SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

....

FORM 10-Q

....

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 1, 1999

....

Commission File #1-4224

AVNET, INC.
A New York Corporation

....

IRS Employer Identification No. 11-1890605

2211 South 47th Street, Phoenix, Arizona 85034
(602) 643-2000

....

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 preceeding 12 months (or for such shorter period that the registrant was required to file such report(s) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The total number of shares outstanding of the registrant's Common Stock (net of treasury shares) as of January 29, 1999 - 35,139,581 shares.

AVNET, INC. AND SUBSIDIARIES

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Any statements made in this Report which are not historical facts are forward-looking statements that involve risks and uncertainties. Among the factors which could cause actual results to differ materially are (i) major changes in business conditions and the economy in general, (ii) risks associated with foreign operations, such as currency fluctuations, (iii) allocations of products by suppliers, and (iv) changes in market demand and pricing pressure.

PART I - FINANCIAL INFORMATION

Item I. Financial Statements

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)

	January 1, 1999 (unaudited)	June 26, 1998 (audited)
Assets:		
Current assets:		
Cash and cash equivalents	$ 52,614	$ 82,607
Receivables, less allowances of $28,189 and $31,807, respectively	901,069	894,289
Inventories (Note 3)	1,106,144	1,061,739
Other	35,252	29,722
Total current assets	2,095,079	2,068,357
Property, plant & equipment, net	161,148	155,491
Goodwill, net of accumulated amoritzation of $69,524 and $62,461, respectively	465,230	460,882
Other assets	68,626	48,967
Total assets	$2,790,083	$2,733,697
Liabilities:		
Current liabilities:		
Borrowings due within one year	$ 271	$ 243
Accounts payable	445,430	451,441
Accrued expenses and other	167,349	155,423
Total current liabilities	613,050	607,107
Long-term debt, less due within one year	883,772	810,695
Total liabilities	1,496,822	1,417,802
Commitments and contingencies (Note 4)		
Shareholders' equity (Notes 5 and 6):		
Common Stock $1.00 par, authorized 120,000,000 shares, issued 44,358,000 shares and 44,335,000 shares, respectively	44,358	44,335
Additional paid-in capital	435,833	434,695
Retained earnings	1,374,347	1,342,988
Cumulative translation adjustments	(30,258)	(41,804)
Treasury stock at cost, 9,217,000 shares and 7,872,000 shares, respectively	(531,019)	(464,319)
Total shareholders' equity	1,293,261	1,315,895
Total liabilities and shareholders' equity	$2,790,083	$2,733,697

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	First Halves Ended	
	January 1, 1999 (unaudited)	December 26 1997 (unaudited)
Sales	$3,108,505	$2,859,570
Cost of sales (Note 7)	2,647,805	2,371,700
Gross profit	460,700	487,870
Selling, shipping, general and administrative expenses (Notes 7 and 8)	361,398	339,058
Operating income	99,302	148,812
Other income, net	1,446	682
Interest expense	(26,169)	(16,562)
Gain on the sale of Channel Master (Note 8)	-	33,795
Income before income taxes	74,579	166,727
Income taxes	32,387	72,542
Net income	$ 42,192	$ 94,185
Earnings per share:		
Basic	$1.17	$2.32
Diluted	$1.16	$2.29
Shares used to compute earnings per share (Note 9):		
Basic	36,029	40,608
Diluted	36,480	41,130

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Second Quarters Ended	
	January 1, 1999 (unaudited)	December 26 1997 (unaudited)
Sales	$1,526,902	$1,460,738
Cost of sales	1,298,112	1,214,826
Gross profit	228,790	245,912
Selling, shipping, general and administrative expenses (Note 8)	170,614	178,019
Operating income	58,176	67,893
Other income, net	753	446
Interest expense	(13,021)	(7,926)
Gain on the sale of Channel Master (Note 8)	-	33,795
Income before income taxes	45,908	94,208
Income taxes	19,374	42,135
Net income	$ 26,534	$ 52,073
Earnings per share:		
Basic	$0.74	$1.29
Diluted	$0.74	$1.27
Shares used to compute earnings per share (Note 9):		
Basic	35,629	40,382
Diluted	36,004	40,887

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	First Halves Ended	
	January 1, 1999 (unaudited)	December 26 1997 (unaudited)
Cash flows from operating activities:		
Net income	$ 42,192	$ 94,185
Non-cash and other reconciling items:		
Depreciation and amortization	25,392	25,362
Deferred taxes	(1,756)	(1,413)
Gain on the sale of Channel Master	-	(33,795)
Other, net (Note 10)	17,226	10,800
	83,054	95,139
Receivables	(2,779)	(76,506)
Inventories	(41,632)	(105,553)
Payables, accruals and other, net	(17,164)	46,388
Net cash flows provided from (used for) operating activities	21,479	(40,532)
Cash flows from financing activities:		
Repurchase of common stock	(63,640)	(87,685)
Issuance of notes in public offering, net of issuance costs	198,242	-
(Payment of) proceeds from commercial paper and bank debt, net	(137,684)	61,061
(Payment of) proceeds from other debt	(63)	3,033
Cash dividends	(11,117)	(12,436)
Other, net	(3,671)	2,783
Net cash flows used for financing activities	(17,933)	(33,244)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(17,986)	(19,303)
(Acquisition) disposition of operations, net (Note 10)	(16,542)	89,561
Net cash flows (used for) provided from investing activities	(34,528)	70,258
Effect of exchange rate changes on cash and cash equivalents	989	(974)
Cash and cash equivalents:		
- decrease	(29,993)	(4,492)
- at beginning of year	82,607	59,312
- at end of period	$ 52,614	$ 54,820

Additional cash flow information (Note 10)

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AVNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the financial position as of January 1, 1999 and June 26, 1998; the results of operations for the first halves and second quarters ended January 1, 1999 and December 26, 1997; and the cash flows for the first halves ended January 1, 1999 and December 26, 1997. For further information, refer to the consolidated financial statements and accompanying footnotes included in the Company's Annual Report on Form 10-K for the year ended June 26, 1998.

2. The results of operations for the first half and second quarter ended January 1, 1999 are not necessarily indicative of the results to be expected for the full year.

3. Inventories:

(Thousands)	January 1, 1999	June 26, 1998
Finished goods................................	$1,037,526	$ 967,472
Work in process...............................	5,236	8,244
Purchased parts and raw materials.............	63,382	86,023
	$1,106,144	$1,061,739

4. 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, management believes that the Company 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.

5. Number of shares of common stock reserved for stock option and stock incentive programs as of January 1, 1999: 5,206,218

6. Comprehensive income - Effective as of the beginning of fiscal 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes reporting standards designed to measure all of the changes in shareholders' equity that result from transactions and other economic events of the period excluding transactions with owners ("Comprehensive Income"). Comprehensive Income for the Company consists only of net income and equity foreign currency translation adjustments. Comprehensive Income for the first halves of fiscal years 1999 and 1998 was $53,738,000 and $88,371,000, respectively, and for the second quarters of fiscal years 1999 and 1998 was $24,705,000 and $47,784,000, respectively.

7. During the first quarter of fiscal 1999, the Company recorded $26,519,000 pre-tax and $15,740,000 after-tax ($0.43 per share on a diluted basis) of incremental special charges associated principally with the reorganization of its Electronics Marketing Group's European operations. Approximately $18,613,000 of the pre-tax charge is included in operating expenses, most of which has or will require an outflow of cash, and $7,906,000 is included in cost of sales, which represents a non-cash writedown. These charges include severance, inventory reserves required related to supplier terminations, and other items.

8. Included in the Company's prior year second quarter and first half results is the gain on the sale of the Company's former Channel Master business amounting to approximately $33,795,000 before income taxes. Also included in the prior year second quarter and first half results as operating expenses are $13,300,000 of costs relating to the anticipated divestiture of Avnet Industrial, the closure of the Company's Corporate Headquarters in Great Neck, NY, and the anticipated loss on the sale of Company-owned real estate. The net effect of these items was to increase pre-tax income, net income, and diluted earnings per share by approximately $20,500,000, $8,700,000, and $0.21 per share, respectively.

9 Earnings per share - The Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128") during fiscal 1998. Under the new standard, basic earnings per share is computed based on the weighted average number of common shares outstanding and excludes any potential dilution; diluted earnings per share reflects potential dilution from the exercise or conversion of securities into common stock. The number of dilutive securities for the first halves of fiscal years 1999 and 1998 amounting to 451,000 shares and 522,000 shares, respectively, and for the second quarters of fiscal years 1999 and 1998 amounting to 375,000 shares and 505,000 shares, respectively, relate to stock options and restricted stock awards. 10. Additional cash flow information:

Other non-cash and reconciling items primarily includes the provision for doubtful accounts and certain non-recurring items (see Notes 7 and 8).

(Acquisition)/disposition of operations, net, in the first half of fiscal 1999 includes primarily the cash expended in connection with the acquisition of joint venture interests in Avnet Max, Ltd, the largest electronics distributor in India, and in Avnet-Gallium, a leading distributor of specialty electronic components in Israel. In the first half of fiscal 1998, (acquisition)/disposition of operations, net, includes primarily the cash received in connection with the sale of Channel Master, offset somewhat by cash paid in connection with the acquisition of ECR Sales Management, Inc.

Interest and income taxes paid in the first halves were as follows:

(Thousands)

	1999	1998
Interest......................................	$22,133	$ 8,265
Income taxes..................................	$27,787	$66,788

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Effective as of the beginning of fiscal 1999, the Company changed its organizational structure to better focus on its core businesses in order to better meet the needs of both its customers and suppliers. This change to the Company's organizational structure involved dividing the former Electronic Marketing Group into its two major lines of businesses: the distribution of electronic components and the distribution of computer products. Accordingly, the Company currently consists of two major operating groups, the Electronics Marketing Group ("EMG") and the Computer Marketing Group ("CMG"). (Through the end of fiscal 1998, these two units comprised the former Electronic Marketing Group.) EMG, which focuses on the global distribution of and value-added services associated with electronic components, is comprised of three regional operations - EMG Americas, EMG EMEA (Europe, Middle East and Africa) and EMG Asia. CMG, which focuses on middle- to high-end computer products and value-added services, consists of Avnet Computer, Hall-Mark Computer and a number of other speciality businesses.

RESULTS OF OPERATIONS

For the second quarter of fiscal 1999 ended January 1, 1999, consolidated sales were $1.527 billion, up 5% as compared with last year's second quarter sales of $1.461 billion and down 3% as compared with sales of $1.582 billion in the immediately preceding first quarter of fiscal 1999. It should be noted that due to the Company's fiscal calendar, the first quarter of fiscal 1999 had 68 shipping days as compared with 61 days in the second quarter of both this year and last year. Sales for EMG for the second quarter of fiscal 1999 were $1.152 billion, up almost 6% as compared with sales of $1.091 billion in the prior year period. Excluding the sales for businesses acquired during or subsequent to the end of the second quarter of last year, EMG's sales for the second quarter of fiscal year 1999 were approximately 3% higher than a year ago. On a sequential quarterly basis, EMG's sales were approximately 6% lower than in the first quarter of fiscal 1999 which, as noted above, had 7 more shipping days than in the second quarter. As far as sales by region are concerned, EMG Americas' sales were $801.3 million in the second quarter of this year, up 2% as compared with prior year sales of $788.1 million, and down 11% as compared with the immediately preceding first quarter of fiscal 1999. Sales for EMG EMEA and EMG Asia in the current year's second quarter were $297.6 million and $53.0 million, respectively, representing a 12% increase for EMG EMEA (6% excluding the impact of acquisitions) and a 41% increase for EMG Asia (a less than 1% increase excluding the impact of acquisitions) as compared with last year's second quarter. On a sequential basis, EMG EMEA's quarterly sales were up 4% (3% excluding the impact of acquisitions) while EMG Asia's sales were up 21% (3% excluding the impact of acquisitions). CMG's sales for the second quarter of fiscal 1999 were $375.0 million, up 3% (down almost 4% excluding the impact of acquisitions) as compared with sales of $365.0 million in the second quarter of last year, and up 6% as compared with the immediately preceding first quarter of fiscal 1999. Channel Master, which was sold in October 1997, had minimal sales in the second quarter of last year.

Included in the Company's prior year second quarter results is the gain on the sale of the Company's former Channel Master business amounting to approximately $33.8 million before income taxes. Also included in the prior year second quarter results as operating expenses are $13.3 million of costs relating to the anticipated divestiture of Avnet Industrial, the closure of the Company's Corporate Headquarters in Great Neck, NY, and the anticipated loss on the sale of Company-owned real estate. The net effect of these items was to increase pre-tax income, net income, and diluted earnings per share by approximately $20.5 million, $8.7 million, and $0.21 per share, respectively.

Consolidated gross profit margins of 15.0% in the second quarter of fiscal 1999 were lower by 1.8% of sales as compared with 16.8% in the second quarter of last year. This downward trend is due primarily to the competitive environment in the electronics distribution marketplace as a result of the global industry correction cycle as well as the increased sales of computer products, including microprocessors, which have lower gross margins than other products in the Company's product line. However, even though gross profit margins in the secnd quarter of fiscal year 1999 were significantly lower than last year's second quarter margins, EMG's gross profit margins held relatively stable as compared with the immediately preceding first quarter of fiscal 1999 while CMG's gross profit margins came under pressure during the second quarter. Although operating expenses (before special charges) in absolute dollars were higher in the second quarter of fiscal 1999 as compared with the prior year second quarter, they decreased as a percentage of sales from 11.3% in fiscal 1998 to 11.2% in the current year. As a result of the above, operating income (before special charges) of $58.2 million in the second quarter of fiscal 1999 represented 3.8% of sales as compared with $81.2 million or 5.6% of sales in the second quarter of 1998. EMG's operating income (before special charges and after allocation of corporate expenses) in the second quarter of fiscal year 1999 was $50.7 million, down 23.0% as compared with $65.9 million in the prior year period. CMG's operating income (after allocation of corporate expenses) was $7.5 million in the second quarter of fiscal 1999, down 48% as compared with $14.3 million in the second quarter of last year. Channel Master, which was sold in October 1997, had operating income (after allocation of corporate expenses) of $1.0 million in the second quarter of fiscal 1998.

Interest expense for the second quarter of fiscal 1999 was significantly higher than in last year's comparable period primarily due to the impact of cash used to fund the Company's stock repurchase program and to fund the additional working capital requirements to support the growth in business. The Company's effective tax rate in the second quarter of last year was higher than the current year primarily due to the impact of certain amounts of the special items which were not subject to income taxes and, to a lesser extent, the mix of income in foreign operations to which different tax rates apply.

As a result of the factors described above, net income in the second quarter of fiscal 1999 was $26.5 million, or $0.74 per share on a diluted basis, as compared with last year's second quarter net income, excluding special items, of $43.4 million, or $1.06 per share on a diluted basis. Including the special items referred to above, net income in last year's second quarter was $52.1 million, or $1.27 per share on a diluted basis. Although net income excluding special charges was down approximately 39% as compared with last year's second quarter, diluted earnings per share was down only 30% due primarily to the impact of the Company's stock repurchase program.

Consolidated sales for the first half of fiscal 1999 were $3.109 billion, up 9% as compared with $2.860 billion in the first half of last year. EMG's sales of $2.381 billion and CMG's sales of $728 million in the first half of fiscal 1999 were up 10% and 11%, respectively, as compared with the prior year first half sales of $2.167 billion for EMG and $654 million for CMG. Channel Master's sales in the first half of last year were almost $39 million.

Consolidated gross profit margins (before special charges) in the first half of 1999 were 15.1% as compared with 17.1% in the prior year period. Even though operating expenses (before special charges) as a percentage of sales decreased to 11.0% in the first half of 1999 from 11.4% in the first half of last year, the decrease was not enough to fully offset the decline in gross profit margins. As a result, operating income (before special charges) as a percentage of sales decreased to 4.0% in this year's first half as compared with 5.7% in the same period last year. Interest expense was substantially higher in the first half of 1999 as compared with the first half of 1998 due primarily to increased borrowings to fund the Company's stock repurchase program and to fund the additional working capital requirements to support the growth in business.

The first half of fiscal 1999 results mentioned above do not include $26.5 million pre-tax, $15.7 million after-tax and $0.43 per share on a diluted basis of incremental special charges (recorded in the first quarter) associated principally with the reorganization of the Company's EMG European operations. Approximately $18.6 million of the pre-tax charge is included in operating expenses, most of which has or will require an outflow of cash, and $7.9 million is included in cost of sales, which represents a non-cash writedown. These charges include severance, inventory reserves required related to supplier terminations and other items. The first quarter charges also include some incremental costs associated with the completion of the reorganization of EMG Americas. These costs include primarily employee relocation and special incentive payments as well as some additional severance costs. The balance of cash to be expended in connection with the first quarter special charges amounting to approximately $11.0 million at January 1, 1999 is expected to be paid by the end of fiscal 1999, except for amounts associated with long-term real property lease terminations and contractual commitments, the amounts of which are not material. Management expects that the Company's future results of operations will benefit from the expected cost savings resulting from the reorganizations, and that the impact on liquidity and sources and uses of capital resources will not be material. The reorganization of EMG's European operations will have one more phase which has not yet been finalized. That phase relates to the consolidation of warehousing operations in Europe. Management has selected a location in Belgium for the central warehouse and is currently working toward the construction and occupancy of the site. It is currently anticipated that the warehouse will be in operation by the first quarter of fiscal year 2000. The implementation of this final phase will result in some incremental special charges which management is not yet in a position to estimate. In addition, the Company is in the process of rolling out a structural change in its EMG Asian operation, which will have a structure similar to that of EMG Americas. This change in structure will result in some incremental special charges which management cannot estimate at this time.

Net income (before special items) for the first half of 1999 was $57.9 million, or $1.59 per share on a diluted basis, as compared with $85.5 million, or $2.08 per share on a diluted basis, in the first half of last year. Including the special items referred to above, net income in the first half of 1999 was $42.2 million, or $1.16 per share on a diluted basis, as compared with net income of $94.2 million, or $2.29 per share on a diluted basis.

LIQUIDITY AND CAPITAL RESOURCES

During the first half of fiscal 1999, the Company generated $83.1 million from income before depreciation and other non-cash items, and used $61.6 million for working capital needs resulting in $21.5 million of net cash flows being generated from operations. In addition, the Company used $31.8 million for other normal business operations including purchases of property, plant and equipment ($18.0 million), dividends ($11.1 million) and other items ($2.7 million). This resulted in $10.3 million being used for normal business operations. The Company also used $80.2 million for other items including the repurchase of common stock ($63.6 million) and the payment of acquisition related expenditures ($16.6 million). This overall net use of cash of $90.5 million was funded by the proceeds from the issuance of certain Notes (as hereinafter defined) ($198.2 million) and the use of available cash ($30.0 million), offset by a decrease in outstanding bank debt and commercial paper ($137.7 million).

The Company's quick assets at January 1, 1999 totaled $953.7 million as compared with $976.9 million at June 26, 1998 and exceeded the Company's current liabilities by $340.6 million as compared with a

$369.8 million excess at June 26, 1998. Working capital at January 1, 1999 was $1.482 billion as compared with $1.461 billion at June 26, 1998. At the end of the second quarter to support each dollar of current liabilities, the Company had $1.56 of quick assets and $1.86 of other current assets for a total of $3.42 of current assets as compared with $3.41 at June 26, 1998.

In the first quarter of fiscal 1999, the Company issued $200.0 million of 6.45% Notes due August 15, 2003 (the "Notes"). The net proceeds received by the Company from the sale of the Notes were $198.2 million after deduction of the underwriting discounts and other expenses associated with the sale of the Notes. The net proceeds from the Notes have been used to repay indebtedness which the Company may re-borrow for general corporate purposes, including capital expenditures, possible acquisitions, repurchase of the Company's common stock and working capital needs.

During the first half of fiscal 1999, shareholders' equity decreased by $22.6 million to $1,293.3 million at January 1, 1999, while total debt increased by $73.1 million to $884.0 million. The decrease in shareholders' equity was the net result of the positive impact of net income ($42.2 million), cumulative translation adjustments ($11.5 million) and other items, net, principally related to stock options and incentive programs ($1.4 million), offset by dividends ($10.8 million) and the repurchase of common stock ($66.9 million). As a result, the total debt to capital (shareholders' equity plus total debt) ratio was 40.6% at January 1, 1999 as compared with 38.1% at June 26, 1998. The Company's favorable balance sheet ratios would facilitate additional financing if, in the opinion of management, such financing would enhance the future operations of the Company.

On September 25, 1998, the Company's Board of Directors authorized a new $100 million stock repurchase program. The stock is to be purchased in the open market from time-to-time or in directly negotiated purchases. This program is in addition to the $200 million and $250 million programs authorized by the Board of Directors in August 1996 and November 1997, respectively, and which were completed during fiscal year 1998. During the first half of fiscal 1999, the Company repurchased 1.3 million shares of its common stock for an aggregate purchase price of approximately $66.9 million ($3.3 million of which had not been paid at the end of the quarter due to transactions which had not yet settled). Taking into account the Board of Directors' authorization since August 1996, the Company has purchased almost 8.8 million shares using approximately $517 million in the process.

Certain of the Company's operations, primarily its international subsidiaries, occasionally purchase and sell products in currencies other than their functional currencies. This subjects the Company to the risks associated with fluctuations of foreign currency exchange rates. The Company reduces this risk by utilizing natural hedging (offsetting receivables and payables) as well as by creating offsetting positions through the use of derivative financial instruments, primarily forward foreign exchange contracts with maturities of less than sixty days. The market risk related to the foreign exchange contracts is offset by the changes in valuation of the underlying items being hedged. The amount of risk and the use of derivative financial instruments described above is not material to the Company's financial position or results of operations. Including the recently issued Notes, approximately 34% of the Company's outstanding debt is in fixed rate instruments and 66% is subject to variable short-term interest rates. Accordingly, the Company will be impacted by any change in short-term interest rates. The Company does not hedge either its investment in its foreign operations or its floating interest rate exposures.

With the year 2000 less than one year away, many companies, including Avnet, are having to modify their computer systems and applications which currently use two-digit fields to designate a year ("Year 2000 Issue"). Management has assessed and continues to assess the impact of the Year 2000 Issue on the

Company's reporting systems and operations. The Company has engaged several outside consulting firms and is using internal resources to perform a comprehensive remediation of the Company's computer systems before the year 2000. The Company's remediation plan with respect to its critical internal systems consists of four phases: (i) high level assessment of systems, (ii) detailed assessment, remediation and unit testing, (iii) deployment and (iv) integration testing. The Company has already completed the high level assessment of systems phase and is in the midst of the remaining phases of the plan, all of which are expected to be completed by the end of fiscal year 1999. The costs to modify the existing computer systems and applications are significant; however, they will not be material to the Company's financial position or results of operations. The current estimate (including potential capital expenditures) is in the range of $12.0 million to $15.0 million, of which the Company has currently incurred or has committed to incur approximately $8.0 million.

Management believes that the Company's most reasonably likely worst case year 2000 scenario would involve the failure by third parties to provide products or services to the Company as a result of problems experienced by such third parties with respect to the Year 2000 Issue. Third party system failures could cause the Company to experience disruption of receipt of products from suppliers, interruption of telecommunication and transportation services or interruption of other critical services. While it is unpredictable at this point in time whether such a scenario is likely to occur, it is possible that any such disruptions of sufficient magnitude could have a material adverse effect on the Company's operations, liquidity and financial condition. The Company is in contact with all its major suppliers to ascertain their progress in implementing year 2000 remediation. Although the Company cannot control the efforts of the many third parties with which it interfaces, management does not currently anticipate that there will be any significant disruption of the Company's ability to transact business. If, however, the Company determines that critical supplies or services from third parties are in jeopardy as a result of the Year 2000 Issue, the Company will immediately adopt or develop contingency plans which are responsive to the circumstances. The Company has already developed and is continuing to implement systems which will identify interchangeable products for many of the products the Company sells. These systems would be an important part of the Company's overall contingency plan in the event a particular supplier becomes unable to meet the Company's requirements for delivering products to it.

Effective on January 1, 1999, a single European currency (the "Euro") was introduced and certain member countries of the European Union established fixed conversion rates between their existing national currencies and the Euro. The participating countries adopted the Euro as their common legal currency on that date, and during the transition period through January 1, 2002 either the Euro or the participating country's national currency will be accepted as legal currency. The Company is addressing the issues raised by the introduction of the Euro including, among other things, the potential impact on its internal systems, tax and accounting considerations, business issues and foreign exchange rate risks. Although the Company is still evaluating the impact of the Euro, management does not anticipate, based upon information currently available, that the introduction of the Euro will have a material adverse impact on the Company's financial condition or results of operations.

To capitalize on growing world markets for electronic components and computer products, the Company has pursued and expects to continue to pursue strategic acquisitions to expand its business. Management believes that the Company has the ability to generate sufficient capital resources from internal or external sources in order to continue its expansion program. In addition, as with past acquisitions, management does not expect that future acquisitions will materially impact the Company's liquidity.

Currently, the Company does not have any material commitments for capital expenditures except for the costs associated with its future Belgium warehouse referred to above, the cost of which is currently

estimated to be in the range of $25 to $30 million. 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 (PRPs). Pursuant to a Consent Decree and Court Order entered into between the Company and the former owners of the site, 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. 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, management believes that it has appropriately accrued in its financial statements for its share of the costs of the clean-up at all of the above mentioned sites. The Company is also a PRP, or has been notified of claims made against it, at an environmental clean-up site in Huguenot, New York. At this time, management cannot estimate the amount of its potential liability, if any, for clean-up costs in connection with this site, but does not currently anticipate that this matter or any other contingent matters will have a material adverse impact on the Company's financial condition, liquidity or results of operations.

Management 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended June 26, 1998 and the Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of this Form 10-Q.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

(a) The 1998 Annual Meeting of Shareholders of the Company was held on November 23, 1998.

(b) Not required. Proxies were solicited by the Company pursuant to Regulation 14 under the Securities Exchange Act of 1934, and no solicitation in opposition to management's nominees for the board of directors was made. All of the nominees were elected.

(c) The shareholders of the Company were asked to vote upon (i) an amendment to the Avnet Employee Stock Purchase Plan, increasing the number of shares of Common Stock reserved for sale under the Plan from 500,000 to 1,000,000, (ii) ratification of the appointment of Arthur Anderson LLP as independent auditors for fiscal year 1999, and (iii) election of Directors. All proposals were adopted by the shareholders by the following votes:

Matter	For	Against	Abstain
Amendment of the Employee Stock Purchase Plan	32,139,411	214,003	109,784
Ratification of Appointment of Auditors	32,410,965	22,515	29,718

Election of Directors:	For	Withheld
Eleanor Baum	32,400,886	62,312
J. Veronica Biggins	32,392,306	70,892
Joseph F. Caligiuri	32,395,278	67,920
Lawrence W. Clarkson	32,379,675	83,523
Ehud Houminer	32,401,801	61,397
Salvatore J. Nuzzo	32,399,188	64,010
Frederic Salerno	32,378,292	84,906
Roy Vallee	32,398,209	64,989
Frederick S. Wood	32,394,005	69,193

(d) Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K:

A. Exhibits

Exhibit No.

3A(i). Certificate of Incorporation of the Company as currently in effect (incorporated by reference).

3A(ii). Certificate of Amendment of the Certificate of Incorporation of Avnet, Inc., filed with the New York Department of State on August 13, 1998 (incorporated herein by reference to the Company's Current Report on Form 8-K bearing cover date of September 18, 1998, Exhibit 3).

3B. By-laws of the Company (incorporated herein by reference to the Company's Current Report on Form 8-K bearing cover date of February 12, 1996, Exhibit 3(ii)).

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

27. Financial Data Schedule (electronic filings only).

B. Reports on Form 8-K

No reports on Form 8-K were filed during the quarter for which this report is filed.

S I G N A T U R E

Pursuant to the requirements 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)

By: s/Raymond Sadowski
Raymond Sadowski
Senior Vice President,
Chief Financial Officer
and Assistant Secretary

By: s/John F. Cole
John F. Cole
Controller and Principal
Accounting Officer

February 12, 1999
Date

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.

6-MOS
JUL-02-1999
JAN-01-1999
52,614
0
929,258
28,189
1,106,144
2,095,079
361,638
200,490
2,790,083
613,050
883,772
0
0
44,358
1,248,903
2,790,083
3,108,505
3,109,951
2,647,805
3,009,203
0
0
26,169
74,579
32,387
42,192
0
0
0
42,192
1.17
1.16