



NASDAQ - NSIT

FOR IMMEDIATE RELEASE
THURSDAY, OCTOBER 25, 2001, 4PM EST

**INSIGHT ENTERPRISES, INC.
THIRD QUARTER 2001 EARNINGS RELEASE**

Third Quarter Highlights:

- 4% growth in YTD consolidated net sales
- 20% sales growth in Direct Alliance business for the quarter (if all sales were accounted for as if they were from product based programs)
- 17% growth in Insight Europe net sales
- 28% increase in Direct Alliance consolidated net earnings
- Annualized inventory turns of 90 times for the quarter
- Announced acquisition of leading UK direct marketer, Action plc
- Named #70 on *Fortune Magazine's* "100 Fastest Growing Companies in America"

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,		
	2001	2000	% change	2001	2000	% change
Insight Enterprises, Inc.						
Net sales (000's)	\$ 490,150	\$ 540,261	(9%)	\$ 1,552,479	\$ 1,495,738	4%
Earnings from operations (adjusted) (000's)	\$ 13,697	\$ 26,532 ^b	(48%)	\$ 56,792 ^a	\$ 70,073 ^{b,c}	(19%)
Net earnings (adjusted) (000's)	\$ 8,278	\$ 16,172 ^b	(49%)	\$ 34,462 ^a	\$ 42,920 ^{b,c}	(20%)
Basic earnings per share (adjusted)	\$ 0.20	\$ 0.39 ^b	(49%)	\$ 0.83 ^a	\$ 1.06 ^{b,c}	(22%)
Diluted earnings per share (adjusted)	\$ 0.20	\$ 0.38 ^b	(47%)	\$ 0.81 ^a	\$ 1.02 ^{b,c}	(21%)
Shares used in adjusted earnings per share calculation (000's):						
Basic	41,648	41,001	2%	41,372	40,390	2%
Diluted	42,211	42,850	(1%)	42,346	42,044	1%
Insight Direct Worldwide, Inc.						
Net sales (000's)	\$ 462,996	\$ 502,903	(8%)	\$ 1,476,025	\$ 1,413,222	4%
Net earnings (adjusted) (000's)	\$ 5,679	\$ 13,676	(58%)	\$ 27,126	\$ 37,043 ^c	(27%)
Direct Alliance Corporation						
Net sales (000's)	\$ 27,154	\$ 37,358	(27%)	\$ 76,454	\$ 82,516	(7%)
Net earnings (adjusted) (000's)	\$ 2,599	\$ 2,033	28%	\$ 7,336 ^a	\$ 5,410 ^c	36%

a) Nine months ended September 30, 2001 earnings from operations (adjusted), net earnings (adjusted) and earnings per share (adjusted) are before 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.

b) Three and nine months ended September 30, 2000 earnings from operations (adjusted), net earnings (adjusted) and 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.

c) Nine months ended September 30, 2000 earnings from operations (adjusted), net earnings (adjusted) and 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>2001</u>	<u>2000</u>	<u>% change</u>
% of net sales – North America	93%	94%	(9%) *
% of net sales – Europe	7%	6%	17% *
Gross profit %	10.5%	11.5%	(1.0%)
Operating expense %	8.5%	7.0%	1.5%
Direct shipments %	72%	67%	6% **
Direct shipments % – North America	75%	72%	3% **
Direct shipments % – Europe	54%	33%	54% **
Number of account executives	1,644	1,704	(4%)
Number of account executives – North America	1,421	1,531	(7%)
Number of account executives – Europe	223	173	29%
Average order size	\$ 1,278	\$ 1,383	(8%)
Average order size – North America	\$ 1,345	\$ 1,518	(11%)
Average order size – Europe	\$ 766	\$ 536	43%
Percent of sales to businesses	98%	97%	(7%) *
Percent unassisted web sales	11.8%	11.5%	(6%) *
Product Mix:			
Notebooks and PDA's	17%	20%	(24%) *
Desktops and servers	14%	18%	(28%) *
Software	31%	38%	(26%) *
Storage devices	18%	11%	54% *
Printers	10%	9%	(2%) *
Networking and connectivity	10%	9%	(2%) *
Monitors and video	9%	9%	(10%) *
Memory and processors	7%	7%	(10%) *
Supplies and accessories	5%	7%	(41%) *
Miscellaneous	4%	4%	6% *
Miscellaneous	6%	6%	9% *
<u>Direct Alliance Corporation</u>			
Net sales mix:			
Service fees	84%	50%	23% *
Product sales	0%	36%	(100%) *
Pass through product sales	16%	14%	(17%) *
Earnings from operations %	15.6%	8.5%	34%

* Based on net sales dollars

** Based on number of direct shipments

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Tempe, Arizona – October 25, 2001 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”) today announced net sales and net earnings for the three and nine months ended September 30, 2001. 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 September 30, 2001 decreased 9% to \$490.2 million from \$540.3 million in the same period in 2000. Net earnings for the quarter decreased 49% to \$8.3 million from \$16.2 million in the third quarter of 2000. Diluted earnings per share decreased 47% to \$0.20 for the quarter ended September 30, 2001 compared to \$0.38 in the same period in 2000. Sales from the Company’s global direct marketing subsidiary, Insight, represented 94% of the quarter’s net sales, with the remaining 6% from Direct Alliance, the Company’s global outsourcing provider.

Net sales, from both operating units, for the nine months ended September 30, 2001 increased 4% to \$1,552.5 million from \$1,495.7 million for the nine months ended September 30, 2000. Net earnings, before the effect of aborted IPO costs in the second quarter of 2001 and a restricted common stock charge in the second quarter of 2000, decreased 20% to \$34.5 million for the nine months ended September 30, 2001 from \$42.9 million for the nine months ended September 30, 2000. Diluted earnings per share decreased 21% to \$0.81 for the nine months ended September 30, 2001 compared to \$1.02 for the nine months ended September 30, 2000. Sales from Insight represented 95% of net sales with the remaining 5% from Direct Alliance for the nine months ended September 30, 2001.

Nine months ended September 30, 2001 and September 30, 2000 net earnings and earnings per share figures discussed above are shown before the effect of an \$830,000 charge, net of taxes, for aborted IPO costs during the nine months ended September 30, 2001 and a \$685,000 charge, net of taxes, for early vesting of restricted common stock during the nine months ended September 30, 2000.

Three and nine months ended September 30, 2000 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 1999. 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 quarters ended September 30, 2001 and 2000 was 39.7%.

Working capital, as of September 30, 2001, was \$196.5 million, including \$69.0 million in cash and cash equivalents. Annualized inventory turns were 90 times for the third quarter of 2001 compared to 68 times for the third quarter of 2000.

On a forward-looking basis, the Company expects consolidated net sales for the fourth quarter of 2001 to be between \$540 million and \$570 million and diluted earnings per share to be between \$0.19 and \$0.21. Additionally, we will be recording one-time charges in the fourth quarter due to the integration of Action and Insight.

Insight Direct Worldwide, Inc.

Insight’s net sales decreased 8% to \$463.0 million and net earnings decreased 58% to \$5.7 million compared to net sales of \$502.9 million and net earnings of \$13.7 million in the third quarter of 2000. “Over the past several quarters we have experienced a decline in IT spending in the U.S. by our target customer, the small- to medium-sized business enterprise. This decline in demand was exacerbated by the tragic events of September 11th and its lingering effects on the sluggish U.S. economy are still present,” said Timothy A. Crown, CEO.

Insight’s strong electronic commerce focus (www.insight.com) continues to provide its customers with an efficient and effective buying tool. Its unassisted web sales (those sales completed without the assistance of an Insight account executive) represented \$54.2 million, or 11.8% of Insight’s net sales in the third quarter, compared to \$57.5 million or 11.5% in the same quarter last year.

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Insight's gross profit as a percentage of net sales was 10.5% in the quarter of 2001 as compared to 11.5% in the third quarter a year ago and 11.0% in the second quarter of 2001. According to Stanley Laybourne, Chief Financial Officer, "The majority of the decline in gross profit percentage was caused by Insight's decision to aggressively move product at the end of the quarter to compensate for a sales reduction due to the events of September 11th." Other components of costs of goods sold 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 mix.

For Q3 2001, operating expenses were 8.5% of net sales compared to 7.0% in the same quarter in 2000. According to Laybourne, "The increase in operating expenses as a percentage of sales was due in part to Insight's inability to adjust its operating expenses in the last half of September to allow for the reduced sales volume and margin dollars caused by the September 11th tragedy. Additionally, we increased our reserve for bad debts due to the unfavorable economic conditions and are continuing to invest in European growth and IT investments."

Direct Alliance Corporation

Direct Alliance posted overall net sales of \$27.2 million in the quarter ended September 30, 2001, a 27% decrease, compared to \$37.4 million in the third quarter of 2000. As a result of Direct Alliance's strategic emphasis on service fee based programs as opposed to product based programs, all of Direct Alliance's net sales were from service fee based programs (16% via pass through product sales) in Q3 2001 compared to 64% (14% via pass through product sales) a year ago. According to Tim Crown, "Direct Alliance continues to have impressive growth given today's economic environment. If all programs had been accounted for as if they were product based, net sales growth quarter-over-quarter would have been an impressive 20%."

Direct Alliance's gross profit increased \$300,000, or 5%, to \$6.0 million for the third quarter of 2001, compared to \$5.7 million for the third quarter 2000. Operating expenses at Direct Alliance decreased to \$1.7 million for the third quarter 2001 compared to \$2.6 million for the third quarter 2000. Operating expenses as a percentage of net sales were 6.4% in Q3 2001 compared to 6.8% in Q3 2000. 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 commented, "We believe that earnings from operations, which grew 34% to \$4.2 million in the third quarter of 2001 compared to \$3.2 million in the third quarter of 2000, is a more appropriate measure of Direct Alliance's financial performance, especially during the transition from product based programs to service fee based programs." The increase in earnings from operations is 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, technical staff and facilities. Net earnings increased 28% to \$2.6 million in the third quarter of 2001 compared to \$2.0 million in 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, 2000, 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 units:
Insight Direct Worldwide, Inc. is a leading global direct marketer of computers, hardware and software, offering a broad line of more than 130,000 brand name products primarily to businesses in the United States, Canada, the United Kingdom and Germany. Insight sells its products via a staff of customer-dedicated account executives utilizing proactive outbound telephone-based sales, electronic commerce and electronic marketing and via the Internet. **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 September 30,		For the Nine months Ended September 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net sales	\$ 490,150	\$ 540,261	\$ 1,552,479	\$ 1,495,738
Costs of goods sold	<u>435,416</u>	<u>476,548</u>	<u>1,375,128</u>	<u>1,318,656</u>
Gross profit	54,734	63,713	177,351	177,082
Operating expenses:				
Selling and administrative expenses	40,552	36,688	119,101	105,851
Aborted IPO costs	-	-	1,354	-
Restricted stock charge	-	-	-	1,127
Amortization of goodwill	<u>485</u>	<u>493</u>	<u>1,458</u>	<u>1,158</u>
Earnings from operations	13,697	26,532	55,438	68,946
Non-operating income, net	<u>(33)</u>	<u>(277)</u>	<u>(51)</u>	<u>(915)</u>
Earnings before income taxes	13,730	26,809	55,489	69,861
Income tax expense	<u>5,452</u>	<u>10,637</u>	<u>21,857</u>	<u>27,626</u>
Net earnings	<u>\$ 8,278</u>	<u>\$ 16,172</u>	<u>\$ 33,632</u>	<u>\$ 42,235</u>
 Earnings per share*:				
Basic	<u>\$ 0.20</u>	<u>\$ 0.39</u>	<u>\$ 0.81</u>	<u>\$ 1.05</u>
Diluted	<u>\$ 0.20</u>	<u>\$ 0.38</u>	<u>\$ 0.79</u>	<u>\$ 1.00</u>
 Shares used in per share calculation*:				
Basic	<u>41,648</u>	<u>41,001</u>	<u>41,372</u>	<u>40,390</u>
Diluted	<u>42,211</u>	<u>42,850</u>	<u>42,346</u>	<u>42,044</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,
	2001	2000
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 68,979	\$ 24,917
Accounts receivable, net.....	262,787	313,457
Inventories, net.....	23,205	25,975
Prepaid expenses and other current assets.....	<u>12,199</u>	<u>9,003</u>
Total current assets.....	367,170	373,352
Property and equipment, net.....	99,820	84,259
Goodwill, net.....	33,054	35,073
Other assets.....	<u>687</u>	<u>1,216</u>
	\$ <u>500,731</u>	\$ <u>493,900</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt.....	\$ 683	\$ 646
Current portion of obligations under capital leases.....	387	371
Accounts payable.....	160,016	180,434
Accrued expenses and other current liabilities.....	<u>9,550</u>	<u>14,230</u>
Total current liabilities.....	170,636	195,681
Long-term debt, less current portion.....	11,900	13,141
Obligations under capital leases, less current portion.....	790	1,082
Lines of credit.....	4,120	19,000
Stockholders' equity:		
Preferred stock.....	-	-
Common stock.....	425	415
Additional paid-in capital.....	166,030	150,333
Retained earnings.....	174,033	140,401
Accumulated other comprehensive income – foreign currency translation adjustment.....	(3,894)	(2,844)
Treasury stock.....	<u>(23,309)</u>	<u>(23,309)</u>
Total stockholders' equity.....	<u>313,285</u>	<u>264,996</u>
	\$ <u>500,731</u>	\$ <u>493,900</u>

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