

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee required)

For the fiscal year ended June 30, 1995 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No fee required)

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-4224

AVNET, INC.

Exact name of registrant as specified in its charter.

New York 11-1890605  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

80 Cutter Mill Road, Great Neck, New York 11021  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (516) 466-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange and Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None  
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes /  / No /  /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value (approximate) at September 21, 1995 of the registrant's voting stock held by non-affiliates.....\$2,313,155,689.

The number of shares of the registrant's Common Stock (net of treasury shares) outstanding at September 21, 1995....43,287,124 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Registrant's definitive proxy statement (to be filed pursuant to Reg. 14A) relating to the Annual Meeting of Shareholders anticipated to be held November 15, 1995 are incorporated herein by reference in Part III of this Report.

PART I

ITEM 1. Business

Avnet, Inc., incorporated in New York in 1955, together with its subsidiaries (the "Company" or "Avnet"), is a leading distributor of electronic components and computer products sold principally to industrial customers. Electronic component distributors are a vital link in the chain that connects suppliers of semiconductors, interconnect products, passives and electromechanical devices and computer products to original equipment manufacturers (OEMs) who design and build the complete spectrum of electronic equipment that utilizes the components. Avnet's primary customers are OEMs, including military contractors and the military. Components are shipped either as received from its suppliers or with assembly or other value added. Avnet adds value to the components which it sells by customizing them prior to shipment to meet individual customer specifications. Avnet also produces or distributes other electronic, electrical and video communications products.

On July 1, 1993 Avnet acquired Hall-Mark Electronics Corporation ("Hall-Mark") which, together with its subsidiary Allied Electronics, Inc., was the third largest electronic components distributor in North America. The acquisition added about 25,000 customers and additional distribution franchises to Avnet's Electronic Marketing Group.

The industry segments in which Avnet operates are as follows:

1. The Company operates primarily through its Electronic Marketing Group. The Electronic Marketing Group is engaged in the marketing, assembly, and/or processing of electronic and electromechanical components and computer products, principally for industrial as well as for commercial and military use. It also offers an array of value-added services to its customers, such as inventory replenishment systems, kitting, connector and cable assembly and semiconductor programming.
2. The Video Communications Group, consisting of the Company's Channel Master division, is engaged in the manufacture, assembly and/or marketing of TV signal processing equipment. Channel Master is a leading manufacturer of DBS (Direct Broadcast Satellite) TV receiving antennas, conventional TV roof antennas and commercial satellite antenna systems (CATS).
3. The Electrical and Industrial Group is engaged in the distribution of electrical motors and motor parts, electronic production line supplies, industrial supplies, maintenance and repair parts and measuring and control devices.

The sales, operating income and identifiable assets of the Company's Electronic Marketing Group (its primary industry segment) and its domestic and foreign operations, prepared in accordance with Statement of Financial Accounting Standards No. 14, are shown in Note 14 to the Company's Consolidated Financial Statements which appear in Item 14 of this Report.

The following tables set forth, for each of Avnet's three fiscal years ended June 30, 1995, July 1, 1994, and June 30, 1993, the approximate amount of sales and net income of Avnet which is attributable to each industry segment (after allocation of Corporate results) shown above:

SALES  
(in millions of dollars)

	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Electronic Marketing	\$3,873.0	\$3,161.5	\$1,917.3
Video Communications	246.0	199.4	134.0
Electrical and Industrial	181.0	186.8	186.7
	\$4,300.0	\$3,547.7	\$2,238.0

NET INCOME  
(in millions of dollars)

	Years Ended		
	June 30, 1995	*July 1, 1994	June 30, 1993
Electronic Marketing	\$130.6	94.6	\$67.0
Video Communications	10.1	6.1	1.8
Electrical and Industrial	(.4)	1.4	.3
	\$140.3	\$102.1	\$69.1

\* The 1994 net income shown above for the Electronic Marketing and the Electrical and Industrial Groups are before special charges of \$12.3 million and \$1.7 million after tax, respectively, for restructuring and integration costs and the impact of the retroactive change in U.S. federal income tax rates. The consolidated net income shown above for 1994 also does not include the \$2.8 million after-tax charge for the cumulative effect of the change in method of accounting for income taxes.

In 1994, Avnet recorded a special charge of \$22.7 million (\$13.5 million after-tax) primarily for restructuring and integration costs associated with the acquisition of Hall-Mark. As is typical in an acquisition of this type, there were many duplicate costs at the acquisition date related to excess personnel performing essentially the same functions, multiple sales offices in close proximity to one another, excess warehouse and administrative office capacity, excess furniture, fixtures, machinery and equipment, redundant computer hardware and software and other items. In addition, many Avnet and Hall-Mark vendors supplied substantially the same products, resulting in additional

costs of inventorying redundant parts. Consequently, the Company terminated a number of supplier relationships even though this caused the value of some inventory to be non-realizable in the ordinary course of business. In eliminating some of these duplicate costs, and in order to most effectively adopt and assimilate the two companies' best operating and administrative practices, a number of employee terminations and relocations were also required. Accordingly, the special charge recorded by the Company in 1994 included accruals for severance, real and personal property lease terminations, relocation of employees, inventory adjustments related to supplier terminations and other items.

#### Electronic Marketing Group

The Electronic Marketing Group continues to be the dominant group and principal industry segment in Avnet, accounting for 90% of Avnet's sales and 93% of its earnings in 1995.

Hamilton Hallmark, Avnet's Computer Marketing Group and Time Electronics are the largest operations in the Group, accounting for approximately 76% of the Group's 1995 sales. The remaining 24% of sales was accounted for by Allied Electronics, Penstock, Avnet Cable Technologies and by Avnet EMG International consisting of Avnet EMG UK, Avnet EMG France, Avnet Nortec, Avnet E2000, Avnet Italy, Avnet Lyco, BFI-IBEXSA and Avnet WKK Components.

As of June 30, 1995, the Group had about 247 locations in the United States, Canada, Europe and the Far East, many of which contain sales, warehousing and administrative functions for multiple business units. In addition, the Group has a small number of stores in customers' facilities.

Hamilton Hallmark is a distributor of semiconductors, computer products, connectors, passives and electromechanical products for industrial, commercial and military use. It is franchised by the top five United States semiconductor manufacturers: Advanced Micro Devices, Intel, Motorola, National Semiconductor and Texas Instruments. Hamilton Hallmark's customers are principally computer, telecommunications and aerospace OEMs. Hamilton Hallmark's sales for 1995 totaled \$2.030 billion, accounting for approximately 52% of Electronic Marketing Group sales. The following are its principal suppliers:

1. Semiconductors: Advanced Micro Devices, Analog Devices, Harris, Hewlett-Packard, Integrated Device Technology, Intel, LSI Logic, Motorola, Micron Semiconductor, National Semiconductor, Philips/Signetics, Texas Instruments and Xilinx.
2. Computer Products: Adaptec, Connor Peripherals, Hewlett-Packard, IBM, Intel, Maxtor, Seagate and SyQuest.
3. Connectors: AMP, Augat, Bendix, Dale/Vishay, Matrix, Molex, and 3M.

4. Passives and Electromechanical Devices: Bourns, Dale/Vishay, Globe, AVX/Kyocera, Philips and Vishay/Sprague.

Avnet's Computer Marketing Group is an international distributor of computer products to value-added resellers and end users. As a result of the acquisition of Hall-Mark Electronics, two independent business units, Avnet Computer and Hall-Mark Computer Products, now operate together as Avnet's Computer Marketing Group. Avnet Computer sells computer systems and products primarily to end users. Hall-Mark Computer Products concentrates on sales of peripherals and components to the reseller channel. The Computer Marketing Group's sales for 1995 totaled \$630 million, accounting for approximately 16% of Electronic Marketing Group sales. The following are the Computer Marketing Group's principal suppliers:

Apple, AT&T, Data General, Diamond Flower, Digital Equipment, Exabyte, Hewlett-Packard, IBM, Intel, Maxtor, Micropolis, Motorola UDS, Multitech, Okidata, Seagate Technology, Standard Microsystems, Tecmar, Texas Instruments, UNISYS and Wyse Technology.

Time Electronics is the world's leading distributor of interconnect products including value-added connectors, electro-mechanical and passive components and cable assembly services. Time also distributes semiconductors. Time's customers are principally industrial and military/aerospace OEMs. Time's sales for 1995 totaled \$304 million, accounting for approximately 8% of Electronic Marketing Group sales in 1995. The following are Time's principal suppliers:

1. Connectors: AMP, Augat, ELCO, G&H Technology, ITT Cannon, Kings, Matrix Science, Molex, Pyle-National, Robinson Nugent, 3M and T&B Ansley.
2. Passives and Electromechanical Devices: AVX/Kyocera, Bourns, Cherry, Comair Rotron, Communications Instruments, CTS, Cutler-Hammer, Globe, Grayhill, Leach, Murata-Erie, NDK America, Nichicon, Philips, Teledyne, Valor and Vishay.
3. Semiconductors: Mosel-Vitellic, Motorola, National Semiconductor, Powerex and WSI.

Allied Electronics, Inc. is a broad line industrial distributor of active and passive electronic components, test equipment and electronic equipment which it sells by means of its catalog and telesales operations. Allied's principal customers are maintenance and repair organizations (MRO) as well as research and development and engineering departments of OEMs. Allied's 1995 sales represented approximately 3% of Electronic Marketing Group sales.

In July 1994, the Company acquired Pen-Stock, Inc. (Penstock), the leading technical specialist distributor of microwave and radio frequency products and value-added services in the United States. In May

1995, the Company acquired Sertek, Inc., a leading technical specialist distributor of microwave and radio frequency products in the southwest United States. Sertek was combined with Penstock after its acquisition. Penstock's 1995 sales represented approximately 2% of Electronic Marketing Group Sales.

Penstock's principal product lines and principal suppliers are:

1. Semiconductors: Comlinear, FDK, Hewlett-Packard, H/P /Avantek, M/A-COM, Motorola, Raltron, Sawtek and SGS-Thomson.
2. Computers: APG Cash Drawer, Cherry, Cognitive Solutions, DH Print, Hewlett-Packard, Metrologic, Percon, Star Micronics and Welch Allyn.
3. Connectors: Amphenol, Anitsu/Wiltron, E.F. Johnson and M/A-COM.
4. Passives and Electromechanical Devices: FDK, Johanson, M/A-COM, Precision Tube, RF Prime, Toko and Tusonix.

In December 1994, the Company completed its acquisition of the Flippin, Arkansas cable assembly operation of LaBarge Inc. This operation, now known as Avnet Cable Technologies, provides cable assemblies to major computer and medical equipment manufacturers as well as to other users of complex cable assemblies.

The Electronic Marketing Group's international activities outside of North America are conducted by Avnet EMG International, with operations in Europe and the Asia/Pacific region. Avnet EMG International's sales for 1995 accounted for approximately 19% of Electronic Marketing Group sales. Avnet created its international operations through a series of acquisitions beginning in June 1991 with Avnet Access (formerly known as The Access Group), a United Kingdom electronics distributor based in Letchworth, England. In April 1992, the Company acquired Avnet Composants (formerly known as FHTec Composants), a French electronics distributor based in Chatillon, France. In July 1992, the Company acquired Avnet Nortec (formerly known as The Nortec Group), the leading Scandinavian electronics distributor with operations in Sweden, Norway, Denmark, Finland and Estonia. In January 1993, the Company acquired Avnet E2000 (formerly known as Electronic 2000 AG), a leading German electronics distributor with operations in Germany, Austria and Switzerland. In September 1993, the Company acquired Avnet Adelsy (formerly known as The Adelsy division of General Music S.p.A.), an Italian electronics distributor based in Milan, Italy and in March 1994, the Company acquired Avnet DeMico (formerly known as DeMico S.p.A.), another Italian electronics distributor based in Milan, Italy. In addition to the acquisitions described above, the Company has created Avnet Time operations in certain locations, which specialize in interconnect products including value-added connectors, electromechanical and passive components and cable assembly services. There are currently Avnet Time locations in the U.K., France and Germany.

Since July 1, 1994, the Company has added five new operations to Avnet EMG International - three in Europe and two in the Asia/Pacific region. In January 1995, the Company acquired Lyco Limited, an Ireland-based electronic components distributor and provider of programming services, and also acquired a 70% interest in WKK Semiconductors, Ltd. (now known as Avnet WKK Components), a Hong Kong-based electronic components distributor with operations in Hong Kong and the People's Republic of China. In April 1995, the Company acquired CK Electronique, the largest independent programming company in France, which provides various services including component programming, testing and taping. In April 1995, the Company completed the acquisition of BFI-IBEXSA International, Inc., the leading pan-European technical specialist distributor of microwave and radio frequency components, magnetic sensors, connecting devices and other specialty components.

Subsequent to the end of the fiscal year, in July 1995, the Company completed the acquisition of VSI Electronics consisting of VSI Electronics (Australia) PTY Ltd., an Australian electronic components distributor, and VSI Electronics (NZ) Ltd., a New Zealand based electronic components distributor.

Avnet Access concentrates on the sale of semiconductors, and its principal suppliers are as follows:

Advanced Micro Devices, Analog Devices, Harris, Hewlett-Packard, Integrated Device Technology, Intel, Motorola, National Semiconductor, Philips, SGS Thomson, Texas Instruments, Toshiba and Xilinx.

In September 1992, Avnet Time commenced operations in the United Kingdom as a distributor of connectors and passives and electromechanical devices with the following principal suppliers:

1. Connectors: AMP, Amphenol, Augat, ITT Cannon, Molex, Thomas & Betts and 3M.
2. Passives and Electromechanical Devices: AVX/Kyocera, Bourns, Murata, Philips, and Vishay.

The following are the principal product lines and principal suppliers of Avnet EMG France, including Avnet Composants, Avnet Time and CK Electronique:

1. Semiconductors: Advanced Micro Devices, Analog Devices, Dallas, Harris, Hewlett-Packard, Integrated Device Technology, Intel, Lattice, Motorola, National Semiconductor, Philips, Texas Instruments, Toshiba, SGS Thomson and Xilinx.
2. Connectors: AMP, Amphenol, Augat, Berg, ITT Cannon, Molex, Panduit, Spectrum Control and 3M.
3. Passives and Electromechanical Devices: AVX/Kyocera, Bourns, Grayhill, Hewlett-Packard, IEE, Kinseki, Murata, Optek, Optrex, Philips, Quality Technology, Redpoint and Toshiba.

The following are the principal product lines and principal suppliers of Avnet Nortec:

1. Semiconductors: Advanced Micro Devices, Harris, Hewlett-Packard, Integrated Device Technology, Intel, Motorola, National Semiconductor, Texas Instruments and Quality Technology.
2. Connectors: Augat, Molex and Thomas & Betts.
3. Computer Products: Intel and Motorola.
4. Passives and Electromechanical Devices: Bourns, Grayhill, MMCC, Optrex and Schaffner.

The following are the principal product lines and principal suppliers of Avnet E2000 and its Avnet Time unit:

1. Semiconductors: Advanced Micro Devices, Hewlett-Packard, Integrated Device Technology, Intel, Lattice, Motorola, National Semiconductor, Philips, Siemens, Texas Instruments, Toshiba, Xicor, and Xilinx.
2. Connectors: AMP, Augat, ITT Cannon and Molex.
3. Passives and Electromechanical Devices: AVX/Kyocera, Bourns, Murata and Philips.

The following are the principal product lines and principal suppliers of Avnet Italy including Avnet Adelsy and Avnet DeMico:

1. Semiconductors: Advanced Micro Devices, Analog Devices, Hewlett-Packard, Integrated Device Technology, Intel, Lattice, Mitsubishi, Motorola, National Semiconductor, Philips, Texas Instruments, Toshiba and Xicor.
2. Connectors: Augat, ELCO, ITT Cannon, Molex, Robinson Nugent and 3M.
3. Computer Products: Analog Devices, Digital, Standard Microsystems.
4. Passives and Electromechanical Devices: AVX/Kyocera, Kemet, Philips, Rubycon and Schurter.

The following are the principal product lines and principal suppliers of Avnet Lyco (formerly known as Lyco Limited):

1. Semiconductors: Advanced Micro Devices, Hewlett-Packard, Intel, Motorola, National Semiconductor and Texas Instruments.
2. Connectors: AMP, Augat, Molex and 3M.
3. Passives and Electromechanical Devices: AVX/Kyocera, Bourns, Murata, and Philips.

Avnet WKK Components' (formerly known as WKK Semiconductor, Ltd.)

principal product lines and principal suppliers are:

1. Semiconductors: Advanced Micro Devices, Chips & Technologies, Daewoo, Motorola, Motorola-China and National Semiconductor.
2. Connectors: HIROSE

BFI-IBEXSA's principal product lines and principal suppliers are:

1. Semiconductors: Hewlett-Packard, M/A-COM, NTT Electronics and Standard Telecom.
2. Connectors: HIROSE, M/A-COM and Phoenix.
3. Passives and Electromechanical Devices: Brush Wellman, Fenwall, Lucas Weinshel, M/A-COM, Magnetics, Micrometals, Sawtek and Shibaura.

Avnet VSI's principal product lines and principal suppliers are:

1. Semiconductors: Allegro, Advanced Micro Devices, CML, Harris, Hewlett-Packard, Hyundai, Motorola, NEC, Seiko, Sipex and Texas Instruments.
2. Connectors: HIROSE, M/A-COM and Phoenix.
3. Passives and Electromechanical Devices: AVX/Kyocera, Bourns, NEC, Nichicon, Panasonic, Samhwa, Sanyo Denki, Schrack, Swann, Teledyne and UCC.

Most of the Electronic Marketing Group's product lines are covered by nonexclusive distributor agreements with suppliers, cancelable upon 30 to 180 days notice. Most of these agreements provide for the periodic return to the supplier of obsolete inventory and the return of all standard inventory upon termination of the contract.

The Electronic Marketing Group accounted for 90%, 89% and 86% of Avnet's consolidated sales in 1995, 1994 and 1993, respectively. The Electronic Marketing Group's sales by major product class for the last three years is as follows:

(\$ in Millions)	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Semiconductors	\$2,417.2	\$2,017.8	\$1,103.2
Computer products	733.0	561.6	355.4
Connectors	372.3	317.9	249.6
Passives and electro- mechanical devices	350.5	264.2	209.1
<b>\$3,873.0</b>	<b>\$3,161.5</b>	<b>\$1,917.3</b>	

All the items sold by the Group are in highly competitive fields. With regard to many of its product lines, the Group may be in competition not only with other distributors but also with its own sources of supply. Central to the business of Avnet and the distribution industry as a whole is the carrying of a significant amount of inventory to meet rapid delivery requirements of customers.

Avnet enhances its competitive situation by offering a variety of value-added services which entails the performance of services and/or processes tailored to individual customer specifications and business needs such as point of use replenishment, testing, assembly and material management.

#### Video Communications Group

The Video Communications Group, which consists of the Channel Master companies located in the U.S. and the United Kingdom, principally designs, develops and manufactures TV signal processing equipment. Its sales in 1995 were \$246.0 million or approximately 6% of Avnet's consolidated revenues.

Channel Master is primarily a manufacturer/distributor of TV antennas, TV rotators and home satellite TV signal receiving and descrambling systems. Its products are used by home TV viewers and the SMATV (Satellite Master Antenna TV) and CATV (Community Antenna TV -- also known as cable TV) industries. Channel Master produces antennas for DBS (Direct Broadcast Satellite) projects worldwide. Channel Master has two principal manufacturing facilities, one each in the U.S. and England.

Over the 1990 through 1993 fiscal-year periods, Avnet closed down its audio equipment and satellite receiver manufacturing businesses in the Far East. However, Channel Master continues to manufacture certain proprietary TV signal amplifying and electronic equipment in Taiwan.

The required materials used in manufacturing Channel Master's products are purchased from many suppliers (except for TV rotators, which are purchased from a single supply source). Channel Master has no long-term supply contracts.

All the items sold by Channel Master are in highly competitive fields.

#### Electrical and Industrial Group

Avnet's Electrical and Industrial Group operates primarily in the electrical and electronic industrial equipment distribution industry and in the industrial maintenance and repair fields. The Group currently consists of three units, Brownell Electro, Avnet Industrial and Avnet Supply which together with their various divisions operate under the Brownell Electro, Inc. subsidiary of Avnet (hereinafter referred to as Brownell, Avnet Industrial and Avnet Supply, respectively). The Group's 1995 sales of \$181.0 million represented 4% of Avnet's total sales.

In July 1995, the Company entered into a contract to sell its Brownell business and expects to complete the divestiture in the first quarter of 1996. Brownell distributes electric motors, electrical insulation and magnet wire and supplies parts, such as bearings, switches and electrical tapes for the rebuilding and replacement of industrial air conditioning, refrigeration, heating, ventilation and appliance motors through a network of 28 facilities throughout the U.S. Its electric motors are sold principally under its Leland-Faraday trademark. In addition, electric motors and motor parts made by the major electric motor and control manufacturers are stocked, delivered and serviced from Brownell's distribution and service centers.

Avnet Industrial supplies the industrial, commercial, institutional, agricultural, governmental, mining and utility markets with a broad line of industrial maintenance and factory supplies, many under its Mechanics Choice trademark. It also distributes limit switches, interval timers, photoelectronics, industrial display and control instruments, oscilloscopes and analog and digital meters and it maintains laboratories and service stations for their repair and recalibration.

Avnet Supply, a startup business launched in August 1995, provides electronic production line supplies to the OEM/Electronics Production Line markets. Production line consumable and accessories available through Avnet Supply include adhesives and sealants, silicones, solders and chemicals, static control, tapes, tools and equipment and tubing and sleeving.

In March 1995, the Company sold its Freeman Products operating unit. Freeman Products, a trophy manufacturing business, had five sales facilities across the United States.

The products which are distributed by this Group compete with the products of other companies which sell parts to the industrial and repair markets and with the product lines of many local and national distributors and jobbers.

#### Number of Employees

At June 30, 1995, Avnet had approximately 9,000 employees.

#### ITEM 2. Properties

As of June 30, 1995, Avnet owned or leased approximately 4,280,000 square feet of space for its principal office, warehouse, distribution, assembly, manufacturing, engineering and research facilities. Approximately 60% of the space was used by the Electronic Marketing Group. The Video Communications Group used approximately 25% of the space, the Electrical and Industrial Group used approximately 14% of the space and the Corporate office used approximately 1% of the space. Avnet also owned or leased approximately 227,083 square feet of space which was subleased to others. Of the total space owned or leased, approximately 87% was located in the United States.

### ITEM 3. Legal Proceedings

In the opinion of management, based on all known facts, there are no legal proceedings which the Company is required to report. However, as previously reported, the Company is a potentially responsible party ("PRP") or has received claims for indemnity in several environmental cleanups under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). In particular, Avnet is one of approximately 14 PRPs subject to an administrative order issued by the Environmental Protection Agency ("EPA") pursuant to section 106 of CERCLA in connection with the cleanup of a National Priorities List site in North Smithfield, Rhode Island. Avnet's connection with the Rhode Island site arises from the alleged disposal of hazardous material at the site by its former Miller Electric and Carol Cable Company divisions which were sold in 1981. Also, real estate owned by the Video Communications Group in Oxford, North Carolina is listed on the EPA's National Priorities List, and the Company and the prior owner of the site have entered into a Consent Decree with the EPA pursuant to which the parties have agreed to clean up the site. Additional information about this site and other sites is set forth on pages 24 and 25 of this Report.

### ITEM 4. Submission of Matters to a Vote of Security Holders

None to be reported.

ITEM 4A. Executive Officers of the Company

The current executive officers of the Company are:

Name	Age	Office
Leon Machiz Director	71	Chairman of the Board, Chief Executive Officer and
Roy Vallee	43	President, Chief Operating Officer, Vice Chairman of the Board and Director
Sylvester D. Herlihy	68	Senior Vice President, Secretary and Director
David R. Birk	48	Senior Vice President and General Counsel
Anthony T. DeLuca	45	Senior Vice President and Chief Information Officer
Burton Katz	53	Senior Vice President
Raymond Sadowski	41	Senior Vice President, Chief Financial Officer and Assistant Secretary
Joseph W. Semmer	58	Senior Vice President
Keith Williams	47	Senior Vice President and Director
John A. Carfora	49	Vice President
Steven C. Church	46	Vice President
John T. Clark	41	Vice President
Patrick Jewett	50	Vice President
Donald E. Sweet	58	Vice President
Morton M. Vogel	65	Vice President
Richard Ward	55	Vice President
John F. Cole	53	Controller
Stephanie A. Wagoner	36	Treasurer
Bruce Evashevski	52	Electronic Marketing Group Senior Vice President of Finance

Mr. Machiz has been Chairman of the Board and Chief Executive Officer since December 1988.

Mr. Vallee has been Vice Chairman of the Board since November 1992, President and Chief Operating Officer since March 1992, and a member of Avnet's Board of Directors since November 1991. Prior thereto, he was a senior executive of Avnet's Electronic Marketing Group.

For more than five years, (1) Mr. Herlihy has been principally engaged as an executive of the business operations presently conducted by Avnet's Video Communications Group, (2) Messrs. Church, Clark, Jewett, Katz, Sweet and Ward have been principally engaged as executives of certain of the business operations presently conducted by Avnet's Electronic Marketing Group and (3) Mr. Vogel has been Vice President, Risk Management.

For the past five years, Mr. DeLuca has been Vice President and, since November 1990, Senior Vice President and Chief Information Officer.

For more than five years, Mr. Birk has been Vice President and General Counsel, and since November 1992, Senior Vice President.

Mr. Carfora has been Vice President, Taxes since November 1991. Prior to November 1991, he was Avnet's Director of Taxes.

Mr. Sadowski became Senior Vice President in November 1992 and Chief Financial Officer in February 1993. He was previously Avnet's Vice President and Controller.

Before becoming Avnet's Controller in February 1993, Mr. Cole served for more than five years as Controller of Avnet's Brownell Electro, Inc. subsidiary.

Mr. Williams was the Managing Director of The Access Group, Ltd. for more than five years before Avnet acquired this U.K. corporation in June 1991. He became President of Avnet EMG Europe and Vice President of Avnet in November 1992, Director of Avnet's International Operations in October 1993, Senior Vice President of Avnet in November 1993, and a member of Avnet's Board of Directors in November 1994.

Before becoming Avnet's Treasurer in February 1993, Ms. Wagoner served as the Assistant Treasurer.

Before joining Avnet's Electronic Marketing Group on July 1, 1993, (1) Mr. Semmer, was President, Director and Chief Executive Officer of Hall-Mark Electronics Corp. and (2) Mr. Evashevski was Vice President, Treasurer and Chief Financial Officer and a Director of Hall-Mark Electronics Corp. Mr. Semmer became a Vice President of Avnet on September 22, 1993 and a Senior Vice President of Avnet in March 1994.

Officers of the Company are generally elected each year at the meeting of the Board of Directors following the annual meeting of shareholders and hold office until the next such annual meeting or until their earlier death, resignation or removal.

PART II

ITEM 5. Market for Registrant's Common Equity  
and Related Stockholder Matters

Market price per share.

The Company's common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange. Quarterly market prices (as reported in the consolidated reporting system for issues listed on the New York Stock Exchange) for the last two fiscal years were:

Fiscal Quarters	1995		1994	
	High	Low	High	Low
1st	38 3/8	31 1/2	42 1/4	31 1/4
2nd	39	33 3/4	41 5/8	34 1/2
3rd	42 3/4	35 3/4	45	36 3/4
4th	49 3/4	39 7/8	40	30 3/4

Record Holders.

As of September 21, 1995, there were approximately 5,893 record holders of Avnet's common stock.

Dividends declared per share.

The declared cash dividend on the common stock was 15 cents per share during each quarter in fiscal 1995 and 1994.

ITEM 6. Selected Financial Data\*

(In \$ millions except for per share and ratio data)

	Years Ended				
	June 30, 1995	July 1, 1994	June 30, 1993	June 30, 1992	June 30, 1991
<b>Income:</b>					
Sales	\$4,300.0	\$3,547.7	\$2,238.0	\$1,759.0	\$1,740.8
Gross profit	816.4	696.1	486.8	408.3	422.5
Operating income	261.5	164.8(a)	102.8	69.6	86.7
Income taxes	103.1	66.7	45.1	32.9	38.4
Earnings	140.3	85.3(a)	69.1	50.5	61.6
<b>Financial Position:</b>					
Working capital	1,057.1	888.0	803.1	848.9	858.9
Total assets	2,125.6	1,787.7	1,247.3	1,242.7	1,181.5
Total debt	419.5	303.1	106.7	175.7	202.4
Shareholders' equity	1,239.4	1,108.5	868.2	837.2	801.4
<b>Per Share:</b>					
Earnings	3.32	2.09(a)	1.91	1.42	1.72
Dividends	.60	.60	.60	.60	.60
Book value	30.38	27.26	24.35	23.56	22.60
<b>Ratios:</b>					
Operating income margin on sales	6.1%	4.6%(a)	4.6%	4.0%	5.0%
Profit margin on sales	3.3%	2.4%(a)	3.1%	2.9%	3.5%
Return on equity	12.0%	8.0%(a)	8.1%	6.2%	7.9%
Return on capital	10.1%	7.0%(a)	7.6%	5.8%	7.1%
Quick 1.6:1	1.7:1	2.1:1	2.7:1	3.3:1	
Working capital	3.3:1	3.4:1	3.9:1	4.7:1	5.8:1
Total debt to capital	25.3%	21.5%	10.9%	17.3%	20.2%

(a) After special charges of \$16.8 (\$.41 per share) for (i) restructuring and integration charges (\$13.5 or \$.33 per share), (ii) the retroactive impact of the change in U.S. tax rates (\$0.5 or \$.01 per share) and (iii) the cumulative effect of a change in the method of accounting for income taxes (\$2.8 or \$.07 per share).

\* The selected financial data shown above for fiscal years prior to 1994 does not include data for Hall-Mark.

## ITEM 7. Management's Discussion and Analysis

For an understanding of the significant factors that influenced the Company's performance during the past three years, the following discussion should be read in conjunction with the consolidated financial statements, including the related notes, and other information appearing elsewhere in this report.

On July 1, 1993, Avnet completed its acquisition of all of the stock of Hall-Mark Electronics Corporation, including its wholly-owned subsidiary Allied Electronics, Inc. (together referred to as "Hall-Mark"), pursuant to an Agreement and Plan of Merger dated April 20, 1993. Prior to the acquisition, Hall-Mark was the nation's third largest distributor of electronic components. Except where noted, Hall-Mark is not included in the discussion and analysis relating to fiscal year 1993.

Since July 1, 1994, the Company has completed eight acquisitions for the Electronic Marketing Group--three each in the United States and Europe and two in the Asia/Pacific region. These acquisitions, seven of which were completed during 1995 and one of which was completed subsequent to June 30, 1995, are discussed earlier in this report and in Note 2 of the Notes to Consolidated Financial Statements.

### Results of Operations

Results of operations during the last three years are shown on page four of this report. An analysis of the results for those years follows.

### Consolidated

Consolidated sales were a record \$4.300 billion in 1995 or 21% higher than the \$3.548 billion in 1994. This increase in consolidated sales was due primarily to sales growth at the Electronic Marketing Group's Hamilton Hallmark, Computer Marketing Group and Avnet Europe operations and at the Channel Master division. Of the \$752 million sales increase, approximately \$119 million was contributed by operations acquired during 1995. Without such sales, consolidated sales would have been approximately 18% higher than in 1994. During each quarter of 1995, sales were higher than in the corresponding quarter of 1994. Average daily sales, including Hall-Mark on a proforma basis in 1993 and 1992, have increased in each quarter since the second quarter of 1992 with the exception of the third quarter of 1994 when average daily sales were slightly below those for the second quarter of 1994.

Consolidated sales of \$3.548 billion in 1994 were 59% higher than the \$2.238 billion in 1993 and 19% higher if Hall-Mark's comparable periods sales of \$744 million were included in Avnet's 1993 results.

Gross profit margins were 19.0%, 19.6% and 21.8% in 1995, 1994 and 1993, respectively. This downward trend is due primarily to increased sales of microprocessors, which have lower gross margins

than other products sold in the Company's product line, and the competitive environment in the electronic distribution marketplace. However, as described below, decreases in operating expenses as a percentage of sales more than offset the impact of declining gross profit margins, resulting in sequentially higher operating income as a percentage of sales during the last three years.

Although operating expenses in absolute dollars were sequentially higher during the last three years, they decreased significantly as a percentage of sales and as a percentage of gross profit on a sequential basis. Excluding the 1994 special charge referred to below, the Company reduced operating expenses as a percentage of sales to 12.9% in 1995 as compared with 14.3% and 17.2% in 1994 and 1993, respectively. Operating expenses as a percentage of gross profit were 68.0% in 1995 as compared with 73.1% and 78.9% in 1994 and 1993, respectively. This improvement was due to the Company's continuing efforts toward improving operating efficiencies and the economies of scale and synergies resulting from the acquisition of Hall-Mark. As a result, operating income in 1995 was a record \$261.5 million as compared with \$187.5 million (before special charges) and \$102.8 million in 1994 and 1993, respectively. Operating income as a percentage of sales increased to 6.1% in 1995 as compared with 5.3% and 4.6% in 1994 and 1993, respectively.

During the first quarter of 1994, the Company recorded a special charge of \$22.7 million (\$13.5 million after-tax) for restructuring and integration costs associated with the July 1, 1993 acquisition of Hall-Mark and the restructuring of the Electrical and Industrial Group. These costs included accruals for severance, real and personal property lease terminations, relocation of employees, inventory adjustments related to supplier terminations and other items.

Investment and other income was \$5.1 million in 1995 as compared with \$4.8 million and \$20.4 million in 1994 and 1993, respectively. The substantial decrease in 1995 and 1994 as compared with 1993 was due primarily to a reduction in investment income as the Company liquidated its marketable securities portfolio to fund a portion of the acquisition cost of Hall-Mark.

Interest expense was \$23.2 million in 1995, as compared with \$14.7 million and \$9.0 million in 1994 and 1993, respectively. The increase in interest expense over the last two years is primarily attributable to an increase in borrowings to fund the additional working capital requirements needed to support the growth in business and to fund the Company's acquisition program, as well as to an increase in interest rates.

The Company's effective tax rate was 42.4% in 1995 as compared with 43.1% (before taking into account the cumulative effect of the change in the method of accounting for income taxes) and 39.5% in 1994 and 1993, respectively. The increase in 1995 and 1994 as compared with 1993 was due primarily to the impact of the non-deductible amortization of goodwill (which amount rose significantly as a result of the Hall-Mark acquisition), the 1% increase, from 34% to 35%, in the U.S. federal statutory tax rate

and the \$0.5 million recorded in 1994 for the impact of the retroactive increase in federal income tax rates enacted in fiscal 1994 as it related to fiscal 1993 income. The 0.7% decrease in 1995 as compared with 1994 was due primarily to the significant increase in pre-tax income as compared with the relatively small increase in the amount of non-deductible goodwill amortization.

As a result of the above, net income in 1995 was a record \$140.3 million as compared with the \$102.1 million (before special charges) and \$69.1 million in 1994 and 1993, respectively. Net income as a percentage of sales was 3.3% in 1995 as compared with 2.9% (before special charges) and 3.1% in 1994 and 1993, respectively. During the first quarter of 1994, the Company recorded special charges of \$16.8 million after-tax. These charges included \$13.5 million-after-tax for restructuring and integration costs associated with the acquisition of Hall-Mark and the restructuring of the Electrical and Industrial Group and \$0.5 million for the impact of the retroactive increase in federal income tax rates enacted in fiscal 1994 as it related to fiscal 1993 income. Additionally, in the first quarter of 1994, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes" and recognized a charge for the cumulative effect of the change in accounting principle in the amount of \$2.8 million. After those special charges, net income in 1994 was \$85.3 million.

As the Company has continued to increase its investment in foreign operations, the impact associated with the volatility of foreign currency exchange rates has become more apparent. The translation into U.S. dollars of the financial statements of the Company's foreign subsidiaries resulted in a \$10.5 million and \$4.6 million credit in 1995 and 1994, respectively, and a \$20.1 million charge in 1993 which, in accordance with generally accepted accounting principles, were recorded directly to shareholders' equity. The credits in 1995 and 1994 were due primarily to the strengthening of the French, German, Swedish and U.K. currencies against the U.S. dollar and the charge in 1993 was due primarily to the weakening of the U.K., French and Swedish currencies against the U.S. dollar.

#### Electronic Marketing

The Electronic Marketing Group's sales in 1995 were \$3.873 billion, or 90% of consolidated sales, up 23% as compared with sales of \$3.162 billion, or 89% of consolidated sales, in 1994. Each of the Group's operating units posted double digit percentage sales increases in 1995 as compared with 1994. Of the \$711 million sales increase, \$119 million was contributed by operations acquired during 1995. Without such sales, the Group's sales would have been approximately 19% higher than in 1994. Sales of Hamilton Hallmark, the largest unit in the Group, the Computer Marketing Group, Time Electronics and Allied were up 11%, 27%, 10% and 29%, respectively, as compared with 1994 sales. The Group's International operations outside of North America had sales of \$734 million, up almost 50% as compared with 1994.

The Group's 1994 sales were \$3.162 billion up 65% as compared

with sales of \$1.917 billion, or 86% of consolidated, in 1993 and up almost 19% when 1993 sales are adjusted proforma to include Hall-Mark's comparable period sales. The increase in sales in 1994 was due to growth at Hamilton Hallmark, primarily as a result of the acquisition of Hall-Mark, and growth in the Computer Marketing Group and European operations. Sales of Hamilton Hallmark, the largest unit in the Group, and the Computer Marketing Group were up 13% and 15% respectively, as compared with 1993 sales adjusted to include Hall-Mark on a proforma basis. The Group's European operations had sales of almost \$500 million, up over 60% as compared with 1993. Excluding the 1994 sales of Avnet Adelsy and Avnet DeMico, which were acquired in 1994, and the 1994 and 1993 sales of Avnet E2000, which was acquired in mid-1993, sales for the Group's European operations in 1994 were up over 40% as compared with 1993. Allied Electronics, which was acquired as part of the Hall-Mark acquisition, experienced a 25% increase in sales in 1994 as compared with 1993. Sales of Time Electronics were up almost 7% during the same period.

In 1995, sales of semiconductors, computer products, connectors, and passives and electromechanical devices were higher than in 1994, representing 62%, 19%, 10% and 9%, respectively, of Group sales as compared with 64%, 18%, 10% and 8%, respectively, in 1994.

The Electronic Marketing Group's gross profit margins were lower by 0.5% of sales in 1995 as compared with 1994, which in turn were lower by about 2.0% of sales as compared with 1993. These sequential reductions were due primarily to competitive pressures and increasing sales of lower margin microprocessors. However, increased operating efficiencies due to the economies of scale and synergies resulting from the Hall-Mark acquisition and the Company's continued emphasis on cost reduction resulted in decreases in operating expenses (before special charges) as a percentage of sales. These sequential decreases in operating expenses as a percentage of sales more than offset the decrease in gross margins in 1995 as compared with 1994 and in 1994 as compared with 1993. The Group's effective tax rate increased from 1993 due primarily to the impact of the increase in the non-deductible amortization of goodwill from the Hall-Mark acquisition and the 1% increase in the U.S. federal statutory tax rate. Net income of the Group in 1995 was \$130.6 million as compared with \$94.6 million (before special charges) and \$67.0 million in 1994 and 1993, respectively. The Group's net profit margins were 3.4%, 3.0% (before special charges) and 3.5% in 1995, 1994 and 1993, respectively.

In the first quarter of 1994, the Group's results were negatively impacted by special charges of \$11.8 million after-tax for restructuring and integration costs associated with the acquisition of Hall-Mark and \$0.5 million for the impact of the retroactive increase in federal income tax rates enacted in 1994 as it related to 1993 income. Net income of the Group in 1994 after the \$12.3 million after-tax special charges was \$82.3 million.

## Video Communications

Group sales in 1995 were \$246.0 million compared with \$199.4 million and \$134.0 million in 1994 and 1993, respectively, and represented about 6% of consolidated sales in each of those three years. The \$46.6 million, or 23%, increase in 1995 sales as compared with 1994 was primarily the result of a significant increase in the sales of DBS (Direct Broadcast Satellite) antennas, whereas the \$65.4 million, or 49%, increase in 1994 sales as compared with 1993 was primarily the result of a significant increase in the sales of modular descrambler equipment. Gross profit margins in 1995 were higher than in 1994 and 1993 due to the increase in sales of higher margin DBS antennas. Operating expenses as a percentage of sales also trended downward in the last three years as a result of the significant increase in sales.

Net income of the Group in 1995 was \$10.1 million as compared with \$6.1 million and \$1.8 million in 1994 and 1993, respectively. The Group's net profit margins were 4.1%, 3.0% and 1.3% in 1995, 1994 and 1993, respectively.

## Electrical and Industrial

Group sales in 1995 were \$181.0 million as compared with \$186.8 million and \$186.7 million in 1994 and 1993, respectively. Group sales represented about 4% of consolidated sales in 1995 as compared with 5% and 8% in the prior two years, respectively. During the third quarter of 1995, the Company disposed of its Freeman Products operation without any material impact on net income. In July 1995, the Company entered into an agreement to sell the motor, motor repair shop and OEM distribution business of Brownell Electro, Inc. The Company will retain the Avnet Industrial and Avnet Supply businesses. The disposition, which is expected to close in the first quarter of 1996, is not expected to have a material impact on the Company's financial condition or results of operations. The Group posted a net loss of \$0.4 million in 1995 as compared with net income of \$1.4 million (before a \$1.7 million after-tax restructuring charge) and \$0.3 million in 1994 and 1993, respectively. The Group's net profit (loss) margin was (0.3%) in 1995 as compared with 0.7% (before restructuring charges) and 0.2% in 1994 and 1993, respectively.

## Liquidity and Capital Resources

Over the last three years, cash generated from income before depreciation, amortization and other non-cash items amounted to \$420.7 million. During that period, \$333.7 million was used for working capital needs resulting in \$87.0 million of net cash flows from operations. In addition, \$150.9 million, net, was needed for other normal business operations including purchases of property, plant and equipment (\$87.1 million) and dividends (\$69.4 million), offset by cash generated from other immaterial items (\$5.6 million). This resulted in \$63.9 million being used for normal business operations. During that three-year period, the Company also used \$498.6 million, net, for acquisitions, the redemption and repurchase of debentures and the repayment of other debt. This overall use of cash of \$562.5 million was financed by \$299.8

million raised from additional borrowings, \$255.1 million generated from the liquidation of interest-bearing investments and the use of \$7.6 million of available cash.

In 1995, the Company generated \$200.2 million from income before depreciation, amortization and other non-cash items, and used \$185.8 million for working capital needs resulting in \$14.4 million of net cash flows from operations. In addition, the Company used \$65.5 million for other normal business operations including purchases of property, plant and equipment (\$50.5 million) and dividends (\$18.3 million), offset by cash generated from other immaterial items (\$3.3 million). This \$51.1 million of cash needed for normal business operations and the \$59.5 million of cash used for acquisitions and the payment of other debt were funded by \$106.1 million of additional borrowings and \$4.5 million of available cash.

In 1994, the Company generated \$124.0 million from income before depreciation, amortization and other non-cash items, and used \$102.0 million for working capital needs resulting in \$22.0 million of net cash flows from operations. The use of funds for working capital was significantly higher than in prior years due primarily to a large increase in receivables as a result of a 59% increase in sales in 1994 as compared with 1993. In addition, the Company used \$48.3 million for other normal business operations including purchases of property, plant and equipment (\$21.4 million) and dividends (\$29.7 million), offset by cash generated from other immaterial items (\$2.8 million). This \$26.3 million of cash needed for normal business operations and the \$333.4 million of cash used for the acquisitions of Hall-Mark, Avnet Adelsy and Avnet DeMico and the repayment of other debt were funded by \$193.7 million of additional borrowings and \$166.0 million of available cash.

The Company's quick assets at June 30, 1995 totaled \$763.0 million as compared with \$627.4 million at July 1, 1994. At June 30, 1995, quick assets exceeded the Company's current liabilities by \$295.8 million as compared with a \$251.4 million excess at the end of 1994. Working capital at June 30, 1995 was \$1.057 billion compared with \$888.0 million at July 1, 1994. At June 30, 1995, to support each dollar of current liabilities, the Company had \$1.63 of quick assets and \$1.63 of other current assets, for a total of \$3.26 as compared with \$3.36 at the end of the prior fiscal year.

In 1995, the Company renegotiated its revolving credit agreement with a syndicate of banks led by NationsBank of North Carolina, N.A. The previous agreement had been established during 1994 and provided a three-year facility with a \$150.0 million line of credit. The new agreement provides a five-year facility with a line of credit of up to \$300.0 million (the "Credit Facility"). The Company may select from various interest rate options and maturities under this facility. The facility will serve as a primary funding vehicle as well as a backup for the Company's recently established commercial paper program. Subsequent to the end of the fiscal year, the Company amended the Credit Facility to increase the line of credit to \$400.0 million.

In January 1994, the Company filed a registration statement with the Securities and Exchange Commission which provides for borrowings of up to \$200 million in public debt. On March 15, 1994, the Company completed a \$100 million public offering of its 6 7/8% Notes Due March 15, 2004 (the "6 7/8% Notes"), the net proceeds of which, totaling \$98.8 million, were used to pay down a portion of the Company's outstanding bank debt.

At June 30, 1995, the Company had \$201.1 million outstanding under the Credit Facility together with the \$100.0 million of the 6 7/8% Notes, \$105.3 million of 6% Convertible Debentures and \$13.1 million of other debt. This \$419.5 million of total debt at June 30, 1995 represents an increase of \$116.4 million over the \$303.1 million outstanding at July 1, 1994. As a result, the Company's debt to capital (shareholders' equity plus total debt) ratio was 25% at June 30, 1995 as compared with 21% at July 1, 1994. In 1995, income was more than eight times greater than fixed charges. Internally generated cash flow during 1995, represented by net income before depreciation, amortization and other non-cash items, was \$200.2 million or 48% of total debt at June 30, 1995.

During the last three years, the Company's capital rose \$646.0 million to a total of \$1.659 billion at June 30, 1995. Shareholders' equity increased by \$402.2 million to \$1.239 billion; \$170.6 million due to the issuance of Avnet stock and stock options in connection with the acquisition of Hall-Mark, \$224.5 million from earnings, net of dividends, reinvested in the business, and by \$7.1 million, net, of other items. Total debt increased by \$243.8 million.

Subsequent to the end of the fiscal year, in August 1995, the Company notified its Debentureholders of its decision to call for redemption on September 15, 1995 the entire amount of outstanding 6% Convertible Subordinated Debentures Due 2012 (the "Debentures"). Holders of \$105.2 million of the Debentures exercised their rights to convert the Debentures into shares of Avnet common stock at a conversion price of \$43.00 principal amount per share, thereby increasing shareholders' equity by \$105.2 million. The remaining outstanding Debentures, amounting to \$0.1 million, were redeemed on September 15, 1995, at a premium of 1.2% plus accrued interest, although some outstanding debentures have not yet been physically surrendered. As a result, outstanding shares have increased by approximately 2.4 million shares to 43.3 million as of September 15, 1995. Had this occurred on June 30, 1995, the Company's debt to capital ratio would have declined to approximately 19% from 25%.

At June 30, 1995 the Company did not have any material commitments for capital expenditures. The Company and the former owners of a Company-owned site in Oxford, North Carolina have entered into a Consent Decree and Court Order with the Environmental Protection Agency (EPA) for the environmental clean-up of the site, the cost of which, according to the EPA's remedial investigation and feasibility study, is estimated to be approximately \$6.3 million, exclusive of the \$1.5 million in EPA past costs paid by the potentially responsible parties (PRP's). Pursuant to a Consent Decree and Court Order entered into between the Company and the former owners, the former owners have agreed to

bear at least

70% of the clean-up costs of the site, and the Company will be responsible for not more than 30% of those costs. As noted in Item 3 of this Report, the Company is also a PRP in an environmental clean-up at a site in North Smithfield, Rhode Island. In addition, the Company has received notice from a third party of its intention to seek indemnification for costs it may incur in connection with an environmental clean-up at a site in Rush, Pennsylvania resulting from the alleged disposal of wire insulation material at the site by a former unit of the Company. Based upon the information known to date, the Company believes that it has appropriately accrued in the financial statements for its share of the costs of the clean-up at these sites. The Company is also a PRP or has been notified of claims made against it at environmental clean-up sites in Huguenot, New York and in Hempstead, New York. At this time, the Company cannot estimate the amount of its potential liability, if any, for clean-up costs in connection with these sites, but does not anticipate that these matters or any other contingent matters will have a material adverse impact on the Company's financial condition, liquidity or results of operations.

The Company is not now aware of any commitments, contingencies or events within its control which may significantly change its ability to generate sufficient cash from internal or external sources to meet its needs.

Note: Just prior to the filing of this report, on September 15, 1995, the Company acquired setron Schiffer-Electronic GmbH & CO. KG, an electronic distribution company headquartered in Germany.

#### ITEM 8. Financial Statements and Supplementary Data

The Financial Statements and Supplementary Data are listed under Item 14 in this annual report.

#### ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None to report.

### PART III

#### ITEM 10. Directors and Executive Officers of the Registrant

#### ITEM 11. Executive Compensation

#### ITEM 12. Security Ownership of Certain Beneficial Owners and Management

#### ITEM 13. Certain Relationships and Related Transactions

The information called for by Items 10, 11, 12 and 13 (except to the extent set forth in Item 4A above) is incorporated in this Report by reference to the Company's definitive proxy statement relating to the Annual Meeting of Shareholders anticipated to be held on November 15, 1995.

PART IV

ITEM 14. Exhibits, Financial Statement  
Schedules and Reports on Form 8-K

a. The following documents are filed as part of this report:

	Page
1. Financial Statements and Supplementary Data	
Report of Independent Public Accountants	32
Avnet, Inc. and Subsidiaries Consolidated Financial Statements:	
Statements of Income for the years ended June 30, 1995, July 1, 1994 and June 30, 1993	33
Balance Sheets at June 30, 1995 and July 1, 1994	34
Statements of Shareholders' Equity for the years ended June 30, 1995, July 1, 1994 and June 30, 1993.	35
Statements of Cash Flows for the years ended June 30, 1995, July 1, 1994 and June 30, 1993.	36
Notes to consolidated financial statements	37-48
2. Financial statement schedule	
(i) Schedule II for the years ended June 30, 1995, July 1, 1994 and June 30, 1993.	49

Schedules other than the one above have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits:

Exhibit No.	Description
3A.	Certificate of Incorporation of the Registrant as currently in effect.
3B.	By-laws of the Registrant as currently in effect (incorporated herein by reference to Commission File No. 1-4224, Current Report on Form 8-K dated September 23, 1994).
4.	Specimen form of the Registrant's Common Stock Certificate (incorporated by reference to the Registrant's Registration Statement on Form S-2 (Registration No. 33-80932).

Note: The total amount of securities outstanding at the end of the period covered by this Report under any instrument which defines the rights of holders of Registrant's long-term debt does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis. Therefore, none of the instruments defining the rights of the holders of such long-term debt are required to be filed as exhibits to this Report. The Registrant agrees to furnish copies of such instruments to the Commission upon request.

#### Executive Compensation Plans and Arrangements

- 10A. Second Employment Extension Agreement dated June 1, 1995 between the Registrant and Leon Machiz (incorporated by reference to the Registrant's Current Report on Form 8-K dated September 26, 1995 Commission File No. 1-4224).
- 10B. Employment Extension Agreement dated November 29, 1993 between the Registrant and Mr. Leon Machiz (incorporated herein by reference to Commission File No. 1-4224, Current Report on Form 8-K dated September 23, 1994).
- 10C. Employment Agreement dated February 28, 1990 between the Registrant and Mr. Leon Machiz (incorporated by reference to Commission File No. 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1990).
- 10D. Third Amendment dated June 1, 1995, to Employment Agreement dated June 1, 1992 between the Registrant and Roy Vallee (incorporated by reference to the Registrant's Current Report on Form 8-K dated September 26, 1995 Commission File No. 1-4224).
- 10E. Second Amendment, dated July 1, 1993, to Employment Agreement dated July 1, 1992 between Registrant and Roy Vallee (incorporated by reference to Commission File No. 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1993).
- 10F. Employment Agreement and amendment to Employment Agreement dated July 1, 1992 between the Registrant and Roy Vallee (incorporated by reference to Commission File No. 1-4224, Quarterly Report on Form 10-Q for the quarter ended April 2, 1993).
- 10G. Employment Agreement, dated July 22, 1992 between the Registrant and Mr. Keith Williams (incorporated by reference to Commission File No. 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1992).

- 10H. Consulting Agreement dated July 1, 1993 between the Registrant and Mr. David Shaw (incorporated by reference to Commission File No.- 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1993).
- 10I. Employment Agreement dated December 31, 1992 between Hall-Mark Electronics Corp. and Mr. Joseph W. Semmer (incorporated herein by reference to Commission File No. 1-4224, Current Report on Form 8-K dated September 23, 1994).
- 10J. Letter dated April 20, 1993 from the Registrant confirming Registrant's intent to assume employment agreements of certain-Hall-Mark Electronics Corp. executives, including the Employment Agreement of Mr. Semmer incorporated herein by reference to Commission File No. 1-4224, Current Report on Form 8-K dated September 23, 1994).
- 10K. Avnet 1984 Stock Option Plan (incorporated herein by reference to Registration Statement on Form S-8, Registration No. 2-96800: Exhibit 4-B).
- 10L. Avnet 1988 Stock Option Plan (incorporated herein by reference to Registration Statement on Form S-8, Registration No. 33-29475: Exhibit 4-B).
- 10M. Avnet 1990 Stock Option Plan (incorporated herein by reference to Commission File No. 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1992).
- 10N. Avnet Second Incentive Stock Program (incorporated herein by reference to Registration Statement on Form S-8, Registration No.- 2-94916; Exhibit 4-B).
- 10O. Outside Director Stock Bonus Plan as extended and amended, effective July 1, 1992 (incorporated herein by reference to Commission File No. 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1992).
- 10P. Retirement Plan for Outside Directors of Avnet, Inc., effective July 1, 1993 (incorporated herein by reference to Commission File No.- 1-4224, Annual Report on Form 10-K for the fiscal year ended June 30, 1992).
- 11.\* Statement regarding computation of per share earnings.
- 21.\* List of subsidiaries of the Registrant.
- 23.\* Consent of Arthur Andersen LLP.

24. Powers of Attorney (incorporated herein by reference to Commission File No. 1-4224, Current Report on Form 8-K dated September 26, 1995).

\*Filed herewith

S I G N A T U R E S

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVNET, INC.  
(Registrant)

Date: September 27, 1995  
Board, Chief Executive

By: s/Leon Machiz  
Leon Machiz, Chairman of the  
Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on September 27, 1995.

Signature	Title
s/Leon Machiz Machiz)	Chairman of the Board, (Leon Chief Executive Officer and Director (Principal Executive Officer)
* (Roy Vallee)	President, Chief Operating Officer, Vice Chairman of the Board and Director
* (Eleanor Baum)	Director
* (Gerald J. Berkman)	Director
* (Joseph F. Caligiuri)	Director
(Sylvester D. Herlihy)	Director
(Ehud Houminer)	Director
* (Salvatore J. Nuzzo)	Director
* (Frederic Salerno)	Director
* (David Shaw)	Director

Signature

Title

\*  
(Howard Stein)

Director

\*  
(Keith Williams)

Director

\*  
(Frederick S. Wood)

Director

s/Raymond Sadowski  
(Raymond Sadowski)

Senior Vice President,  
Chief Financial  
Officer and Assistant  
Secretary  
(Principal Financial  
Officer)

s/John F. Cole  
(John F. Cole)

Controller  
(Principal Accounting  
Officer)

\* By: s/Raymond Sadowski  
(Raymond Sadowski)  
Attorney-in-Fact

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders  
Avnet, Inc.  
Great Neck, New York

We have audited the accompanying consolidated balance sheets of Avnet, Inc. (a New York corporation) and Subsidiaries as of June 30, 1995 and July 1, 1994, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended June 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avnet, Inc. and Subsidiaries as of June 30, 1995 and July 1, 1994, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1995 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index of financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

s/ARTHUR ANDERSEN LLP

New York, New York  
August 4, 1995

AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
(Thousands except per share data)

	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Sales	\$4,300,013	\$3,547,743	\$2,237,954
Cost of sales	3,483,649	2,851,681	1,751,195
Gross Profit	816,364	696,062	486,759
Operating expenses:			
Selling, shipping, general and administrative	526,019	481,448	367,837
Depreciation and amortization	28,862	27,127	16,160
Restructuring and integration (Note 13)	--	22,702	--
Operating income	261,483	164,785	102,762
Investment and other income, net	5,066	4,786	20,393
Interest expense	(23,175)	(14,733)	(8,972)
Income before income taxes and cumulative effect of a change in accounting principle	243,374	154,838	114,183
Income taxes (Note 7)	103,101	66,730	45,123
Income before cumulative effect of a change in accounting principle	140,273	88,108	69,060
Cumulative effect of a change in the method of accounting for income taxes (Note 7)	--	(2,791)	--
Net income	\$ 140,273	\$ 85,317	\$ 69,060
Earnings per share:			
Income before cumulative effect of a change in accounting principle	\$ 3.32	\$ 2.16	\$ 1.91
Cumulative effect of a change in the method of accounting for income taxes	--	(.07)	--
Net income	\$ 3.32	\$ 2.09	\$ 1.91
Shares used to compute earnings per share (Note 1)	43,421	40,847	38,253

See notes to consolidated financial statements

AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

	June 30, 1995	July 1, 1994
Assets:		
Current assets:		
Cash and cash equivalents	\$ 49,332	\$ 53,876
Receivables, less allowances of \$23,421 and \$21,975, respectively	713,644	573,569
Inventories (Note 3)	747,477	627,022
Other	13,838	9,614
Total current assets	1,524,291	1,264,081
Property, plant and equipment, at cost, net (Note 4)	145,611	115,146
Goodwill, net of accumulated amortization of \$24,481 and \$13,767, respectively (Note 1)	419,479	382,548
Other assets	36,214	25,912
Total assets	\$2,125,595	\$1,787,687
Liabilities:		
Current liabilities:		

Borrowings due within one year (Note 5)	\$ 493	\$ 47
Accounts payable	314,887	252,915
Accrued expenses and other (Note 6)	151,820	123,135
Total current liabilities	467,200	376,097
Long-term debt, less due within one year (Note 5)	419,016	303,075
Commitments and contingencies (Notes 9 and 11)		
Total liabilities	886,216	679,172
Shareholders' equity (Note 10):		
Common stock \$1.00 par, authorized 60,000,000 shares, issued 41,204,000 shares and 41,104,000 shares, respectively	41,204	41,104
Additional paid-in capital	310,843	307,149
Retained earnings	896,102	780,266
Cumulative translation adjustments	814	(9,692)
Treasury stock at cost, 412,000 shares and 445,000 shares, respectively	(9,584)	(10,312)
Total shareholders' equity	1,239,379	1,108,515
Total liabilities and shareholders' equity	\$2,125,595	\$1,787,687

See notes to consolidated financial statements

#### AVNET, INC. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED JUNE 30, 1995, JULY 1, 1994 AND JUNE 30, 1993  
(Thousands except per share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Cumulative Translation Adjustments	Treasury Stock	Total Shareholders' Equity
Balance, June 30, 1992	\$36,043	\$135,630	\$671,608	\$ 5,756	(\$11,816)	\$ 837,221
Net income			69,060			69,060
Dividends, \$.60 per share			(21,360)			(21,360)
Cumulative translation adjustments				(20,069)		(20,069)
Other, net, principally stock option and incentive programs	88	2,600			620	3,308
Balance, June 30, 1993	36,131	138,230	719,308	(14,313)	(11,196)	868,160
Net income			85,317			85,317
Dividends, \$.60 per share			(24,359)			(24,359)
Cumulative translation adjustments				4,621		4,621
Acquisition of Hall-Mark Electronics (Note 2)	4,858	165,717				170,575
Other, net, principally stock option and incentive programs	115	3,202			884	4,201
Balance, July 1, 1994	41,104	307,149	780,266	(9,692)	(10,312)	1,108,515
Net income			140,273			140,273
Dividends, \$.60 per share			(24,437)			(24,437)
Cumulative translation adjustments				10,506		10,506
Other, net, principally stock option and incentive programs	100	3,694			728	4,522
Balance, June 30, 1995	\$41,204	\$310,843	\$896,102	\$ 814	(\$ 9,584)	\$1,239,379

See notes to consolidated financial statements

AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Dollars in thousands)

	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Cash flows from operating activities:			
Net income	\$140,273	\$ 85,317	\$ 69,060
Add non-cash and other reconciling items:			
Depreciation and amortization	36,863	31,822	22,845
Deferred taxes	5,484	(10,250)	1,719
Cumulative effect of change in accounting for income taxes	--	2,791	--
Other, net (Note 12)	17,549	14,343	2,922
	200,169	124,023	96,546
Receivables	(117,804)	(127,979)	(38,434)
Inventories	(103,550)	(27,853)	(13,210)
Payables, accruals and other, net	35,549	53,826	5,721
Net cash flows provided from operations	14,364	22,017	50,623
Cash flows from financing activities:			
Issuance of notes in public offering, net of issuance costs	--	98,772	--
Issuance of bank debt, net of issuance costs	106,100	94,964	--
Repurchase of debentures	--	--	(68,117)
Payment of other debt	(4,589)	(149)	(1,432)
Cash dividends (Note 12)	(18,320)	(29,706)	(21,342)
Other, net	2,282	2,549	1,346
Net cash flows provided from (used for) financing	85,473	166,430	(89,545)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(50,547)	(21,441)	(15,094)
Acquisition of operations, net (Note 2)	(54,911)	(333,206)	(36,183)
Disposition of interest-bearing investments, net	--	--	255,075
Other, net	--	21	(1,191)
Net cash flows (used for) provided from investing	(105,458)	(354,626)	202,607
Effect of exchange rate changes on cash and cash equivalents			
	1,077	228	(751)
Cash and cash equivalents:			
- (decrease) increase	(4,544)	(165,951)	162,934
- at beginning of year	53,876	219,827	56,893
- at end of year	\$ 49,332	\$ 53,876	\$219,827

Additional cash flow information (Note 12)

See notes to consolidated financial statements

1. Summary of significant accounting policies:

Principles of consolidation - The statements include the accounts of the Company and all of its subsidiaries. All intercompany accounts and transactions have been eliminated.

Inventories - Stated at cost (first-in, first-out) or market, whichever is lower.

Depreciation - Depreciation is generally provided for by the straight-line method over the estimated useful lives of the assets.

Income taxes - No provision for U.S. income taxes has been made for \$76,514,000 of cumulative unremitted earnings of foreign subsidiaries because those earnings are expected to be permanently reinvested outside the U.S. If such earnings were remitted to the U.S., any net U.S. income taxes would not have a material impact on the results of operations of the Company.

Statement of cash flows - The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The prior years' statements were restated to conform with the current year presentation in that the effect of exchange rate changes on cash and cash equivalents, previously included in the line "payables, accruals and other, net", is now shown separately.

Goodwill - Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Except for an immaterial amount of goodwill applicable to purchases made before October 31, 1970, goodwill is being amortized on a straight-line basis over 40 years. The Company continually evaluates the carrying value and the remaining economic useful life of all goodwill, and will adjust the carrying value and the related amortization period if and when appropriate.

Earnings per share - In computing earnings per share for the years presented, the 6% Convertible Subordinated Debentures were not considered common equivalent shares in 1994 because they would have been anti-dilutive. The 8% Convertible Subordinated Debentures, which were fully redeemed during 1993, were not considered common equivalent shares in 1993 as they would have been anti-dilutive.

Fiscal Year - Effective in fiscal 1994, the Company changed its fiscal year to end on the Friday closest to June 30th. The impact in fiscal 1994 of one additional day of operations was not material. Unless otherwise noted, all references to the "year 1995" or any other "year" shall mean the Company's fiscal year.

2. Acquisitions:

Since July 1, 1994, the Company has completed eight acquisitions for the Electronic Marketing Group - three each in the United States and Europe and two in the Asia/Pacific region. Seven of these acquisitions were completed during 1995 and one was completed subsequent to June 30, 1995. All acquisitions have been accounted for as purchases.

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Acquisitions (Continued):

In July 1994, the Company acquired Penstock, Inc., the leading technical specialist distributor of microwave and radio frequency products and value-added services in the United States. In December 1994, the Company completed its acquisition of the Flippin, Arkansas cable assembly operation of LaBarge, Inc. This operation, now known as Avnet Cable Technologies, provides cable assemblies to major computer and medical equipment manufacturers as well as to other users of complex cable assemblies.

In January 1995, the Company acquired Lyco Limited, an Ireland-based electronics components distributor and provider of programming services, and also acquired a 70% interest in WKK Semiconductors, Ltd., a Hong-Kong-based electronic components distributor with operations in Hong Kong and the People's Republic of China. In April 1995, the Company acquired CK Electronique, the largest independent programming company in France, which provides various services including component programming, testing and taping. In April 1995, the Company completed the acquisition of-BFI-IBEXSA International, Inc., the leading pan-European technical specialist distributor of microwave and radio frequency components, magnetic sensors, connecting devices and other specialty components. In May 1995, the Company completed the acquisition of Sertek, Inc., a leading technical specialist distributor of microwave and radio frequency products in the southwest United States.

Cash expended (net of cash on the books of the companies acquired) in 1995 relating to these acquisitions totaled approximately \$70,000,000. In the aggregate, the operations acquired during 1995 had sales totaling approximately \$170,000,000 during the fiscal year of each such operation immediately preceding its acquisition. The historical results of operations of the companies acquired would not have had a material effect on the Company's results of operations in 1994 and 1995, on a proforma basis.

Subsequent to the end of the fiscal year, in July 1995, the Company completed the acquisition of VSI Electronics consisting of VSI Electronics (Australia) PTY Ltd., an Australian electronic components distributor and VSI Electronics (NZ) Ltd., a New Zealand based electronic components distributor.

On July 1, 1993, the Company completed the acquisition of all of the stock of Hall-Mark Electronics Corporation, the nation's third largest distributor of electronic components, pursuant to an Agreement and Plan of Merger dated April 20, 1993. Each share of Hall-Mark common stock was exchanged for \$20 in cash and 0.45 shares of Avnet common stock, which had a market value of \$34.1875 per share on July 1, 1993. The total cost of the acquisition including expenses was approximately \$496,559,000, consisting of the cost for the Hall-Mark common stock of \$218,409,000 in cash, \$166,093,000 in Avnet stock and \$2,532,000 in Avnet stock options (net of related tax benefits of \$1,950,000), and the cost for the refinancing of Hall-Mark bank debt of \$109,525,000. The \$327,934,000 of funding required to complete the transaction was financed through cash on hand, proceeds from the exercise of Hall-Mark options and warrants, and

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Acquisitions (Continued):

borrowings under a credit facility with NationsBank of North Carolina, N.A. The transaction was accounted for as a purchase. Had the acquisition been completed as of July 1, 1992, 1993 sales, net income and earnings per share for the Company on a proforma basis would have been \$2,982,000,000, \$79,000,000 and \$1.93 per share, respectively (unaudited).

During 1994, the Company also acquired Avnet Adelsey and Avnet DeMico, two Italy based electronic component distributors. The total investment for acquisitions in 1994 was \$501,831,000 (net of \$8,719,000 of cash on the books of the companies acquired), of which \$333,206,000 was paid in cash, \$166,093,000 in Avnet stock and \$2,532,000 in Avnet stock options (net of related tax benefits of \$1,950,000).

In 1993 the Company acquired Avnet Nortec, a Scandinavian electronics distributor, and Avnet E2000, a German electronics distributor, for a total cash investment of \$36,491,000.

3.	Inventories:		
	(Thousands)	June 30, 1995	July 1, 1994
	Finished goods	\$651,939	\$554,813
	Work-in-process	3,242	2,730
	Raw materials	92,296	69,479
		\$747,477	\$627,022

4.	Property, plant and equipment:		
	(Thousands)	June 30, 1995	July 1, 1994
	Land	\$ 7,465	\$ 8,275
	Buildings	71,908	77,628
	Machinery, fixtures and equipment	236,099	193,617
	Leasehold improvements	6,887	3,886
		322,359	283,406
	Less accumulated depreciation	176,748	168,260
		\$145,611	\$115,146

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. External financing:		
(Thousands)	June 30, 1995	July 1, 1994
6% Convertible Subordinated Debentures due April 15, 2012, convertible at \$43 per share	\$105,263	\$105,285
6 7/8% Notes due March 15, 2004	100,000	100,000
Bank Syndicated Credit Facility	201,100	95,000
Other	13,146	2,837
	419,509	303,122
Less borrowings due within one year	493	47
Long-term debt	\$419,016	\$303,075

In June 1995, the Company renegotiated its revolving credit agreement with a syndicate of banks led by NationsBank of North Carolina, N.A. The previous agreement had been established during 1994 and provided a three-year facility with a \$150,000,000 line of credit. The new agreement provides a five-year facility with a line of credit of up to \$300,000,000 at floating rates of interest (6.4% at June 30, 1995). Similarly, the prior facility also provided for floating rates of interest (4.6% at July 1, 1994).

During 1994, the Company also raised \$100,000,000 (before deducting underwriting fees and other costs) in the public market by issuing the 6 7/8% Notes due March 15, 2004.

Annual payments on external financing in 1996, 1997, 1998, 1999 and 2000 will be \$493,000, \$390,000, \$389,000, \$222,000 and \$210,268,000, respectively.

6. Accrued expenses and other:		
(Thousands)	June 30, 1995	July 1, 1994
Payroll, commissions and related	\$ 51,407	\$ 45,570
Insurance	16,973	15,197
Income taxes	25,606	4,615
Dividend payable (Note 12)	6,117	--
Other	51,717	57,753
	\$151,820	\$123,135

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Income taxes:

Effective July 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes" and recognized a charge for the cumulative effect of the change in accounting principle in the amount of \$2,791,000 (\$.07 per share). SFAS No. 109 requires the use of the asset and liability method for recording deferred income taxes wherein deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement and tax bases of assets and liabilities. It also requires the Company to adjust deferred income tax balances to reflect changes in current income tax rates and to record the impact of a change in tax rates in the income statement in the period that the change is enacted.

A reconciliation between the federal statutory tax rate and the effective tax rate is:

	June 30, 1995	Years Ended July 1, 1994	June 30, 1993
Federal statutory rate	35.0%	35.0%	34.0%
State and local income taxes, net of federal benefit	4.7	4.9	5.0
Amortization of goodwill	1.5	2.2	--
Other, net	1.2	1.0	0.5
Effective tax rate	42.4%	43.1%	39.5%

The components of the provision for income taxes are indicated in the next table. The provision (future tax benefit) for deferred income taxes results from timing differences arising principally from inventory valuation, accounts receivable valuation and depreciation.

(Thousands)	June 30, 1995	Years Ended July 1, 1994	June 30, 1993
Current:			
Federal	\$ 64,279	\$53,212	\$31,342
State and local	16,849	13,749	7,927
Foreign	16,489	10,019	4,135
Total current taxes	97,617	76,980	43,404
Deferred:			
Federal	3,290	(8,609)	777
State and local	861	(2,103)	211
Foreign	1,333	462	731
Total deferred taxes	5,484	(10,250)	1,719
Provision for income taxes	\$103,101	\$66,730	\$45,123

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Income taxes (Continued):

The 1994 tax provision includes an additional \$500,000 federal tax provision for the impact of the retroactive increase in federal income tax rates enacted in 1994 as it related to 1993 income. In addition, \$10,786,000 of income tax benefit, net, was recorded as an adjustment to goodwill for the tax impact of adjustments to the value of assets and liabilities acquired in connection with the acquisition of Hall-Mark Electronics.

The significant components of deferred tax assets and liabilities included on the balance sheet as of the beginning and end of 1995 were as follows:

(Thousands)	June 30, 1995	July 1, 1994
Deferred tax assets:		
Inventory valuation	\$ 9,945	\$13,593
Accounts receivable valuation	5,943	6,084
Various accrued liabilities and other	7,040	7,562
	22,928	27,239

Deferred tax liabilities:		
Depreciation and amortization		
of fixed assets	5,546	4,987
Other	5,948	6,057
	11,494	11,044
Net deferred assets	\$11,434	\$16,195

8. Pension and profit sharing plans:

During the three years ended June 30, 1995, the following amounts were charged (credited) to income under the Company's pension plan, 401(k) plan and a discretionary profit sharing plan:

(Thousands)	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Pension	(\$ 289)	(\$ 796)	(\$1,008)
401(k)	486	851	447
Profit sharing	1,396	913	695

The Company's noncontributory defined benefit pension plan and its 401(k) plan cover substantially all domestic employees, except for those at one unit covered by a profit sharing plan. The noncontributory pension plan was amended as of January 1, 1994 to provide defined benefits pursuant to a cash balance feature whereby a participant accumulates a benefit based upon a percentage of current salary, which varies with age, and interest credits. At June 30, 1995, the market value of the pension plan assets was \$118,024,000 and these assets were comprised of U.S. Government securities (47%), common stocks (27%), money market funds (21%) and corporate debt obligations (5%).

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Pension and profit sharing plans (Continued):

In each of the last three years, the assumed interest rate and the expected return on plan assets were 8% while assumed salary increases were approximately 6% in 1993. Under the cash balance plan adopted during 1994, service costs are based solely on current year salary levels; therefore, projected salary increases are not taken into account. The pertinent calculations covering the pension credits, obligations and prepaid pension cost are summarized below:

Credits to income:

(Thousands)	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
<b>Earned:</b>			
Return on Plan assets - actual	\$13,285	\$ 2,221	\$12,032
Lower (higher) than expected return - deferred	(4,570)	6,224	(4,264)
Expected return	8,715	8,445	7,768
Amortization of 7/1/85 excess assets	2,829	2,830	2,830
Amortization of prior service credits (costs)	321	110	(101)
	11,865	11,385	10,497
<b>Less benefits:</b>			
Present value of benefits earned during year	5,762	4,854	4,239
Interest on projected benefit obligation	5,814	5,735	5,250
	11,576	10,589	9,489
<b>Net credit to income</b>	<b>\$ 289</b>	<b>\$ 796</b>	<b>\$ 1,008</b>

Funded status of the Plan:

(Thousands)	June 30, 1995	July 1, 1994	June 30, 1993
<b>Projected benefit obligation:</b>			
Vested benefits	\$ 77,161	\$ 73,343	\$ 65,803
Non-vested benefits	3,120	2,894	2,402
Accumulated benefit obligation	80,281	76,237	68,205
Future salary assumption	--	--	5,253
Projected benefit obligation	80,281	76,237	73,458
Unamortized 7/1/85 excess assets	16,129	18,958	21,788
<b>Cumulative differences in:</b>			
Return on Plan assets	8,793	4,223	10,447
Projected benefit obligation	273	(1,666)	(895)
Unamortized prior service credits (costs)	3,577	3,898	(915)
	109,053	101,650	103,883
<b>Less market value of Plan assets</b>	<b>118,024</b>	<b>110,332</b>	<b>111,769</b>
<b>Prepaid pension cost</b>	<b>\$ 8,971</b>	<b>\$ 8,682</b>	<b>\$ 7,886</b>

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Pension and profit sharing plans (Continued):

The absence of a future salary assumption amount and the large unamortized prior service credit for the years ended June 30, 1995 and July 1, 1994 are due to the adoption of the cash balance plan. Not included in the above tabulations are pension plans of certain non-U.S. subsidiaries which are not material.

9. Long-term leases:

The Company leases many of its operating facilities and is also committed under lease agreements for transportation and operating equipment. Rent expense charged to operations for the three years ended June 30, 1995 is as follows:

(Thousands)	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Buildings	\$19,065	\$17,487	\$14,779
Equipment	4,857	5,307	2,811

\$23,922

\$22,794

\$17,590

At June 30, 1995, aggregate future minimum lease commitments, principally for buildings, in 1996, 1997, 1998, 1999, 2000 and thereafter (through 2003) are \$14,730,000, \$10,021,000, \$7,005,000, \$4,917,000, \$2,529,000 and \$4,577,000, respectively.

10. Stock option and incentive programs:

The Company has two stock option plans with shares still available for grant:

	1990 Qualified Plan	1988 Non-Qualified Plan
Minimum exercise price as a percentage of fair market value at date of grant	100%	50%
Life of options	10 years	10 years
Exercisable	In whole or installments	25% annually after one year
Plan termination date	11/28/00	12/31/98
Shares available for grant at June 30, 1995	415,500	70,857

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Stock Option and incentive programs (Continued):

Under the non-qualified plan, the excess of the fair market value at the date of grant over the exercise price is considered deferred compensation which is amortized and charged against income as it is earned.

Pertinent information covering options is:

Option and market prices are per share	1995	1994	1993
Outstanding at end of year:			
Shares - Total	1,615,122	1,193,334	577,563
Exercisable	683,372	489,637	343,563
Option prices	\$13.50-44.50	\$13.50-38.50	\$11.75-34.50
Market prices at date granted	\$19.75-44.50	\$19.75-38.50	\$19.75-38.19
Granted:			
Shares	527,500	821,590	69,000
Option prices	\$28.00-44.50	\$17.63-38.50	\$28.00-34.50
Exercised:			
Shares	100,139	114,445	87,950
Option prices	\$14.00-38.50	\$11.75-34.00	\$14.00-31.25
Cancelled and expired:			
Shares	5,573	91,374	30,500
Option prices	\$17.63-29.00	\$17.63-38.50	\$19.75-42.13

In November 1994, the shareholders of the Company approved the 1994 Avnet Incentive Stock Program (the "1994 Program"). The 1994 Program supplements, will eventually replace, and is substantially similar to the already existing Avnet Incentive Stock Program (the "Existing Program"), which expires by its terms on October 31, 1995. Under the 1994 Program, a maximum of 350,000 shares of Avnet common stock may be awarded. As of June 30, 1995, no shares have been awarded under the 1994 Program and 211,478 shares are still available for award under the Existing Program based on operating achievements. Delivery of incentive shares under both programs is spread equally over a four-year period and is subject to the employee's continuance in the Company's employ. As of June 30, 1995, 56,685 shares previously awarded under the Existing Program have not yet been delivered.

At June 30, 1995, 5,167,618 common shares were reserved for stock option and stock incentive programs and conversion of debentures.

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Contingent liabilities:

From time to time, the Company may become liable with respect to pending and threatened litigation, taxes and environmental and other matters. The Company has been designated a potentially responsible party or has had other claims made against it in connection with environmental clean-ups at several sites. Based upon the information known to date, the Company believes that it has appropriately reserved for its share of the costs of the clean-ups and it is not anticipated that any contingent matters will have a material adverse impact on the Company's financial condition, liquidity or results of operations.

12. Additional cash flow information:

Other non-cash and reconciling items primarily include provisions for doubtful accounts and gains and losses on dispositions of marketable securities.

Due to the change in the Company's fiscal year (see Note 1) and its historical dividend payment dates, the fiscal year ended July 1, 1994 includes the cash payment of the July 1, 1994 dividend. This results in the inclusion of three quarterly dividend payments in 1995, the inclusion of five quarterly dividend payments in 1994 and the absence of an unpaid dividend at the end of 1994.

The net cash disbursed in each of the three years in connection with acquisitions (See Note 2), as well as the net cash collected in those years from dispositions, are reflected as "cash flows from acquisition of operations, net".

Interest and income taxes paid were as follows:

(Thousands)	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
Interest	\$23,279	\$12,622	\$12,819
Income taxes	94,167	58,128	40,513

13. Restructuring and integration charges:

During the first quarter of 1994, the Company recorded a special charge of \$22,702,000 (\$13,498,000 after tax or \$0.33 per share) for restructuring and integration costs associated with the July 1, 1993 acquisition of Hall-Mark and the restructuring of the Electrical and Industrial Group. These costs included accruals for severance, real and personal property lease terminations, relocation of employees, inventory adjustments related to supplier terminations and other items. As of the end of fiscal 1995, approximately \$3,100,000 of the charge has not yet been utilized. The remaining balance is due primarily to long-term real estate lease and severance commitments.

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Segment and geographic information:

The Company operates primarily in one industry segment through its Electronic Marketing Group, which distributes electronic components and computer products. For each of the last two years, the Electronic Marketing Group's sales, operating income and identifiable assets were greater than 85% of the comparable consolidated totals. For the years presented, the Company's other two industry segments, the Video Communications Group and the Electrical and Industrial Group, individually accounted for less than 10% of the Company's consolidated sales, operating income and identifiable assets. Geographic information is as follows:

(Millions)	June 30, 1995	Years Ended July 1, 1994	June 30, 1993
Sales:			
Domestic operations	\$3,411.8	\$2,938.7	\$1,834.6
Foreign operations	888.2	609.0	403.4
	\$4,300.0	\$3,547.7	\$2,238.0
Operating income:			
Domestic operations	\$228.3	\$157.6	\$105.6
Foreign operations	53.5	27.3	13.0
Corporate	(20.3)	(20.1)	(15.8)
	\$261.5	\$164.8	\$102.8
Identifiable assets:			
Domestic operations	\$1,602.9	\$1,432.5	\$824.6
Foreign operations	466.6	316.8	208.9
Corporate	56.1	38.4	213.8
	\$2,125.6	\$1,787.7	\$1,247.3

Information for the Company's primary industry segment, the Electronic Marketing Group (domestic and foreign), is as follows:

(Millions)	June 30, 1995	Years Ended July 1, 1994	June 30, 1993
Sales	\$3,873.0	\$3,161.5	\$1,917.3
Operating income	261.9	172.5	111.7
Identifiable assets	1,888.8	1,578.1	866.3
Property, plant and equipment:			
Additions	43.2	18.1	11.1
Depreciation	18.7	15.8	12.7

The segments are described on pages 3 to 12.

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Summary of quarterly results (unaudited)  
(Millions except per share data):

Quarter	Sales	Gross profit	Income		Earnings per share
			Pre-tax	After tax	
1st - 95	\$ 953.1	\$186.0	\$ 50.5	\$ 28.9	\$ .69
- 94	878.0	173.0	19.8(a)	10.1(a)(b)	.25(a)(b)
2nd - 95	1,040.0	193.8	54.2	31.1	.74
- 94	850.5	165.0	41.2	23.6	.58
3rd - 95	1,129.2	207.9	63.4	36.4	.86
- 94	900.0	172.4	43.9	25.3	.62
4th - 95	1,177.7	228.7	75.3	43.9	1.03
- 94	919.2	185.7	49.9	29.1	.71
Year - 95	\$4,300.0	\$816.4	\$243.4	\$140.3	\$3.32
- 94	3,547.7	696.1	154.8(a)	88.1(a)(b)	2.16(a)(b)

(a) Includes the pre-tax, after tax and earnings per share effects of \$22.7 million, \$14.0 million and \$0.34 per share, respectively, of the Company's restructuring and integration charges, and the retroactive impact of the change in U.S. tax rates.

(b) Excludes the \$2.8 million and \$0.07 per share charge related to the cumulative effect of the change in the method of accounting for income taxes.

SCHEDULE II  
AVNET, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS  
YEARS ENDED JUNE 30, 1995, JULY 1, 1994 AND JUNE 30, 1993  
(Thousands)

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	(1) Charged to costs and expenses	(2) Charged to other accounts - describe	Deductions - describe	Balance at end of period
1995					
Allowance for doubtful accounts	\$21,975	\$14,007	\$456 (a) 973 (c)	\$13,990 (b)	\$23,421
1994					
Allowance for doubtful accounts	14,736	12,233	853 (a) 3,606 (c)	9,453 (b)	21,975
1993					
Allowance for doubtful accounts	12,519	9,678	549 (a)	8,010 (b)	14,736

(a) Recovery of amounts previously written off

(b) Uncollectible accounts written off

(c) Acquisitions

INDEX TO EXHIBITS

Exhibit Number	Exhibit	Sequentially Numbered Page
11.	Statement regarding computation of per share earnings	51
21.	List of subsidiaries of the Registrant.	52
23.	Consent of Arthur Andersen LLP	53

## EXHIBIT 11

## AVNET, INC. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE  
(Thousands except per share data)

(A) In computing earnings per share, common shares issuable upon the exercise of outstanding stock options have been considered as common equivalent shares. In computing earnings per share in fiscal 1994, the 6% Convertible Subordinated Debentures were not considered common equivalent shares because they would have been anti-dilutive. The 8% Convertible Subordinated Debentures, which were fully redeemed during fiscal 1993, were not considered common equivalent shares in fiscal 1993 as they would have been anti-dilutive.

	Years Ended		
	June 30, 1995	July 1, 1994	June 30, 1993
TABLE A - Computation of earnings per share:			
Weighted average number of common shares	40,723	40,590	35,592
Common equivalent shares:			
Conversion of 6% Convertible Subordinated Debentures	2,448	--	2,449
Issuance of incentive shares and exercise of employees' stock options, using treasury stock method	250	257	212
Common and common equivalent shares used to compute earnings per share	43,421	40,847	38,253
Income before cumulative effect of a change in accounting principle	\$140,273	\$88,108	\$69,060
Interest expense on convertible debentures - net of tax	3,778	--	3,847
Income used for computing earnings per share before cumulative effect of a change in accounting principle	144,051	88,108	72,907
Cumulative effect of a change in the method of accounting for income taxes	--	(2,791)	--
Income used for computing earnings per share	\$144,051	\$85,317	\$72,907
Earnings per common share based upon the weighted average number of shares outstanding during the year:			
Income before cumulative effect of a change in accounting principle	\$3.32	\$2.16	\$1.91
Cumulative effect of a change in the method of accounting for income taxes	--	(0.07)	--
Net income	\$3.32	\$2.09	\$1.91

AVNET, INC. AND SUBSIDIARIES  
SUBSIDIARIES OF AVNET, INC.

NAME	JURISDICTION OF INCORPORATION
AB Avnet EMG which includes seven subsidiaries	Sweden
Allied Electronics, Inc.	Delaware
Avnet, Inc.	Delaware
Avnet Computer Technologies, Inc.	Delaware
Avnet Computer Technologies Leasing, Inc.	Delaware
Avnet CK Electronique	France
AVNET E 2000 GmbH elektronische Bauelemente which includes five subsidiaries	Germany
Avnet Electronic Marketing Group SRL	Italy
Avnet EMG Ltd. which includes seven subsidiaries	England
Avnet France, S.A. which includes two subsidiaries	France
Avnet Holding Corporation II	Delaware
Avnet Holding Corporation III	Delaware
Avnet Holding Germany GmbH	Germany
Avnet International (Canada) Ltd. does business as:	Ontario
Allied Electronics	
Avnet Computer	
Avnet Leasing Center	
Hall-Mark Computer Products	
Hamilton Hallmark	
Time Electronics	
Avnet Lyco Limited which includes one subsidiary	Ireland
Avnet Marketing Services	California
Avnet de Mexico, S.A. de C.V.	Mexico
Avnet Properties Corporation	Delaware
Avnet-Time Limited	England
Avnet VSI Electronics (Australia) Pty.	Australia
Avnet VSI (NZ) Limited	New Zealand
Avnet WKK Components Limited	Hong Kong
BFI-IBEXSA International, Inc. which includes eight subsidiaries	Delaware
Brownell Electro, Inc.	New York
Channel Master Communications, Inc.	Delaware
Channel Master (Holdings) Limited	England
Channel Master Satellite Systems, Inc.	New York
Channel Master (UK) Limited	England
Disti Export Trading Corp.	Barbados
Optional Systems Resources, Inc.	Delaware
Pen-Stock, Inc.	California
setron-Schiffer-Electronik GmbH & Co. KG	Germany

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's Registration Statement No. 33-62462 on Form S-4 relating to common stock of Avnet, Inc., Registration Statement No. 33-51835 relating to debt securities of Avnet, Inc. and Registration Statements No. 2-84883, No. 2-96800, No. 33-29475, No. 33-43855, No. 2-94916 and No. 33-62583 on Forms S-8 relating to common stock of Avnet, Inc. issuable under the 1981, 1984, 1988 and 1990 Stock Option Plans, the Avnet Incentive Stock Program and the Avnet Employee Stock Purchase Plan, respectively.

s/ARTHUR ANDERSEN LLP

New York, New York  
September 27, 1995

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR		
	JUN-30-1995	
	JUN-30-1995	
		49,332
		0
		737,065
		23,421
		747,477
	1,524,291	
		322,359
		176,748
	2,125,595	
	467,200	
		419,016
		41,204
	0	
		0
		1,198,175
2,125,595		
		4,300,013
	4,305,079	
		3,483,649
		3,483,649
		28,862
		0
		23,175
		243,374
		103,101
	140,273	
		0
		0
		0
		140,273
		3.32
		3.32