



FIRST QUARTER 2000 EARNINGS RELEASE INSIGHT ENTERPRISES, INC. REPORTS RECORD SALES AND EARNINGS

First Quarter Highlights:

- Nineteenth consecutive quarter of sequential sales and earnings growth
- 53% growth in U.S. core Direct business
- 38% growth in overall sales
- 81% increase in net earnings
- 73% increase in diluted earnings per share to \$0.45 per share
- Increased annualized inventory turns to 84 times for the quarter
- Increased number of account executives by 144, net, for the quarter to 1,682
- 412,450 shares repurchased under announced stock repurchase plan
- Debuted as number 851 on *Fortune 1000* List

“Each of our operating units had an outstanding quarter. The Direct business continues to both grow rapidly and increase profitability, while Outsourcing’s 1999 investment in new programs is being rewarded with exceptional earnings.” – Timothy A. Crown, Co-CEO

FINANCIAL AND OPERATING DATA SUMMARY TABLE

| | Three Months Ended March 31, | | % change |
|---|---------------------------------|------------|----------|
| | 2000 | 1999 | |
| Financial Data: | | | |
| Net sales (000's) | \$ 467,303 | \$ 338,136 | 38% |
| Earnings from operations (000's) | \$ 20,322 | \$ 11,558 | 76% |
| Net earnings (000's) | \$ 12,326 | \$ 6,807 | 81% |
| Basic earnings per share | \$ 0.46 | \$ 0.27 | 70% |
| Diluted earnings per share | \$ 0.45 | \$ 0.26 | 73% |
| Shares used in earnings per share calculation (000's): | | | |
| Basic | 26,733 | 25,482 | 5% |
| Diluted | 27,554 | 26,672 | 3% |
| Operating Data: | | | |
| Insight Direct Worldwide: | | | |
| Number of account executives | 1,437 | 943 | 52% |
| Average order size | \$ 1,124 | \$ 824 | 36% |
| Percent of sales to businesses | 94% | 87% | 54% * |
| Percent unassisted web sales | 10.6% | 8.9% | 82% * |
| Direct Alliance Corporation: | | | |
| Number of account executives | 245 | 119 | 106% |
| Percent e-commerce orders | 55% | 30% | 128% |

* Based on net sales dollars

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Tempe, Arizona – April 26, 2000 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”), the holding company of Insight Direct Worldwide, Inc. (“Insight”) and Direct Alliance Corporation (“Direct Alliance”), today announced record sales, net earnings and earnings per share for the three months ended March 31, 2000. This marks the Company’s nineteenth consecutive quarter of sequential sales and net earnings growth. “The Company enjoyed another great quarter thanks to outstanding contributions from each of its operating units,” commented Timothy A. Crown, Co-CEO.

Net sales, from all operating units, for the quarter ended March 31, 2000 increased 38% to \$467.3 million from \$338.1 million in the same period in 1999. Net earnings for the quarter increased 81% to \$12.3 million from \$6.8 million in the first quarter of 1999. Diluted earnings per share rose 73% to \$0.45 in the first quarter compared to \$0.26 in the same period in 1999. Sales from the Company’s global direct marketing subsidiary, Insight, represented 96% of net sales, with the remaining 4% from Direct Alliance, the Company’s global outsourcing provider.

Insight’s net sales and net earnings increased 41% to \$447.5 million and 72% to \$10.7 million, respectively, compared to net sales of \$317.0 million and net earnings of \$6.2 million in the first quarter of 1999. Insight ended the quarter with 1,437 account executives, adding a net of 164 since December 31, 1999. 1,274 of Insight’s account executives were located in North America and 163 were located in Europe. Insight’s North American sales for the first quarter represented 91% of its net sales, with the remaining 9% occurring in Europe, down from 11% in the fourth quarter of 1999. This compares with 87% of net sales in North America and 13% in Europe in the first quarter of 1999. Insight’s target customer, the small- to medium-sized business (including education and government), represented 94% of sales in the first quarter of 2000, compared to 87% in 1999.

“Insight’s U.S. core Direct business grew 53% year over year which tells us that our model, which we are transporting to Canada, the United Kingdom and Germany, works,” said Co-CEO Tim Crown. “As our non-U.S. models mature, we believe their growth rates should approach that of the U.S.” Crown continued, “We are confident that our U.S. operations can continue to support strong account executive growth which we plan to house primarily in a new Montreal, Canada facility. Considering also the organic growth demands of our United Kingdom and Canadian operations, we continue to add account executives rapidly.” Insight’s sales initiative will continue to be supported by the addition of, on average, between 150 and 250 account executives per quarter.

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 10.6%, or \$47.2 million, of Insight’s net sales in the first quarter, up from 8.2% or \$25.9 million of Insight’s net sales in the same quarter last year – an increase of 82% in sales.

Insight’s product mix for the first quarter was as follows: notebooks 21%, desktops and servers 16%, software 11%, networking and connectivity products 9%, printers 8%, memory 7%, monitors and video 7%, and hard drives 6%, with other items such as boards, input devices and accessories accounting for 15%.

Insight’s average order size increased to \$1,124 in Q1 2000 from \$824 in Q1 1999 and was up sequentially from \$1,046 in Q4 1999, a result primarily of an increased percentage of notebook sales. The average order size of Insight’s North American operations was \$1,380 in Q1 2000, increasing sequentially from \$1,374 reported in Q4 1999 and up from \$1,129 reported in Q1 1999. The average order size for the European operations was \$376 in Q1 2000, up sequentially from \$337 reported in Q4 1999 and up from \$289 reported in Q1 1999.

Insight’s gross profit as a percentage of net sales was 11.5% in the first quarter of 2000 as compared to 11.7% in the first quarter a year ago and 11.7% in the fourth quarter of 1999. “We are quite pleased that we have been able to maintain Insight’s gross profit percentage as well as we have compared to a year ago,” said Tim Crown. Insight does expect a future gradual decline in its gross profit percentage of between 0.1% and 0.2% per quarter, on average, the magnitude of which will depend 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 Q1 2000, operating expenses were 7.5% of net sales compared to 8.4% in the same quarter in 1999. Operating expenses were 7.6% of net sales for the fourth quarter 1999. According to Crown, "Continued cost cutting measures coupled with increasing economies of scale have caused the gradual decline in our operating expenses as a percentage of sales." Rapid account executive additions, the write-off of impaired assets and costs associated with rapid growth offset these improvements.

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Net sales and net earnings for Plusnet Technologies, Ltd. ("Plusnet"), Insight's 95% owned United Kingdom Internet service provider, whose numbers are included in Insight's numbers, increased 44% to \$2.4 million and 18% to \$381,000, respectively, compared to net sales of \$1.7 million and net earnings of \$324,000 in 1999. During the quarter, the Company acquired an additional 10% of the common stock of Plusnet. "The real story at Plusnet, though," commented Crown, "is that it is well positioned for strong growth in the second half of 2000 as the United Kingdom prepares for flat-rate Internet access."

Net sales recognized from Direct Alliance's service-based programs grew 94% quarter over quarter. It posted overall net sales of \$19.8 million in the quarter ended March 31, 2000, a strategically planned 6% decline, compared to \$21.1 million in the first quarter of 1999. According to Crown, "The negative sales growth at Direct Alliance is due to our planned transition from revenue- to service-based programs." Crown continued, "However, the strong net sales growth in service-based programs, which represented over two-thirds of total Direct Alliance net sales in the first quarter of 2000, indicates that the true growth of Direct Alliance is 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 127%. Direct Alliance's gross profit percentage was 19.5% in the first quarter of 2000 compared to 13.3% in 1999. The increase in gross profit percentage is due to the shift to service-based programs. Net earnings increased 174% to \$1.6 million in first quarter of 2000 compared to \$590,000 in 1999. Direct Alliance ended the quarter with 245 account executives, adding a net of 126 since March 31, 1999.

The Company's overall tax rate for the quarter ended March 31, 2000 remained constant, at 39.7%, compared to 1999, but decreased from 43.7% for the fourth quarter of 1999. The decrease in rate from the fourth quarter of 1999 was primarily the result of the nonrecognition of the benefit from operating losses on the Company's European operations in the fourth quarter of 1999.

The Company's overall annualized inventory turnover almost doubled to 84 times for the quarter as compared to 43 times in the first quarter of 1999, and was 74 times for the year ended December 31, 1999. Working capital, as of March 31, 2000, was \$142 million, including \$50 million in cash and cash equivalents.

The statements in this release regarding sales growth rates, gross profit, operating expenses, and other statements of a non-historical nature including statements regarding implementing strategies for future growth are forward-looking statements that involve risks and uncertainties. Such risks and uncertainties include 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 vendor rebate 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 major subsidiaries: **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. Products are sold via the Internet and by a staff of customer-dedicated account executives through 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 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 global outsourcing provider of web marketing, sales and transactional management services for traditional and e-commerce companies. For additional Company information, call (480) 902-1001 in the United States or visit www.insight.com, www.plus.net.uk 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 March 31,**

| | <u>2000</u> | <u>1999</u> |
|--|------------------|-----------------|
| Net sales | \$ 467,303 | \$ 338,136 |
| Costs of goods sold..... | <u>411,907</u> | <u>298,270</u> |
| Gross profit | 55,396 | 39,866 |
| Selling, general and administrative expenses | 34,734 | 28,002 |
| Amortization of goodwill | <u>340</u> | <u>306</u> |
| Earnings from operations | 20,322 | 11,558 |
| Non-operating (income) expenses, net | <u>(121)</u> | <u>275</u> |
| Earnings before income taxes | 20,443 | 11,283 |
| Income tax expense..... | <u>8,117</u> | <u>4,476</u> |
| Net earnings | <u>\$ 12,326</u> | <u>\$ 6,807</u> |
| | | |
| Earnings per share: | | |
| Basic | <u>\$ 0.46</u> | <u>\$ 0.27</u> |
| Diluted | <u>\$ 0.45</u> | <u>\$ 0.26</u> |
| Shares used in per share calculation: | | |
| Basic | <u>26,733</u> | <u>25,482</u> |
| Diluted | <u>27,554</u> | <u>26,672</u> |

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

| | March 31, 2000 | December 31, 1999 |
|---|---------------------------|------------------------------|
| ASSETS | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 50,420 | \$ 66,675 |
| Accounts receivable, net | 236,253 | 200,910 |
| Inventories, net | 20,335 | 18,928 |
| Prepaid expenses and other current assets | 6,293 | 6,800 |
| Total current assets | 313,301 | 293,313 |
| Property and equipment, net..... | 59,608 | 56,436 |
| Goodwill, net | 25,896 | 25,285 |
| Other assets | 337 | 348 |
| | \$ 399,142 | \$ 375,382 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 597 | \$ 638 |
| Current portion of obligations under capital leases | 355 | 260 |
| Accounts payable | 156,527 | 135,201 |
| Accrued expenses and other current liabilities | 13,738 | 15,687 |
| Total current liabilities | 171,217 | 151,786 |
| Long-term debt, less current portion | 13,644 | 13,798 |
| Obligations under capital leases, less current portion | 1,363 | 1,034 |
| Lines of credit..... | 1,725 | - |
| Stockholders' equity: | | |
| Preferred stock..... | - | - |
| Common stock..... | 269 | 268 |
| Additional paid in capital | 128,436 | 125,923 |
| Retained earnings | 96,055 | 83,729 |
| Accumulated other comprehensive income – foreign currency translation adjustment | (1,818) | (1,156) |
| Treasury stock..... | (11,749) | - |
| Total stockholders' equity | 211,193 | 208,764 |
| | \$ 399,142 | \$ 375,382 |

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