518,369	34%
Earnings from operations (adjusted) (000's)	\$ 24,032 ^a	\$ 16,645 ^b	44%	\$ 94,105 ^{a,c}	\$ 57,221 ^b	64%
Net earnings (adjusted) (000's)	\$ 14,437 ^a	\$ 9,503 ^b	52%	\$ 57,352 ^{a,c}	\$ 33,587 ^b	71%
Basic earnings per share (adjusted)	\$ 0.35 ^a	\$ 0.24 ^b	46%	\$ 1.42 ^{a,c}	\$ 0.87 ^b	63%
Diluted earnings per share (adjusted)	\$ 0.35 ^a	\$ 0.23 ^b	52%	\$ 1.37 ^{a,c}	\$ 0.83 ^b	65%
Shares used in adjusted earnings per share calculation (000's):						
Basic	40,674	39,544	3%	40,461	38,681	5%
Diluted	41,661	41,286	1%	41,948	40,407	4%
Insight Direct Worldwide, Inc.						
Net sales (000's)	\$ 516,957	\$ 396,304	30%	\$ 1,930,179	\$ 1,414,559	36%
Net earnings (adjusted) (000's)	\$ 11,604	\$ 9,328	24%	\$ 48,647 ^c	\$ 29,588	64%
Direct Alliance Corporation						
Net sales (000's)	\$ 28,391	\$ 21,627	31%	\$ 110,907	\$ 103,810	7%
Net earnings (adjusted) (000's)	\$ 2,153	\$ 1,598	35%	\$ 7,562 ^c	\$ 5,422	39%

a) Three months and year ended December 31, 2000 earnings from operations (adjusted), net earnings (adjusted) and basic/diluted earnings per share (adjusted) include \$1.1 million (\$680,000, net of taxes) and \$1.9 million (\$1.1 million, net of taxes), respectively, of proceeds from an insurance claim, which was recorded in operating expenses.

b) Three months and year ended December 31, 1999 earnings from operations (adjusted), net earnings (adjusted) and basic/diluted earnings per share (adjusted) include a \$2.3 million (\$1.4 million, net of taxes) charge for the effect of aborted acquisition costs incurred in Q4 1999, which was recorded in operating expenses.

c) Year ended December 31, 2000 earnings from operations (adjusted), net earnings (adjusted) and basic/diluted earnings per share (adjusted) are before a \$1.1 million (\$680,000, 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			
December 31,			
<u>Insight Direct Worldwide, Inc.</u>	<u>2000</u>	<u>1999</u>	<u>% change</u>
% of net sales – North America	94%	89%	38% *
% of net sales – Europe	6%	11%	(29%) *
Gross profit %	11.0%	11.7%	(0.7%)
Operating expense %	7.3%	7.6%	(0.3%)
Direct shipments %	67%	56%	29% **
Direct shipments % – North America	72%	72%	28% **
Direct shipments % – Europe	35%	13%	43% **
Number of account executives	1,807	1,273	42%
Number of account executives – North America	1,632	1,102	48%
Number of account executives – Europe	175	171	2%
Average order size	\$ 1,333	\$ 1,046	27%
Average order size – North America	\$ 1,457	\$ 1,374	6%
Average order size – Europe	\$ 538	\$ 337	60%
Percent of sales to businesses	97%	92%	36% *
Percent unassisted web sales	12.4%	10.3%	58% *
Product Mix:			
Notebooks	16%	18%	13% *
Desktops and servers	16%	17%	27% *
Software	13%	11%	53% *
Networking and connectivity	9%	9%	40% *
Printers	8%	8%	21% *
Memory	7%	8%	30% *
Monitors and video	7%	6%	34% *
Storage devices	6%	7%	29% *
Miscellaneous	18%	16%	48% *
<u>Direct Alliance Corporation</u>			
Net sales mix:			
Service fees	80%	65%	62% *
Product sales	1%	31%	(97%) *
Pass through product sales	19%	4%	460% *
Earnings from operations %	12.7%	11.9%	0.8%
* Based on net sales dollars			
** Based on number of direct shipments			

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Tempe, Arizona – January 30, 2001 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”) today announced record sales for the three months and year ended December 31, 2000. This marks the Company’s twenty-second consecutive quarter of sequential sales growth. 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 December 31, 2000 increased 30% to \$545.3 million from \$417.9 million in the same period in 1999. Net earnings for the quarter increased 52% to \$14.4 million from \$9.5 million in the fourth quarter of 1999. Diluted earnings per share rose 52% to \$0.35 for the quarter ended December 31, 2000 compared to \$0.23 in the same period in 1999. 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. Three month and year end 2000 earnings and earnings per share figures discussed above include \$664,000 and \$1,117,000, respectively, 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.

Net sales, from both operating units, for the year ended December 31, 2000 increased 34% to \$2.04 billion from \$1.52 billion for the year ended December 31, 1999. Net earnings, before the effect of a restricted common stock charge, rose 71% to \$57.4 million for the year ended December 31, 2000 from \$33.6 million for the year ended December 31, 1999. Diluted earnings per share, before the net effect of a restricted common stock charge, rose 65% to \$1.37 for the year ended December 31, 2000 compared to \$0.83 for the year ended December 31, 1999. Sales from Insight represented 95% of net sales, with the remaining 5% from Direct Alliance for the year ended December 31, 2000. Year ended December 31, 2000 net earnings and earnings per share figures discussed above are shown before the effect of a \$680,000 charge, net of taxes, for early vesting of restricted common stock during the quarter ended June 30, 2000.

Included as a reduction of operating expenses in Q4 and year end 2000 operating results are insurance proceeds totaling \$1,100,000 and \$1,850,000, respectively. As previously disclosed, the Company recorded, in operating expenses for the fourth quarter of 1999, a nonrecurring charge of \$2.3 million (\$1.4 million, net of taxes), related to an aborted merger. Excluding the aborted acquisition costs and related insurance proceeds, diluted earnings per share for Q4 2000 and Q4 1999 would have been \$0.33 and \$0.26, respectively. These aborted acquisition costs and related insurance 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 effective tax rate was 39.6% and 40.8% for the years 2000 and 1999, respectively. The decrease in the effective tax rate is due primarily to greater utilization in 2000 of foreign net operating losses carry forwards.

Working capital, as of December 31, 2000, was \$178 million, including \$25 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 78 times for the fourth quarter of 2000 compared to 74 times for the fourth quarter of 1999 and were 74 times for the year ended December 31, 2000.

On a forward-looking basis, the Company expects net sales in the first quarter of 2001 to be between \$570 million and \$590 million; a 22% and 26% increase as compared to the first quarter of 2000. Earnings per share are expected to grow at a faster rate in the first quarter of 2001 due to the Company’s efficient business model and cost cutting measures. The Company expects diluted earnings per share to be between \$0.38 and \$0.42; a 27% and 40% increase as compared to the first quarter of 2000.

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Insight Direct Worldwide, Inc.

Insight's net sales and net earnings increased 30% to \$517.0 million and 24% to \$11.6 million, respectively, compared to net sales of \$396.3 million and net earnings of \$9.3 million in the fourth quarter of 1999. "Insight's U.S. core business grew 38% year-over-year with Canada growing 50% year-over-year, both very impressive rates in the current economic environment," said Timothy A. Crown, Co-CEO. The Company's European sales decreased 29% year-over-year, primarily as a result of delays in finalizing its European tax minimization strategies and the planned downsizing of its German operations. Crown continued, "We noted unusual competitive pressure and a general lightening in business demand in the notebook and desktop space during the last half of December, 2000 that has continued on into January, 2001. While we do not think this landscape will continue throughout 2001, we do believe that our business model is best suited to thrive in this environment. Our dedicated outbound account executives, our virtual inventory model and our focus on variable costs allow us to react rapidly to changing market conditions. We remain confident that our business model is the only efficient way to successfully gain market share all across the globe."

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 12.4%, or \$63.9 million, of Insight's net sales in the fourth quarter, up from 10.3%, or \$40.5 million, of Insight's net sales in the same quarter last year – an increase of 58% in net sales.

Insight's gross profit as a percentage of net sales was 11.0% in the fourth quarter of 2000 as compared to 11.7% in the fourth quarter a year ago and 11.5% in the third quarter of 2000. According to Stanley Laybourne, Chief Financial Officer, "The decline in gross margins is primarily due to declining product margins, in part a direct effect of the competitive landscape." Other components of costs of goods sold increased slightly 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 Q4 2000, operating expenses were 7.3% of net sales compared to 7.6% in the same quarter in 1999. Operating expenses were 7.0% of net sales for the third quarter 2000. According to Laybourne, "While operating expenses as a percentage of net sales increased sequentially due to the slowing sales trend, our model, which relies on less fixed cost advertising, responded favorably during the top line slowdown."

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 \$2.2 million for the quarter ended December 31, 2000 compared to net sales of \$2.3 million in the same period of 1999. During the fourth quarter of 2000, PlusNet incurred a net loss of (\$64,000) compared to a net profit of \$610,000 in Q4 1999. According to Crown, "We were unable to divest ourselves of PlusNet due to unfavorable market conditions in the United Kingdom that affected potential acquirers." Crown continued, "PlusNet on an operating basis before goodwill amortization and intercompany allocations is profitable and cash flow positive. Our long-term goal is to sell our ISP/ASP operations; however, in the meantime we plan to continue to reinvest in its operations."

Direct Alliance Corporation

Direct Alliance posted overall net sales of \$28.4 million in the quarter ended December 31, 2000, a 31% increase, compared to \$21.6 million in the fourth quarter of 1999. According to Tony Smith, President of Direct Alliance, "We are very pleased with the growth in net sales at Direct Alliance, especially in light of the completed transition to a service fee based model in the fourth quarter. If all programs had been accounted for as if they were product based, net sales growth quarter-over-quarter would have been an impressive 318%." As a result of Direct Alliance's strategic emphasis on service fee based programs as opposed to product based programs, 99% of Direct Alliance's net sales were from service fee based programs (19% via pass through product sales) in Q4 2000 compared to 69% (4% via pass through product sales) a year ago. According to Smith, "The transition of our business model to service fee based programs provides a win-win relationship between Direct Alliance and our clients by emphasizing a teamwork approach to the success of every program."

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Direct Alliance Corporation (continued)

Direct Alliance's gross profit increased \$1.3 million, or 27.4%, to \$5.9 million for the fourth quarter of 2000 compared to \$4.6 million for the fourth quarter 1999. Operating expenses at Direct Alliance increased slightly to \$2.3 million for the fourth quarter of 2000 compared to \$2.0 million for the fourth quarter 1999. Operating expenses as a percentage of net sales were 8.0% in Q4 2000 compared to 9.4% in Q4 1999. According to Laybourne, "The percentages for these periods are not directly comparable because of the differing mix of service fee based and product based programs in the periods and the different accounting treatment of direct costs between the two program types." Under service fee based programs, all direct costs relating to generation of the fees are included in cost of goods sold, and not in operating expenses as is the case with product based programs. Laybourne continued, "We believe that earnings from operations is a more appropriate measure of Direct Alliance's financial performance, especially during the transition from product based programs to service fee based programs." Earnings from operations increased 39.7% to \$3.6 million in the fourth quarter of 2000 compared to \$2.6 million in 1999. The increase is primarily due to growth in service fees under existing clients offset by investments to enhance scalability and service offerings through increased breadth and depth of management and technical staff. Net earnings increased 34.7% to \$2.2 million in the fourth quarter of 2000 compared to \$1.6 million in 1999.

As stated in the Company's press release dated December 22, 2000, it intends to spin-off Direct Alliance in a tax-free distribution to its stockholders sometime in late 2001. Prior to the spin-off, it is the intent to complete an initial public offering by Direct Alliance of up to \$50 million of its common stock, as filed in a registration statement with the Securities and Exchange Commission on December 22, 2000.

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.

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 110,000 brand name products primarily to businesses in the United States, Canada, the United Kingdom and Germany. Insight sells its 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** provides outsourced marketing, sales and supply chain services to enable manufacturers to access the direct channel. For additional information about Insight Enterprises, Inc. call (480) 902-1001 in the United States or visit www.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 December 31,		For the Year Ended December 31,	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Net sales	\$ 545,348	\$ 417,931	\$ 2,041,086	\$ 1,518,369
Costs of goods sold.....	<u>482,471</u>	<u>367,009</u>	<u>1,801,127</u>	<u>1,337,370</u>
Gross profit	62,877	50,922	239,959	180,999
Operating expenses:				
Selling, general and administrative expenses ...	39,461	31,681	146,062	120,265
Aborted acquisition (proceeds) costs	(1,100)	2,302	(1,850)	2,302
Restricted stock charge.....	-	-	1,127	-
Amortization of goodwill	<u>484</u>	<u>294</u>	<u>1,642</u>	<u>1,211</u>
Earnings from operations	24,032	16,645	92,978	57,221
Non-operating expenses (income), net	<u>117</u>	<u>(235)</u>	<u>(798)</u>	<u>446</u>
Earnings before income taxes	23,915	16,880	93,776	56,775
Income tax expense.....	<u>9,478</u>	<u>7,377</u>	<u>37,104</u>	<u>23,188</u>
Net earnings	<u>\$ 14,437</u>	<u>\$ 9,503</u>	<u>\$ 56,672</u>	<u>\$ 33,587</u>
Earnings per share*:				
Basic	<u>\$ 0.35</u>	<u>\$ 0.24</u>	<u>\$ 1.40</u>	<u>\$ 0.87</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.23</u>	<u>\$ 1.35</u>	<u>\$ 0.83</u>
Shares used in per share calculation*:				
Basic	<u>40,674</u>	<u>39,544</u>	<u>40,461</u>	<u>38,681</u>
Diluted	<u>41,661</u>	<u>41,286</u>	<u>41,948</u>	<u>40,407</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)

	December 31, 2000	December 31, 1999
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,917	\$ 66,675
Accounts receivable, net.....	313,457	200,910
Inventories, net.....	25,975	18,928
Prepaid expenses and other current assets	9,003	6,800
Total current assets	373,352	293,313
Property and equipment, net.....	84,259	56,436
Goodwill, net	35,073	25,285
Other assets.....	1,216	348
	\$ <u>493,900</u>	\$ <u>375,382</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt.....	\$ 646	\$ 638
Current portion of obligations under capital leases	371	260
Accounts payable.....	180,434	135,201
Accrued expenses and other current liabilities	14,230	15,687
Total current liabilities.....	195,681	151,786
Long-term debt, less current portion.....	13,141	13,798
Obligations under capital leases, less current portion.....	1,082	1,034
Lines of credit.....	19,000	-
Stockholders' equity:		
Preferred stock	-	-
Common stock	415	402
Additional paid-in capital.....	150,333	125,789
Retained earnings	140,401	83,729
Accumulated other comprehensive income – foreign currency translation adjustment.....	(2,844)	(1,156)
Treasury stock.....	(23,309)	-
Total stockholders' equity.....	264,996	208,764
	\$ <u>493,900</u>	\$ <u>375,382</u>

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