AVNET INC
Form 11-K
July 11, 2002

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended November 8, 2001

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Financial Statements and Report of Independent Certified Public Accountants

Kent Electronics Corporation Tax Deferred Savings Plan and Trust

November 8, 2001 and December 31, 2000

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Report of Independent Certified Public Accountants

To the Plan Committee
of the Kent Electronics Corporation Tax-Deferred Savings
and Retirement Plan and Trust

We have audited the accompanying statements of net assets available for plan benefits of the Kent Electronics Corporation Tax-Deferred Savings and Retirement Plan and Trust (the Plan) as of November 8, 2001 and December 31, 2000, and the related statements of changes in net assets available for plan benefits for the period from January 1, 2001 to November 8, 2001 and for the year ended December 31, 2000. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the Plan s 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 net assets available for plan benefits of the Plan as of November 8, 2001 and December 31, 2000, and the changes in the net assets available for plan benefits for the period from January 1, 2001 to November 8, 2001 and the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

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Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule is presented to comply with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are not a required part of the basic financial statements. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

GRANT THORNTON LLP

Houston, Texas
June 10, 2002

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

	November 8, 2001	December 31, 2000
ASSETS		
Investments:		
At fair value		
Cash equivalents	$ $263,028	
Corporate stocks	10,875,269	
Mutual funds	12,564,100	
Participant loans receivable	712,973	
	24,415,370	
Employer and participant contributions receivable	400,956	
NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ $24,816,326	

The accompanying notes are an integral part of these statements.

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
For the period from January 1, 2001 to November 8, 2001 and the year ended December 31, 2000

	2001	2000
Additions to net assets attributed to:		
Investment income		
Net appreciation of investments	$1,497,172	$
Interest and dividend income	135,294	1,046,244
	1,632,466	1,046,244
Contributions		
Participant contributions	2,379,231	6,187,924
Employer contributions	523,051	2,343,440
	2,902,282	8,531,364
Total additions	4,534,748	9,577,608
Deductions from net assets attributed to:		
Net depreciation of investments		6,480,242
Benefits paid to participants	4,279,846	4,350,926
Administrative expenses	24,833	86,506

Transfer of assets related to sale of subsidiary		6,836,158
Transfer to Avnet, Inc. 401(k) plan		25,046,395
Total deductions	29,351,074	17,753,832
Net (decrease) increase	(24,816,326)	(8,176,224)
Net assets available for plan benefits:		
Beginning of period	24,816,326	32,992,550
End of period	$	$24,816,326

The accompanying notes are an integral part of these statements.

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

NOTES TO FINANCIAL STATEMENTS
November 8, 2001 and December 31, 2000

NOTE A DESCRIPTION OF PLAN

The following brief description of the Kent Electronics Corporation Tax-Deferred Savings and Retirement Plan and Trust (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

1. General

The Plan is a 401(k) savings and profit sharing plan which was adopted March 30, 1987 for officers and employees of Kent Electronics Corporation and subsidiaries (the Company). The Plan is generally subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The purpose of the Plan is to allow participants to make elective contributions to be treated as deferred compensation for income tax purposes and for the Company to make elective contributions as a retirement vehicle for employees.

Effective June 8, 2001, Avnet, Inc. acquired Kent Electronics Corporation and subsidiaries. The assets of the Plan were transferred into the 401(k) plan of Avnet, Inc. on November 8, 2001. Each share of the Company s common stock held in the plan was converted to .87 shares of Avnet, Inc. common stock on that date.

2. Eligibility

Participation in the Plan is voluntary. Membership in the Plan is available to all employees of the Company who have attained the age of 21 years and have completed six months of service.

3. Trustee

The Paine Webber Trust Company (PW) was designated and appointed as Trustee of the Plan, and maintained all assets of the Plan in safekeeping.

4. Employee Elective Contributions

Participants may contribute from 1% up to 12% of their earnings as elective contributions. The maximum amount of employee deferral contribution which may be made by a participant is subject to certain limitations.

5. Employer Thrift Matching Contributions

The Company contributes to the Plan s trust (as a thrift contribution) an amount equal to one hundred percent (100%) of the employee elective contribution up to a maximum of three percent (3%) of eligible compensation. Such contribution is invested in the Company s common stock. The maximum amount of employer matching contributions is subject to certain limitations.

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

NOTES TO FINANCIAL STATEMENTS CONTINUED
November 8, 2001 and December 31, 2000

NOTE A DESCRIPTION OF PLAN Continued

6. Employer Profit Sharing Contributions

The Company may contribute (from its net income or accumulated earnings and profit) to the Plan s trust such amount representing a profit sharing contribution, if any, as determined by the Board of Directors of the employer. Such contribution is invested in the Company s common stock. The maximum amount of employer profit sharing contributions is subject to certain limitations.

7. Allocations

Each account that is in existence on the valuation date will be credited or charged with its pro rata portion of the income or loss of the Plan. Profit sharing contributions are to be allocated based upon the ratio of each participant s compensation to total compensation of all eligible participants.

8. Vesting Schedule

A participant s thrift matching and profit sharing accounts vested percentage will be determined in accordance with the following table:

Years of Vesting Service	Vested Percentage
Less than 2 years	0%
2 years	40%
3 years	60%
4 years	80%
5 years or more	100%

Participant contributions vest immediately.

9. Benefits

The Plan provides for various benefits to participants who have fulfilled or met the following requirements:

Normal Retirement Participants of the Plan who retire on or after their normal retirement dates (the first day of the month on or after which the participant reaches normal retirement age of 65) will receive the full value of their account in accordance with terms set forth in the Plan.

Early Retirement Participants who are fifty-five (55) or more years of age, but who have not attained normal retirement date and who have completed five (5) years of participation in the Plan may retire and receive the full value of their account in accordance with terms as set forth in the Plan.

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

NOTES TO FINANCIAL STATEMENTS CONTINUED
November 8, 2001 and December 31, 2000

NOTE A DESCRIPTION OF PLAN Continued

Disability If participants become totally and permanently disabled, they will be paid the full value of their account in accordance with terms as set forth in the Plan.

Death If participants in the Plan die, their beneficiary will be paid the full value of their account in accordance with terms as set forth in the Plan.

Termination If participants terminate their employment with the Company for any reason other than retirement, total and permanent disability, or death, they will be paid the vested value of their account in accordance with terms as set forth in the Plan.

10. Forfeitures

Participant s forfeited amounts of employer thrift matching or profit sharing contributions due to termination are used to reduce subsequent employer contributions.

11. Administrative Expenses

Administrative expenses are paid directly by the Plan.

12. Top-Heavy Plan Provisions

In the event the Plan should be Top-Heavy for any plan year, as defined by Internal Revenue Code Section 401(a), provisions are set forth in the Plan to remedy such condition.

13. Participant Loans Receivable

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the Participant Loans Fund. Loan terms range from 1-5 years or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in the participant s account and bear interest at the prime rate plus one percent as of the beginning of the month in which the loan was made. Principal and interest is paid through equal payroll deductions each pay period.

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

NOTES TO FINANCIAL STATEMENTS CONTINUED
November 8, 2001 and December 31, 2000

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

2. Valuation of Investments

Investments are stated at their fair market value, as determined by quoted market prices.

Unrealized appreciation or depreciation of fair market values of investments held at year end and gain or loss on sale of investments during the year are determined using the basis of the applicable investment at the beginning of the year or purchase price, if acquired during the year.

3. Termination of Plan

Effective September 3, 2001 the Kent Electronics Corporation Tax Deferred Savings and Retirement Plan and Trust was merged into the Avnet 401(k) Plan. A change or termination cannot take away a vested right to Plan benefits resulting from contributions made before the change or termination.

4. Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Transfer of Assets Related to Sale of Subsidiary

During 2000, the Company completed a sale of its wholly-owned subsidiary, K*Tec Electronics Corporation. Assets and liabilities of the K*Tec employees were transferred into a tax-qualified plan of the purchaser, Thayer-Blum Funding II, LLC.

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

NOTES TO FINANCIAL STATEMENTS CONTINUED
November 8, 2001 and December 31, 2000

NOTE C INVESTMENTS

The following presents investments that represent five percent or more of the Plan s net assets at December 31, 2000:

Kent Electronics Corporation Common Stock*	$10,875,269
Euro Pac Growth Fund	1,518,957
Franklin Strategic Small Cap Growth Fund	2,833,200
Investment Company of America Fund	4,059,407

*Nonparticipant-directed

Due to the transfer of plan assets to the Avnet, Inc. 401(k) Plan, there were no investments at November 8, 2001.

The Plan s investments (including realized and unrealized gains and losses) appreciated in value by $1,497,172 during the period from January 1, 2001 to November 8, 2001 and depreciated by $6,480,242 during the year ended December 31, 2000, as follows:

	2001	2000
Corporate stocks	$3,096,453	$(5,328,523)
Mutual funds	(1,599,281)	(1,151,719)
	$1,497,172	$(6,480,242)

NOTE D NONPARTICIPANT-DIRECTED INVESTMENTS

The following provides information about the significant components of the changes in net assets relating to the Plan s nonparticipant-directed investments for the period from January 1, 2001 to November 8, 2001 and the year ended December 31, 2000:

	2001	2000
Participant contributions	$778,118	$1,148,769
Employer contributions		

	523,051	2,343,440
Interest and dividend income		
	187	1,855
Net (depreciation) appreciation of investments		
	3,096,453	(5,328,523)
Benefits paid to participants		
	(1,598,075)	(2,336,580)
Transfers to participant-directed investments		
	(990,948)	(1,023,052)
Transfer of assets related to sale of subsidiary		
		(2,986,320)
Transfer to Avnet, Inc. 401(k) Plan		
		(12,639,687)
Administrative expenses		
	(44,368)	(10,216)
	$(10,875,269)	$(8,190,627)

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust

NOTES TO FINANCIAL STATEMENTS CONTINUED
November 8, 2001 and December 31, 2000

NOTE E INSURANCE

The Plan is categorized as a defined contribution plan under the Internal Revenue Code and, accordingly, the Plan is not insured by the Pension Benefit Guaranty Corporation.

NOTE F INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 28, 1995, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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SUPPLEMENTAL SCHEDULE

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Kent Electronics Corporation

Tax-Deferred Savings and Retirement Plan and Trust
(EIN 74-1763541, Plan #001)

SCHEDULE OF REPORTABLE TRANSACTIONS
for the Period ended November 8, 2001

Identity	Purchase price	Selling price*	Cost of asset	Net gain
Kent Stock Fund	$2,213,510	$16,185,232	$15,189,102	$996,130

*For distributions in kind, selling price represents the fair market value at the date of distribution.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

KENT ELECTRONICS CORPORATION
TAX-DEFERRED SAVINGS AND
RETIREMENT PLAN AND TRUST
(Name of Plan)

Date: July 11, 2002

/s/ Raymond Sadowski

Raymond Sadowski
Senior Vice President and Chief Financial Officer
Avnet, Inc.
Administrator of the Plan

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EXHIBIT INDEX

Exhibit 23.1 Consent of Independent Certified Public Accountants