

ANIXTER INTERNATIONAL INC

FORM 10-Q (Quarterly Report)

Filed 11/12/1999 For Period Ending 10/1/1999

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Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	01/01

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 OCTOBER 1, 1999

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934

Commission file number 1-5989

ANIXTER INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

94-1658138

(I.R.S. Employer
Identification No.)

4711 Golf Road

Skokie, Illinois 60076

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (847) 677-2600

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 X No

At November 8, 1999 there were 36,151,608 shares of Common Stock, \$1.00 par value, of the registrant outstanding.

PART I.

ITEM 1. FINANCIAL STATEMENTS

**ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATION
(UNAUDITED)**

(In millions, except per share amounts)

	13 WEEKS ENDED		39 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998	OCTOBER 1, 1999	OCTOBER 2, 1998
Net sales	\$ 710.4	\$ 617.3	\$ 1,964.0	\$ 1,764.0
Cost of goods sold	548.5	465.4	1,496.9	1,327.2
Gross profit	161.9	151.9	467.1	436.8
Operating expenses	126.9	121.3	377.8	357.2
Amortization of goodwill	1.8	1.7	5.6	5.0
Operating income	33.2	28.9	83.7	74.6
Interest expense	(8.9)	(8.6)	(25.0)	(23.1)
Foreign exchange and other, net	(.1)	(4.4)	(.2)	(4.7)
Gain on ANTEC investment	-	-	-	24.3
Income before income taxes	24.2	15.9	58.5	71.1
Income tax (benefit) expense	(14.1)	6.6	.3	29.6
Income from continuing operations	38.3	9.3	58.2	41.5
Discontinued operations:				
(Loss) Income from discontinued operations, net of tax	(.6)	1.6	(1.1)	6.5
Gain on disposal of discontinued operations, net of tax	6.5	2.1	52.4	13.2
Net income	\$ 44.2	\$ 13.0	\$ 109.5	\$ 61.2
	=====	=====	=====	=====
Basic income per common share:				
Continuing operations	\$ 1.06	\$.21	\$ 1.53	\$.91
Discontinued operations	.17	.09	1.35	.43
Net income	\$ 1.23	\$.30	\$ 2.88	\$ 1.34
	=====	=====	=====	=====
Diluted income per common share:				
Continuing operations	\$ 1.04	\$.21	\$ 1.52	\$.90
Discontinued operations	.16	.08	1.33	.42
Net income	\$ 1.20	\$.29	\$ 2.85	\$ 1.32
	=====	=====	=====	=====

See accompanying notes to the condensed consolidated financial statements.

**ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEET**

(In millions)	OCTOBER 1, 1999	JANUARY 1, 1999
	-----	-----
	(UNAUDITED)	
Cash	\$ 15.7	\$ 20.5
Accounts receivable (less allowances of \$10.1 in 1999 and \$11.0 in 1998)	580.4	455.9
Inventories	517.0	417.2
Income taxes receivable	-	5.1
Other current assets	14.9	8.4
	-----	-----
Total current assets	1,128.0	907.1
Property and equipment, at cost	152.7	144.1
Accumulated depreciation	(96.7)	(86.5)
	-----	-----
Net property and equipment	56.0	57.6
Deferred taxes, net	19.6	-
Goodwill (less accumulated amortization of \$76.6 in 1999 and \$71.0 in 1998)	229.5	233.8
Net assets of discontinued operations	-	87.3
Other assets	35.0	36.0
	-----	-----
	\$ 1,468.1	\$ 1,321.8
	=====	=====

See accompanying notes to the condensed consolidated financial statements.

**ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEET**

(In millions)	OCTOBER 1, 1999 ----- (UNAUDITED)	JANUARY 1, 1999 -----
Current liabilities:		
Accounts payable	\$ 315.3	\$ 246.7
Accrued expenses	135.5	94.3
	-----	-----
Total current liabilities	450.8	341.0
Deferred taxes, net	-	15.0
Other liabilities	14.2	10.7
Long-term debt	557.2	543.6
	-----	-----
Total liabilities	1,022.2	910.3
Stockholders' equity:		
Common stock	36.1	41.8
Accumulated other comprehensive income	(36.2)	(39.7)
Retained earnings	446.0	409.4
	-----	-----
Total stockholders' equity	445.9	411.5
	-----	-----
	\$ 1,468.1	\$ 1,321.8
	=====	=====

See accompanying notes to the condensed consolidated financial statements.

ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

(In millions)

	39 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998
Operating activities:		
Net income	\$ 109.5	\$ 61.2
Adjustments to reconcile net income to net cash used by operating activities from continuing operations:		
Income from discontinued operations	(51.3)	(19.7)
Depreciation and amortization	20.0	19.7
Gain on ANTEC investment	-	(24.3)
Deferred income taxes	(28.3)	4.4
Changes in current assets and liabilities, net	(105.6)	(98.2)
Other, net	2.3	(1.7)
Net cash used for continuing operating activities	(53.4)	(58.6)
Investing activities:		
Capital expenditures	(12.8)	(21.5)
Proceeds from sale of ANTEC	-	104.3
Business acquisitions, net of cash acquired	-	(38.1)
Other	.9	-
Net cash (used) provided by continuing investing activities	(11.9)	44.7
Net cash used before financing activities	(65.3)	(13.9)
Financing activities:		
Proceeds from long-term borrowings	728.5	674.9
Repayment of long-term borrowings	(714.9)	(580.5)
Proceeds from issuance of common stock	7.0	.5
Purchases of treasury stock	(85.6)	(90.9)
Other, net	(5.5)	(1.2)
Net cash (used) provided by continuing financing activities	(70.5)	2.8
Cash provided by discontinued operations	131.0	16.3
Cash (used) provided	(4.8)	5.2
Cash at beginning of period	20.5	10.6
Cash at end of period	\$ 15.7	\$ 15.8

See accompanying notes to the condensed consolidated financial statements.

ANIXTER INTERNATIONAL INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in Anixter International Inc.'s (Company) Annual Report on Form 10-K for the year ended January 1, 1999. The condensed consolidated financial information furnished herein reflects all adjustments (consisting of normal recurring accruals and a one-time tax accrual adjustment) which are, in the opinion of management, necessary for a fair presentation of the condensed consolidated financial statements for the periods shown. The results of operations of any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. Certain amounts for the prior year have been reclassified and restated to conform to the 1999 presentation and to reflect the discontinuance of the Integration business. The impact on net income is not significant.

NOTE 2. INCOME PER SHARE

The following table sets forth the computation of basic and diluted income per common share from continuing operations:

(In millions, except per share amounts)	13 WEEKS ENDED		39 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998	OCTOBER 1, 1999	OCTOBER 2, 1998
Numerator:				
Income from continuing operations	\$ 38.3	\$ 9.3	\$ 58.2	\$ 41.5
Denominator:				
Basic common shares outstanding	36.0	44.0	38.0	45.9
Effect of dilutive securities:				
Stock options and warrants	.9	.4	.4	.4
	-----	-----	-----	-----
Diluted common shares outstanding	36.9	44.4	38.4	46.3
	=====	=====	=====	=====
Income per share from continuing operations:				
Basic	\$ 1.06	\$.21	\$ 1.53	\$.91
Diluted	\$ 1.04	\$.21	\$ 1.52	\$.90

ANIXTER INTERNATIONAL INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 3. COMPREHENSIVE INCOME

For the 13 and 39 weeks ended October 1, 1999, total comprehensive income amounted to \$44.8 million and \$113.0 million, respectively. For the 13 and 39 weeks ended October 2, 1998, total comprehensive income amounted to \$3.6 million and \$28.1 million, respectively. The difference between net income and comprehensive income is the change in cumulative translation adjustments. For the 39 weeks ended October 2, 1998, the difference also includes unrealized gains on marketable equity securities.

NOTE 4. DISCONTINUED OPERATIONS

In the fourth quarter of 1998, the Company decided to exit its Integration segment and accordingly, the Integration segment is reflected as a discontinued operation in these financial statements. Interest expense has been allocated to discontinued operations based on the percentage of total identifiable assets. The sale of the North American Integration business was completed on April 2, 1999, following the sale of the European Integration business in the fourth quarter of 1998. Total proceeds received were \$215.8 million. This resulted in a one-time after-tax gain in the first quarter of \$45.9 million, which is net of \$11.0 million of costs associated primarily with the closing of selected Latin American and Asian Integration locations and severance costs associated with staff reductions necessitated by discontinuing the Integration segment. In the third quarter of 1999, the Company recorded an additional after-tax net curtailment gain of \$2.5 million. The gain resulted from the net decrease in the Company's pension benefit obligation for employees affected by the sale of the North American Integration business. On October 20, 1999 the Company entered into an agreement, which is expected to result in a gain, to sell the final remaining piece of its Integration business. The sale of that piece of the business, which is located in Asia Pacific, is expected to close in the fourth quarter of 1999.

In the third quarter of 1999, the Company recognized a tax benefit of \$8.4 million resulting from the reversal of certain tax liabilities associated with prior years' reported sales of discontinued assets. In addition, a \$4.4 million net loss was recorded for the write-down of certain assets held for sale anticipated to be sold in the fourth quarter of 1999.

In the first quarter of 1998, the Company disposed of certain discontinued railcar assets which had been classified as assets held for sale. The disposition of these assets resulted in net proceeds of \$29 million and an after-tax gain of \$11.1 million.

Net sales for discontinued operations are as follows:

	13 WEEKS ENDED		39 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998	OCTOBER 1, 1999	OCTOBER 2, 1998
Net sales	\$ 12.5	\$187.2	\$190.4	\$572.4

NOTE 5. INCOME TAXES

During the third quarter of 1998, the Internal Revenue Service completed its examination for the years 1993 to 1995, which included an examination of net operating losses and credit carryovers dating back to 1979. As a result of the lapsing, during the third quarter of 1999, of all relevant statutes of limitations on assessment relating to that 17-year period of time, the Company recorded a \$24.3 million tax benefit in continuing operations for the reversal of previously established tax liabilities which have been determined to be no longer necessary. The effect on diluted earnings per share for the third quarter and the first three quarters of 1999 was \$.66 and \$.63, respectively.

NOTE 6. INVESTMENT IN ANTEC

During the first quarter of 1998, the Company sold 2.2 million shares of ANTEC Corporation stock which resulted in net after-tax proceeds of approximately \$32 million and an after-tax gain of \$5.1 million. The sale reduced the Company's ownership interest to 12.4% at April 3, 1998. In the second quarter of 1998, the Company sold its remaining 4.9 million shares of ANTEC stock which resulted in net after-tax proceeds of approximately \$68 million and an after-tax gain of \$9.5 million.

NOTE 7. SUMMARIZED FINANCIAL INFORMATION OF ANIXTER INC.

The Company has an approximate 99% ownership interest in Anixter Inc. at October 1, 1999 and January 1, 1999 which is included in the consolidated financial statements of the Company. The following summarizes the financial information for Anixter Inc:

ANIXTER INC.
CONDENSED CONSOLIDATED BALANCE SHEET

(In millions)	OCTOBER 1, 1999 ----- (UNAUDITED)	JANUARY 1, 1999 -----
Assets:		
Current assets	\$ 1,127.2	\$ 863.0
Property, net	56.0	54.6
Goodwill	229.5	212.1
Net assets of discontinued operations	-	98.3
Other assets	36.0	38.2
	-----	-----
	\$ 1,448.7	\$ 1,266.2
	=====	=====
Liabilities and Stockholders' Equity:		
Current liabilities	\$ 442.1	\$ 333.9
Other liabilities	8.9	8.6
Long-term debt	557.2	524.1
Subordinated notes payable to parent	4.2	7.0
Stockholders' equity	436.3	392.6
	-----	-----
	\$ 1,448.7	\$ 1,266.2
	=====	=====

ANIXTER INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATION
(UNAUDITED)

	13 WEEKS ENDED		39 WEEKS ENDED	
	OCTOBER 1, 1999 -----	OCTOBER 2, 1998 -----	OCTOBER 1, 1999 -----	OCTOBER 2, 1998 -----
(In millions)				
Net sales	\$ 710.4	\$ 578.5	\$1,938.9	\$1,680.4
Operating income	\$ 33.5	\$ 27.5	\$ 85.2	\$ 72.6
Income before income tax expense	\$ 24.3	\$ 14.1	\$ 60.0	\$ 41.6
Income from continuing operations	\$ 13.3	\$ 4.7	\$ 32.8	\$ 14.0
(Loss) income from discontinued operations, net of tax	\$ (.6)	\$ 3.2	\$ (1.1)	\$ 10.8
Gain on disposal of discontinued operations, net of tax	\$ 2.6	\$ -	\$ 48.5	\$ -
Net income	\$ 15.3	\$ 7.9	\$ 80.2	\$ 24.8

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW: Consolidated net cash used by operating activities from continuing operations was \$53.4 million for the 39 weeks ended October 1, 1999, compared to \$58.6 million for the same period in 1998. Cash used by operating activities was relatively equal to last year as the increase in income from continuing operations primarily was generated from a \$24.3 million one-time non-cash transaction to reflect the reversal of certain tax liabilities associated with completing Internal Revenue Service audits for a number of open tax years. The Company spent an additional \$7.4 million in 1999 to support working capital requirements. In 1998, income from continuing operations includes a \$24.3 million gain on the ANTEC investment. Proceeds are reflected as an investing activity.

Consolidated cash used by investing activities was \$11.9 million for the 39 weeks ended October 1, 1999, versus \$44.7 million provided for the same period in 1998. The decline is a result of \$104.3 million of proceeds received from the sale of ANTEC shares in 1998, partially offset by \$38.1 million used for the acquisition of Pacer Electronics, Inc. ("Pacer") in June of 1998.

Consolidated cash used by financing activities was \$70.5 million for the 39 weeks ended October 1, 1999, in comparison to \$2.8 million provided in 1998. The increase in cash used is primarily the result of the net borrowings of the revolving line of credit of \$13.6 million in 1999 versus \$94.4 million in 1998. Treasury stock purchases in the 39 weeks ended October 1, 1999 were \$85.6 million versus \$90.9 million in 1998.

Cash provided by discontinued operations was \$131.0 million in 39 weeks ended October 1, 1999, compared to \$16.3 million in 1998. The increase primarily relates to cash received from the sale of the North American Integration business.

FINANCINGS:

At October 1, 1999, \$123.8 million was available under the bank revolving lines of credit at Anixter Inc., of which \$15.1 million was available to pay the Company for intercompany liabilities.

Consolidated interest expense was \$8.9 million and \$8.6 million for the third quarter 1999 and 1998, respectively, and was \$25.0 million and \$23.1 million for the first 39 weeks of 1999 and 1998, respectively. The increase in interest expense is due to higher average debt levels resulting from funding higher working capital levels, partially offset by slightly lower interest rates.

As of October 1, 1999, the Company has authorized the repurchase of up to 7 million shares in 1999, with the volume and timing to depend on market conditions. Purchases were made in the open market or through other transactions and were financed through available cash from the sale of the North American and European Integration businesses. The Company has repurchased 6,225,234 shares through October 1, 1999, at an average cost of \$13.75.

OTHER LIQUIDITY CONSIDERATIONS: Certain debt agreements entered into by the Company's subsidiaries contain various restrictions including restrictions on payments to the Company. Such restrictions have not had nor are expected to have an adverse impact on the Company's ability to meet its cash obligations.

CAPITAL EXPENDITURES AND ACQUISITIONS

Consolidated net capital expenditures, were \$12.8 million and \$21.5 million for the 39 weeks ended October 1, 1999 and October 2, 1998, respectively.

In June 1998, the Company purchased Pacer for \$38.1 million, which resulted in approximately \$30 million of goodwill.

RESULTS OF OPERATIONS

The Company competes with distributors and manufacturers who sell products directly or through existing distribution channels to end users or other resellers. The Company's relationship with the manufacturers for which it distributes products could be affected by decisions made by these manufacturers as the result of changes in management or ownerships as well as other factors. In addition, the Company's future performance could be affected by economic downturns and possible rapid changes in applicable technologies.

13 WEEKS ENDED OCTOBER 1, 1999: Income from continuing operations for the third quarter of 1999 was \$38.3 million compared with \$9.3 million for the third quarter of 1998.

The Company's sales during the third quarter of 1999 increased 15.1% to \$710.4 million from \$617.3 million in 1998. Net sales by major geographic market are presented in the following table:

(In millions)	13 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998
North America	\$547.4	\$452.6
Europe	128.0	127.7
Asia Pacific and Latin America	35.0	37.0
	-----	-----
	\$710.4	\$617.3
	=====	=====

North America sales grew 21.0%, resulting from a significant growth in both the core Private Network Communications and Electrical Wire and Cable product sets together with significant new volume from the Public Network Communications and the Integrated Supply business. Europe sales were flat with last year resulting from falling unit prices in networking products and a stronger U.S. dollar. Excluding the effect from changes in exchange rates, Europe third quarter 1999 sales improved 4.1% over the corresponding 1998 period. Asia Pacific and Latin America declined 5.7%, a result of soft local economic conditions combined with weaker local currencies in Latin America.

Operating income for the third quarter of 1999 increased to \$33.2 million from \$28.9 million in 1998. Operating income by major geographic market is presented in the following table:

(In millions)	13 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998
North America	\$ 31.1	\$ 26.4
Europe	4.6	5.2
Asia Pacific and Latin America	(2.5)	(2.7)
	-----	-----
	\$ 33.2	\$ 28.9
	=====	=====

North America operating income increased 17.9% in the third quarter. The improvement primarily relates to higher sales volume and better sales and operations productivity, which has resulted in a reduction in operating expenses as a percent of sales. This improvement was partially offset by lower gross margin rates, primarily from significant increases in the lower gross margin Public Network and Integrated Supply business. Europe operating income decreased 11.6% for the third quarter of 1999, primarily a result of the flat sales volume and stronger U.S. dollar. Excluding the effect from changes in exchange rates, operating income for Europe was down 7.3% in the third quarter 1999 compared to 1998. Asia Pacific and Latin America operating loss was reduced by 6.2%, as the 1998 Asia Pacific restructuring produced breakeven operating results for the quarter.

Net foreign exchange and other improved from a \$4.4 million loss in the third quarter of 1998 to a \$.1 million loss in 1999. The improvement primarily relates to a reduction in foreign exchange losses in Mexico, which was a hyperinflationary economy in 1998.

The consolidated tax benefit on continuing operations in the third quarter was \$14.1 million in 1999 compared to \$6.6 million expense in the third quarter of 1998. As a result of the completion of the Internal Revenue Service review of previous open tax years, a \$24.3 million one-time tax benefit was recorded to reverse previously established tax liabilities. Excluding the \$24.3 million adjustment, the 1999 effective tax rate of 42% is based on pre-tax book income adjusted primarily for amortization of nondeductible goodwill and losses of foreign operations which do not yet provide a tax benefit under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes".

39 WEEKS ENDED OCTOBER 1, 1999: Income from continuing operations for the first three quarters of 1999 was \$58.2 million as compared to \$41.5 million for 1998.

The Company's sales during the first three quarters of 1999 increased 11.3% to \$1,964.0 million from \$1,764.0 million in 1998. Net sales by major geographic market are presented in the following table:

(In millions)	39 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998
North America	\$1,473.0	\$1,268.3
Europe	389.7	384.3
Asia Pacific and Latin America	101.3	111.4
	-----	-----
	\$1,964.0	\$1,764.0
	=====	=====

North America sales grew 16.1%, resulting from very strong second and third quarter growth in the core Private Network Communications and Electrical Wire and Cable product sets along with significant new volume from the Public Network Communications and the Integrated Supply business. 1999 results also include Pacer which was acquired in June 1998. Europe sales grew 1.4% on the strength of the first quarter as sales continue to be negatively impacted by soft networking product sales and a stronger dollar. Asia Pacific and Latin America sales declined 9.1% to \$101.3 million due to soft economic conditions along with weaker local currencies.

Operating income for the first three quarters of 1999 increased \$9.1 million from \$74.6 million in 1998. Operating income by major geographic market are presented in the following table:

(In millions)	39 WEEKS ENDED	
	OCTOBER 1, 1999	OCTOBER 2, 1998
North America	\$ 77.9	\$ 73.6
Europe	14.8	13.6
Asia Pacific and Latin America	(9.0)	(12.6)
	\$ 83.7	\$ 74.6
	=====	=====

Operating income in North America increased 6.0% from 1998 as the significant increase in the third quarter sales volume, coupled with better sales and operations productivity over the last few quarters, more than offset higher spending on Year 2000 compliance efforts and retained costs associated with the sale of the North American Integration business. Europe's operating profit improved 8.7% from \$13.6 million in 1998, reflecting savings generated from headcount reductions. Growth has been limited by flat sales and a stronger U.S. dollar. Excluding the effect of changes in exchange rates, Europe's operating profit grew 11.5%. Despite the 9.1% decline in sales, the combined Asia Pacific and Latin America operating loss was reduced by 28.0% reflecting the restructuring and expense reduction efforts of 1998.

Net foreign exchange and other improved from a \$4.7 million loss in the first three quarters of 1998 to a \$.2 million loss in 1999. The improvement primarily relates to a reduction in foreign exchange losses in Mexico, which was a hyperinflationary economy in 1998.

The first three quarters of 1998 includes an after-tax gain of \$14.6 million relating to the sale of the Company's shareholdings of ANTEC Corporation.

The consolidated income tax provision on continuing operations for the first three quarters of 1999 decreased to \$.3 million from \$29.6 million in 1998. The decrease was due to a \$24.3 million one-time tax benefit recorded to reverse previously established tax liabilities and lower pre-tax earnings. Excluding the \$24.3 million adjustment, the 1999 effective tax rate of 42% is based on pre-tax book income adjusted primarily for amortization of nondeductible goodwill and losses of foreign operations which do not yet provide a tax benefit under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes".

IMPACT OF YEAR 2000

Some of the Company's older computer programs were written using two digits rather than four to define the applicable year. As a result, those computer programs have time-sensitive software that recognizes a date using "00" as the year 1900 rather than the year 2000. This could cause a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company completed an assessment, upgraded the mainframe operating system and modified software so that computer systems will function properly with respect to dates in the year 2000 and thereafter. Renovation of all critical business systems is complete. The Company also completed the assessment of PC hardware and software systems and non-information technology systems for Year 2000 compliance. Over the life of the project, the Company incurred and expensed approximately \$4.5 million, primarily for assessment of the Year 2000 issue, mainframe operating system upgrades and code modifications. The time and expense of the project has not had a material impact on the Company's financial condition.

The Company initiated formal communications with all of its significant suppliers to confirm their Year 2000 compliance actions will be sufficient to avoid any substantial disruptions in the Company's operations. The Company also put a team together to continue to monitor this situation as the information evolves. The Company believes most of the responses have been designed to provide legal protection to the respondent as opposed to supplying direct and reliable information; as such the Company makes no claim as to the reliability of these responses. The Company is developing contingency plans to the extent believed to be appropriate. The Company's total Year 2000 project cost and estimates to complete that project assume no significant costs from the impact of third party Year 2000 issues based on presently available information. However, there can be no

guarantee the other companies on which the Company relies will be Year 2000 compliant, and their failure to do so could adversely impact the Company as described below.

The planning, assessment, and execution of substantially all of the mainframe operating system upgrades and code modifications are complete. A new general ledger system was implemented in April. The remainder of the project, including verification of its effectiveness, PC hardware and software upgrades, is estimated to be complete by the end of November 1999. The Company is currently working on business contingency plans to address non-planned or controllable Y2K related outages. Many of these plans are already completed. The remaining plans are progressing towards a scheduled completion of November 30, 1999. The Company believes that with the modifications to existing software and upgrades to certain hardware, the Year 2000 issue will not pose significant operational problems for its computer systems.

The severity of a failure of the Company or key suppliers to be Year 2000 compliant would depend on the nature of the problem and how quickly it could be corrected or an alternative implemented, which is unknown at this time. In the extreme, such failures could bring the Company to a standstill. Some risks related to Year 2000 issues are beyond the control of the Company and its suppliers. For example, no preparations or contingency plan will protect the Company from a downturn in economic activity caused by the possible ripple effect throughout the entire economy that could be caused by problems with Year 2000 issues.

The Company believes it should have no material exposure to contingencies related to the Year 2000 issue for the products it has sold. The Company's belief is based on the Company's practice of giving to its customers only those warranties that the Company receives from its suppliers. To the extent such warranties are breached, liability resulting therefrom will be the ultimate responsibility of the Company's suppliers. However, there can be no guarantee that such suppliers will be able to defend and indemnify the Company. Specific factors that might cause the Company to incur liability include, but are not limited to, insolvency of its suppliers, the existence of contractual limitations on the suppliers' liability, and uncertainties regarding judicial interpretation of the law regarding implied warranties.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits Each management contract or compensation plan required to be filed as an exhibit is identified by an asterisk (*).

(10) Material contracts

10.21 Financial Advisory Agreement, dated August 4, 1999.

10.22* Employment Agreement with Robert W. Grubbs, dated July 22, 1999.

10.23* Employment Agreement with Dennis J. Letham, dated July 22, 1999.

(27) Financial data schedule

27.1 Financial data schedule

(b) Reports on Form 8-K

None.

SIGNATURES

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.

ANIXTER INTERNATIONAL INC.

Date: November 11, 1999

By: /s/ Robert W. Grubbs

Robert W. Grubbs
President and Chief Executive Officer

Date: November 11, 1999

By: /s/ Dennis J. Letham

Dennis J. Letham
Senior Vice President - Finance
and Chief Financial Officer

FINANCIAL ADVISORY AGREEMENT

THIS FINANCIAL ADVISORY AGREEMENT ("Agreement"), dated as of August 4, 1999, is by and between Equity Group Investments, L.L.C. ("EGI") and Anixter International Inc. (the "Company").

WHEREAS, the Company believes that the experience of EGI in business and financial management and analysis generally, and merger and acquisition transactions in particular, as well as EGI's extensive knowledge of the Company and the Company's business, have been and continue to be of great benefit to the Company;

WHEREAS, the Company desires to secure the services of EGI in the event that the Company or any subsidiary is party to or the subject of a merger, acquisition, disposition or other similar transactions; and

WHEREAS, EGI is willing to provide such services to the Company, and the Company desires to secure such services from EGI, subject to the compensation arrangements and other terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the respective agreements hereinafter set forth, and the mutual benefits to be derived herefrom, EGI and the Company, intending to be legally bound, hereby agree as follows:

1. Engagement. The Company hereby engages EGI as the Company's non-exclusive financial advisor, and EGI hereby agrees to provide financial advisory services to the Company, all on the terms and subject to the conditions set forth below.
2. Services of EGI to the Company. EGI hereby agrees during the term of this engagement to consult with the Company's senior management and provide financial advisory services in such manner and on such business and financial matters as may be reasonably requested from time to time by management or the Board of Directors of the Company, with respect to each tender offer, stock or asset acquisition, stock or asset sale, merger, exchange offer, recapitalization or other similar transaction involving the Company or any direct or indirect subsidiary of the Company (a "Transaction"), including but not limited to analysis of financial and strategic alternatives, valuation of the Company or/and the target company, evaluation of any offers, including the consideration offered and the structure of any proposed Transaction, and assistance in negotiating any proposed Transaction; provided, however, that EGI shall not be required to issue a fairness opinion in connection with any such Transaction.
3. Personnel. EGI shall provide and devote the services of such officers and employees of EGI as EGI shall deem appropriate for the performance of this Agreement; provided, however, that Samuel Zell and Rod Dammeyer shall be significantly involved in, and one or both of them will personally oversee, the rendering of such services.
4. Advisory Fees. In consideration for the services to be performed by EGI hereunder, the Company shall pay EGI a fee in an amount equal to 49 basis points of the Enterprise Value of any Transaction as to which EGI has rendered services to the Company at the Company's request, provided that such Enterprise Value is in excess of \$50,000,000. For purposes hereof, "Enterprise Value" means the total value of the transferred asset(s) or securities, which shall be valued at the aggregate amount of consideration (including the fair market value of securities issued or sold) paid or issued in such Transaction plus the amount of indebtedness, preferred stock or similar liabilities or securities assumed directly or indirectly by the buyer following the Transaction, but shall not include any assets (or proceeds thereof) which have previously been transferred as part of, or to facilitate, the subject Transaction, and as to which a separate fee shall have been paid or is payable. In the event the Transaction involves the issuance of a fairness opinion from another financial advisor, the cost to the Company of such fairness opinion shall be deducted from the fee otherwise payable to EGI under this Section 4. Advisory fees

payable pursuant hereto shall in each such case be paid by or on behalf of the Company at the closing of the relevant Transaction.

5. Expenses. The Company shall promptly reimburse EGI for such reasonable travel expenses and other reasonable out-of-pocket fees and expenses as may be incurred by EGI, its officers and employees in connection with the rendering of services hereunder, regardless of whether the Transaction with respect to which such expenses and fees were incurred is consummated.

6. Term. This Agreement will continue from the date hereof until terminated as provided in this Section 6. The Company shall have the right to terminate this Agreement at any time by giving written notice to EGI. EGI may terminate this Agreement at any time by giving 30 days' prior written notice to the Company. No termination of this Agreement by the Company (without cause) or by EGI (with cause), whether pursuant to this paragraph or otherwise, shall affect the Company's obligations with respect to the fees payable to EGI in connection with any completed or uncompleted Transactions, whether or not pending at the time of termination, in each case with respect to which EGI rendered any services or performed any work at the Company's request, regardless of whether or not such Transaction shall have been consummated during the term of this Agreement, so long as such Transaction shall have been consummated within 180 days after expiration of such term, and fees, costs and expenses incurred by or on behalf of EGI in rendering services hereunder and not paid or reimbursed by the Company as of the effective date of such termination.

7. Liability. None of EGI, its directors, officers, employees, shareholders, affiliates and agents shall be liable to the Company, any Company subsidiary or any of their respective affiliates for any loss, liability, damage or expense arising out of or in connection with the performance of services contemplated by this Agreement, unless such loss, liability, damage or expense shall be judicially determined to result directly from their gross negligence, bad faith or intentional wrongdoing.

8. Indemnification. The Company agrees to indemnify and hold harmless EGI and its directors, officers, employees, shareholders, affiliates and agents against and from any and all loss, liability, suits, claims, costs damages and reasonable expenses (including reasonable attorneys' fees and expenses) arising from their performance hereunder, except as a result of their judicially determined gross negligence, bad faith or intentional wrongdoing or except as a result of injury to persons or tangible property. The Company may elect to assume the defense of any action or proceeding with counsel reasonably satisfactory to the indemnified party.

9. EGI as Independent Contractor. EGI and the Company agree that EGI shall perform services hereunder as an independent contractor, retaining control over and responsibility for its own operations and personnel. None of EGI and its officers, employees, affiliates and agents shall be considered officers and employees of the Company as a result of this Agreement, nor shall any of them have authority to contract in the name of or bind the Company by reason of this Agreement, except as expressly agreed to in writing by the Company and EGI.

10. Notices. All notices provided for or permitted to be given under this Agreement must be in writing and shall be deemed delivered: (a) upon delivery if delivered in person; (b) three business days after deposit in the United States mail, addressed to the recipient, postage paid and registered or certified with return receipt requested; (c) upon transmission if sent via telecopy, with a confirmation copy sent via overnight mail, provided that confirmation of such overnight delivery is received; or (d) one business day after deposit with a national overnight courier provided that confirmation of such overnight delivery is received. Such notices, demands and other communications shall be sent to each party at the address or telecopy number indicated below:

If to EGI: Equity Group Investments, L.L.C.
Two North Riverside Plaza, Suite 600
Chicago, Illinois 60606
Attn.: Sheli Z. Rosenberg
Fax: (312) 454-0531

If to the
Company: Anixter International Inc.
4711 Golf Road
Skokie, Illinois 60076
Attn.: Dennis Letham

Fax: (847) 715-7518

11. Entire Agreement; Modification. This Agreement (a) contains the complete and entire understanding and agreement of EGI and the Company with respect to the subject matter hereof, and (b) supersedes all unperformed prior understandings, conditions and agreements, oral or written, express or implied, respecting the engagement of EGI in connection with potential Transactions, and the other subject matter hereof. This Agreement may be amended or modified in a writing duly executed by both of the parties hereto and not by any course of conduct, course of dealing or purported oral amendment or modification.

12. Waiver of Breach. The waiver of either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of that provision or any other provision hereof.

13. Assignment. Neither EGI nor the Company may assign their rights or obligations under this Agreement without the express written consent of the other party hereto, except that EGI may assign (a) this Agreement to any EGI affiliate reasonably believed by EGI to be capable of adequately performing hereunder, including but not limited to providing the services of Samuel Zell and Rod Dammeyer, and (b) any and all of its rights under this Agreement to receive payment of fees and reimbursement of EGI's expenses as provided in this Agreement.

14. Successors. Subject to Section 13 hereof, this Agreement and all the obligations and benefits hereunder shall be binding upon and shall inure to this successors and permitted assigns of the parties.

15. Counterparts. This Agreement may be executed and delivered by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and both of which taken together shall constitute one and the same agreement.

16. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party hereto.

17. CHOICE OF LAW. ALL ISSUES AND QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF ILLINOIS, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF ILLINOIS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, EGI and the Company have caused this Agreement to be duly executed and delivered on the date and year first above written.

EQUITY GROUP INVESTMENTS, L.L.C.

By: _____

Its: _____

ANIXTER INTERNATIONAL INC.

By: _____

Its: _____

EMPLOYMENT AGREEMENT

Anixter Inc., ("Company") and Robert W. Grubbs ("Executive") agree as follows:

1. Company will employ Executive and Executive will work for Company in an executive capacity until termination of Executive's employment on the date specified in a written notice of termination delivered by either party to the other, which date, except in the case of Good Cause for Termination, shall be at least six months after the delivery of the written notice of termination.

2. "Good Cause for Termination" shall mean:

- Death of Executive or total disability of Executive as defined in Company's then long-term disability insurance policy.

- In the case of termination by Executive, Executive is required to relocate without Executive's concurrence, Executive's then level of responsibilities are significantly reduced, Executive is no longer the Chief Executive Officer (with all responsibilities that normally accompany that position) of the business enterprise that includes the Company and the Issuer of the stock to be purchased pursuant to the options to purchase stock that have been granted to Executive by AXE or Company, or Executive's then salary, regular bonus opportunity and benefits are significantly reduced and, in each case, this situation is not corrected by Company within 15 days of notice from Executive, provided that a reduction in level of responsibilities during first 6 months or a failure to continue as Chief Executive Officer as provided above during the first 12 months following a notice of termination by Executive or the occurrence of a Change in Control shall not be considered Good Cause for Termination, during and only during such 6 or 12 month period as the case may be.

- In the case of termination by Company, repeated material failure by Executive to follow appropriate instructions, material breach by Executive of his fiduciary obligations to the Company, or commission of dishonest acts by Executive that in the reasonable judgment of Company makes the continuation of Executive's employment inappropriate.

3. A "Change of Control" shall occur if (a) substantially all the assets of Company or its parent Anixter International Inc. ("AXE") are sold to a Third Party or a Third Party becomes the Beneficial Owner of the greater of
(i) 25%, or (ii) the percentage owned by Sam Zell and his affiliates, of Company's or AXE's securities that vote for

the election of directors or (b) a majority of the Board of Directors of Company or AXE were not nominated for election by the Board of Directors of Company or AXE. A "Third Party" is any Person, other than Samuel Zell or his Affiliates and other than Anixter International Inc. or its subsidiaries. "Person," "Affiliates," and "Beneficial Owner" shall be defined as those terms are defined pursuant to the Securities Exchange Act of 1934, as amended.

4. If within the four year period following a Change of Control, the employment of Executive is terminated by Company without Good Cause for Termination or is terminated by Executive with Good Cause for Termination, Executive will be entitled to the following Severance Benefits (except as indicated in the case of termination for death or disability):

- All Executive's options to purchase stock of AXE or Company, which are not already vested, will immediately vest and be exercisable for the lesser of two years or their remaining life. (This is not applicable in the case of termination for death or disability.)

- Executive will be paid at the time of termination a pro rata portion of the regular annual incentive bonus opportunity for the partial year in which terminated. The portion of this bonus dependent on earnings or other objective goals shall be based on performance through the last completed fiscal quarter and target performance thereafter. The portion dependent on subjective goals shall be based on the amount for target performance.

- Executive will be paid the amount being held for Executive under Company's Enhanced Management Incentive Plan for 1999-2000 as provided in Section 6 below.

- Executive will be paid monthly for the next two years ("Severance Period") an amount equal to 140% of Executive's then salary for the portion of this period prior to 2001 and an amount equal to 180% of Executive's then salary for the portion of this period after 2000. (This is not applicable in the case of termination for death or disability.)

- Executive will be provided medical and life insurance coverage during the Severance Period on same terms as such coverage was provided prior to the Change of Control. (This is not applicable in the case of termination for death or disability.)

- All Executive's deferred compensation and earnings thereon under Company's Deferred Compensation Plan will be paid in accordance with the terms of that plan

These Severance Benefits shall be in lieu of the six-month notice of termination by Company provided by Section 1. These Severance Benefits shall not be subject to reduction or offset for any compensation Executive may earn from others during the Severance Period.

5. A. If in connection with or following a Change of Control, there is a transaction or a series of related transactions in which 25% or more of AXE's common stock will be converted to or exchanged for any consideration other than publicly traded common stock ("Non-stock Consideration"), the unvested stock options of Executive will be exercisable for the period and to the extent necessary to enable Executive to receive in such transaction or series of related transactions the same pro rata portion of such Non-stock Consideration as Executive would have been able to receive if all his options were exercisable.

B. Upon the occurrence of either of the following events, all of Executive's options to purchase stock of AXE or Company or the stock of any business enterprise that has been substituted for the stock of AXE or Company will immediately vest and will be exercisable for the lesser of two years after termination of Executive's employment or for the remaining life of the options:

- In connection with a Change of Control, Executive is not notified in writing that for the foreseeable future his responsibilities are continuing as the Chief Executive Officer (with all the responsibilities that normally accompany that position) of the business enterprise that includes the Company and the issuer of the stock to be purchased pursuant to the options; or

- Following a Change of Control, Executive is not the Chief Executive Officer of such business enterprise as provided above.

6. A. If a Change of Control shall occur prior to 2000, Executive shall be cashed out of his rights in Company's Enhanced Management Incentive Plan for 1999-2000 (the "Plan") as follows: A number of Shares of AXE Stock ("Shares") shall be determined by dividing the greater of \$1,440,000 or the sum of \$720,000 plus the amount that would be earned for the current year based on actual results through the most recent month end prior to the Change of Control plus the target amount, as defined by the Plan, for the balance of the year, by the average closing price for the Shares for the trading days in 1999 prior to the Change of Control in accordance with the provisions of the Plan. This number of shares shall be multiplied by the higher of the average price per Share paid by the Third Party at the time of the Change of Control or the average closing price of the Shares for the ten trading days preceding the Change of Control. Half this amount shall be paid to the Executive by January 15, 2000 and the remainder shall be paid in four equal installments on each anniversary of the Change of Control. Upon termination pursuant to Section 4 above or death or disability as provided in Section 1 above, any remaining payments shall be promptly made. No payment shall be due for any anniversaries

following the termination of Executive's employment, other than by death or disability, by Company with Good Cause for Termination or by Executive without Good Cause for Termination.

B. If a Change of Control shall occur in 2000, Executive shall be cashed out of his rights in the Plan for 2000 as follows: A number of Shares of AXE Stock ("Shares") shall be determined by dividing the higher of Executive Enhanced Incentive Opportunity for 2000 or, \$ 720,000 by the average closing price for the Shares for the trading days in 2000 prior to the Change of Control in accordance with the provisions of the Plan. This number of shares shall be multiplied by the higher of the average price per Share paid by the Third Party at the time of the Change of Control or the average closing price of the Shares for the ten trading days preceding the Change of Control. This amount shall be paid in four equal installments on each anniversary of the Change of Control. Upon termination pursuant to Section 4 above or death or disability as provided in Section 1 above, any remaining payments shall be promptly made. No payment shall be due for any anniversaries following the termination of Executive's employment, other than by death or disability, by Company with Good Cause for Termination or by Executive without Good Cause for Termination.

7. Company will promptly pay to Executive the amount of any excise taxes imposed on Executive under Section 4999 of the Internal Revenue Code by reason of payments or benefits under the provisions of this Agreement, including this provision, and the amount of any federal and state income taxes imposed on Executive by reason of payments to Executive under this Section.

8. During the term of Executive' employment and continuing through the later of the end of the Severance Benefits or two years from a Change of Control, except on behalf of Company, Executive will not participate individually or as an employee, consultant, officer, director, agent, investor or otherwise in any of the following activities:

- The recruitment for employment of any person who was employed by Company at, or within 60 days prior to, the time of the termination of Executive's employment if that person at the time of recruitment is, or was in the preceding 60 days, employed by Company at an annual salary of more than \$60,000.

- The selling to the same customers of any products that perform substantially the same functions (the "Competing Products") as any products that Company is selling (the "Protected Products") those customers. Protected Products and Competing Products shall not include products that neither (a) perform the same function as products that Company was distributing at the time of the termination of Executive's employment nor (b) are replacements for or

enhancements of products that Company was distributing at the time of the termination of Executive's employment. This prohibition shall not apply if the then aggregate monthly revenues from either the Competing Products or the Protected Products do not exceed \$200,000.

Executive shall not be deemed to be in breach of these prohibitions after termination of Executive's employment merely by reason of employment with a business that is engaging in prohibited activities as long as Executive is not supervising or otherwise participating in those activities or by reason of employment with a business that sells Competing Products solely through independent distributors. A Beneficial Ownership of less than one percent shall not be considered a prohibited participation

Executive at any time may submit a written request to the General Counsel for Company for advice on whether any planned activities of Executive would violate the provisions of this Section. The details of such request shall be maintained in confidence and the written advice of the General Counsel shall be binding on Company. If the General Counsel does not respond to such a request within 15 days, it shall be deemed that the General Counsel advised that such activity would not violate this Section.

Executive agrees that non-public information about the activities of Company that Executive obtained before the term of this Agreement or obtains during the term of this Agreement is confidential and proprietary and will not be used or disclosed by Executive except on behalf of Company until that information otherwise becomes generally known or the fifth anniversary of the termination of Executive's employment, whichever shall first occur.

It is the intent of the parties that the provisions of this Section be interpreted and applied in an enforceable manner. To the extent necessary to achieve this intent, the parties agree that the provisions of this Section shall be deemed modified. Executive acknowledges that damages would not be an adequate remedy for violation of the provisions of this Section and agrees that Company would be entitled to an injunction to prevent Executive from engaging in such activities, and in seeking such an injunction should not be required to post any bond.

9. Any modification or binding interpretation of this Agreement must be in writing. Any such writing must be approved by the Board of Directors of Company, except as provided in Section 8 for advice by Company's General Counsel.

10. The prevailing party in any litigation concerning this Agreement shall be reimbursed by the party found to be in breach of this Agreement for all reasonable costs, including attorney fees, incurred by the prevailing party.

11. This Agreement may be assigned by Company to a purchaser of substantially all of its assets if that purchaser assumes all of Company's obligations under this Agreement. This Agreement shall be binding on any successor of Company by merger or consolidation. Any such purchaser or successor shall be deemed to be "Company."

12. This Agreement shall terminate on the date specified in a written notice of termination delivered by either party to the other, which date shall be at least twelve months after the delivery of the written notice of termination. Termination of this Agreement shall not effect any obligation, whether or not contingent, that arose under this Agreement prior to its termination. For example, termination of this Agreement after a Change of Control will not affect the obligations of Company in the event of a termination of employment within the provisions of Section 4 even if that termination of employment occurs after the termination of this Agreement.

Executed this 22nd day of July 1999.

Anixter Inc.

By _____

Executive

EMPLOYMENT AGREEMENT

Anixter Inc., ("Company") and Dennis J. Letham ("Executive") agree as follows:

1. Company will employ Executive and Executive will work for Company in an executive capacity until termination of Executive's employment on the date specified in a written notice of termination delivered by either party to the other, which date, except in the case of Good Cause for Termination, shall be at least six months after the delivery of the written notice of termination.

2. "Good Cause for Termination" shall mean:

- Death of Executive or total disability of Executive as defined in Company's then long-term disability insurance policy.

- In the case of termination by Executive, Executive is required to relocate without Executive's concurrence, Executive's then level of responsibilities are significantly reduced, Executive is no longer the Chief Financial Officer (with all responsibilities that normally accompany that position) of the business enterprise that includes the Company and the Issuer of the stock to be purchased pursuant to the options to purchase stock that have been granted to Executive by AXE or Company, or Executive's then salary, regular bonus opportunity and benefits are significantly reduced and, in each case, this situation is not corrected by Company within 15 days of notice from Executive, provided that a reduction in level of responsibilities during first 6 months or a failure to continue as Chief Financial Officer as provided above during the first 12 months following a notice of termination by Executive or the occurrence of a Change in Control shall not be considered Good Cause for Termination, during and only during such 6 or 12 month period as the case may be.

- In the case of termination by Company, repeated material failure by Executive to follow appropriate instructions, material breach by Executive of his fiduciary obligations to the Company, or commission of dishonest acts by Executive that in the reasonable judgment of Company makes the continuation of Executive's employment inappropriate.

3. A "Change of Control" shall occur if (a) substantially all the assets of Company or its parent Anixter International Inc. ("AXE") are sold to a Third Party or a Third Party becomes the Beneficial Owner of the greater of
(i) 25%, or (ii) the percentage owned by Sam Zell and his affiliates, of Company's or AXE's securities that vote for

the election of directors or (b) a majority of the Board of Directors of Company or AXE were not nominated for election by the Board of Directors of Company or AXE. A "Third Party" is any Person, other than Samuel Zell or his Affiliates and other than Anixter International Inc. or its subsidiaries. "Person," "Affiliates," and "Beneficial Owner" shall be defined as those terms are defined pursuant to the Securities Exchange Act of 1934, as amended.

4. If within the four year period following a Change of Control, the employment of Executive is terminated by Company without Good Cause for Termination or is terminated by Executive with Good Cause for Termination, Executive will be entitled to the following Severance Benefits (except as indicated in the case of termination for death or disability):

- All Executive's options to purchase stock of AXE or Company, which are not already vested, will immediately vest and be exercisable for the lesser of two years or their remaining life. (This is not applicable in the case of termination for death or disability.)

- Executive will be paid at the time of termination a pro rata portion of the regular annual incentive bonus opportunity for the partial year in which terminated. The portion of this bonus dependent on earnings or other objective goals shall be based on performance through the last completed fiscal quarter and target performance thereafter. The portion dependent on subjective goals shall be based on the amount for target performance.

- Executive will be paid the amount being held for Executive under Company's Enhanced Management Incentive Plan for 1999-2000 as provided in Section 6 below.

- Executive will be paid monthly for the next two years ("Severance Period") an amount equal to 140.68% of Executive's then salary for the portion of this period prior to 2001 and an amount equal to 181.36% of Executive's then salary for the portion of this period after 2000. (This is not applicable in the case of termination for death or disability.)

- Executive will be provided medical and life insurance coverage during the Severance Period on same terms as such coverage was provided prior to the Change of Control. (This is not applicable in the case of termination for death or disability.)

- All Executive's deferred compensation and earnings thereon under Company's Deferred Compensation Plan will be paid in accordance with the terms of that plan

These Severance Benefits shall be in lieu of the six-month notice of termination by Company provided by Section 1. These Severance Benefits shall not be subject to reduction or offset for any compensation Executive may earn from others during the Severance Period.

5. A. If in connection with or following a Change of Control, there is a transaction or a series of related transactions in which 25% or more of AXE's common stock will be converted to or exchanged for any consideration other than publicly traded common stock ("Non-stock Consideration"), the unvested stock options of Executive will be exercisable for the period and to the extent necessary to enable Executive to receive in such transaction or series of related transactions the same pro rata portion of such Non-stock Consideration as Executive would have been able to receive if all his options were exercisable.

B. Upon the occurrence of either of the following events, all of Executive's options to purchase stock of AXE or Company or the stock of any business enterprise that has been substituted for the stock of AXE or Company will immediately vest and will be exercisable for the lesser of two years after termination of Executive's employment or for the remaining life of the options:

- In connection with a Change of Control, Executive is not notified in writing that for the foreseeable future his responsibilities are continuing as the Chief Financial Officer (with all the responsibilities that normally accompany that position) of the business enterprise that includes the Company and the issuer of the stock to be purchased pursuant to the options; or

- Following a Change of Control, Executive is not the Chief Financial Officer of such business enterprise as provided above.

6. A. If a Change of Control shall occur prior to 2000, Executive shall be cashed out of his rights in Company's Enhanced Management Incentive Plan for 1999-2000 (the "Plan") as follows: A number of Shares of AXE Stock ("Shares") shall be determined by dividing the greater of \$ 854,000 or the sum of \$427,000 plus the amount that would be earned for the current year based on actual results through the most recent month end prior to the Change of Control plus the target amount, as defined by the Plan, for the balance of the year, by the average closing price for the Shares for the trading days in 1999 prior to the Change of Control in accordance with the provisions of the Plan. This number of shares shall be multiplied by the higher of the average price per Share paid by the Third Party at the time of the Change of Control or the average closing price of the Shares for the ten trading days preceding the Change of Control. Half this amount shall be paid to the Executive by January 15, 2000 and the remainder shall be paid in four equal installments on each anniversary of the Change of Control. Upon termination pursuant to Section 4 above or death or disability as provided in Section 1 above, any remaining payments shall be promptly made. No payment shall be due for any anniversaries

following the termination of Executive's employment, other than by death or disability, by Company with Good Cause for Termination or by Executive without Good Cause for Termination.

B. If a Change of Control shall occur in 2000, Executive shall be cashed out of his rights in the Plan for 2000 as follows: A number of Shares of AXE Stock ("Shares") shall be determined by dividing the higher of Executive Enhanced Incentive Opportunity for 2000 or, \$ 427,000 by the average closing price for the Shares for the trading days in 2000 prior to the Change of Control in accordance with the provisions of the Plan. This number of shares shall be multiplied by the higher of the average price per Share paid by the Third Party at the time of the Change of Control or the average closing price of the Shares for the ten trading days preceding the Change of Control. This amount shall be paid in four equal installments on each anniversary of the Change of Control. Upon termination pursuant to Section 4 above or death or disability as provided in Section 1 above, any remaining payments shall be promptly made. No payment shall be due for any anniversaries following the termination of Executive's employment, other than by death or disability, by Company with Good Cause for Termination or by Executive without Good Cause for Termination.

7. Company will promptly pay to Executive the amount of any excise taxes imposed on Executive under Section 4999 of the Internal Revenue Code by reason of payments or benefits under the provisions of this Agreement, including this provision, and the amount of any federal and state income taxes imposed on Executive by reason of payments to Executive under this Section.

8. During the term of Executive' employment and continuing through the later of the end of the Severance Benefits or two years from a Change of Control, except on behalf of Company, Executive will not participate individually or as an employee, consultant, officer, director, agent, investor or otherwise in any of the following activities:

- The recruitment for employment of any person who was employed by Company at, or within 60 days prior to, the time of the termination of Executive's employment if that person at the time of recruitment is, or was in the preceding 60 days, employed by Company at an annual salary of more than \$60,000.

- The selling to the same customers of any products that perform substantially the same functions (the "Competing Products") as any products that Company is selling (the "Protected Products") those customers. Protected Products and Competing Products shall not include products that neither (a) perform the same function as products that Company was distributing at the time of the termination of Executive's employment nor (b) are replacements for or

enhancements of products that Company was distributing at the time of the termination of Executive's employment. This prohibition shall not apply if the then aggregate monthly revenues from either the Competing Products or the Protected Products do not exceed \$200,000.

Executive shall not be deemed to be in breach of these prohibitions after termination of Executive's employment merely by reason of employment with a business that is engaging in prohibited activities as long as Executive is not supervising or otherwise participating in those activities or by reason of employment with a business that sells Competing Products solely through independent distributors. A Beneficial Ownership of less than one percent shall not be considered a prohibited participation

Executive at any time may submit a written request to the General Counsel for Company for advice on whether any planned activities of Executive would violate the provisions of this Section. The details of such request shall be maintained in confidence and the written advice of the General Counsel shall be binding on Company. If the General Counsel does not respond to such a request within 15 days, it shall be deemed that the General Counsel advised that such activity would not violate this Section.

Executive agrees that non-public information about the activities of Company that Executive obtained before the term of this Agreement or obtains during the term of this Agreement is confidential and proprietary and will not be used or disclosed by Executive except on behalf of Company until that information otherwise becomes generally known or the fifth anniversary of the termination of Executive's employment, whichever shall first occur.

It is the intent of the parties that the provisions of this Section be interpreted and applied in an enforceable manner. To the extent necessary to achieve this intent, the parties agree that the provisions of this Section shall be deemed modified. Executive acknowledges that damages would not be an adequate remedy for violation of the provisions of this Section and agrees that Company would be entitled to an injunction to prevent Executive from engaging in such activities, and in seeking such an injunction should not be required to post any bond.

9. Any modification or binding interpretation of this Agreement must be in writing. Any such writing must be approved by the Board of Directors of Company, except as provided in Section 8 for advice by Company's General Counsel.

10. The prevailing party in any litigation concerning this Agreement shall be reimbursed by the party found to be in breach of this Agreement for all reasonable costs, including attorney fees, incurred by the prevailing party.

11. This Agreement may be assigned by Company to a purchaser of substantially all of its assets if that purchaser assumes all of Company's obligations under this Agreement. This Agreement shall be binding on any successor of Company by merger or consolidation. Any such purchaser or successor shall be deemed to be "Company."

12. This Agreement shall terminate on the date specified in a written notice of termination delivered by either party to the other, which date shall be at least twelve months after the delivery of the written notice of termination. Termination of this Agreement shall not effect any obligation, whether or not contingent, that arose under this Agreement prior to its termination. For example, termination of this Agreement after a Change of Control will not affect the obligations of Company in the event of a termination of employment within the provisions of Section 4 even if that termination of employment occurs after the termination of this Agreement.

Executed this 22nd day of July 1999.

Anixter Inc.

By _____

Executive

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S FORM 10-Q FOR THE 39 WEEKS ENDED October 1, 1999, AND October 2, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS INCLUDING IN SUCH REPORTS. THE 39 WEEKS ENDED October 2, 1998 HAS BEEN RESTATED TO REFLECT THE DISCONTINUANCE OF THE INTEGRATION SEGMENT.

CIK: 0000052795

NAME: ANIXTER INTERNATIONAL INC.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS	9 MOS
FISCAL YEAR END	DEC 31 1999	JAN 01 1999
PERIOD START	JAN 02 1999	JAN 03 1998
PERIOD END	OCT 01 1999	OCT 02 1998
CASH	15,700	15,800
SECURITIES	0	0
RECEIVABLES	590,500	495,800
ALLOWANCES	10,100	11,600
INVENTORY	517,000	421,400
CURRENT ASSETS	1,128,000	935,100
PP&E	152,700	147,400
DEPRECIATION	96,700	88,600
TOTAL ASSETS	1,468,100	1,376,800
CURRENT LIABILITIES	450,800	348,800
BONDS	0	0
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	36,100	42,700
OTHER SE	409,800	377,200
TOTAL LIABILITY AND EQUITY	1,468,100	1,376,800
SALES	1,964,000	1,764,000
TOTAL REVENUES	1,964,000	1,764,000
CGS	1,496,900	1,327,200
TOTAL COSTS	1,880,300	1,689,400
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	25,000	23,100
INCOME PRETAX	58,500	71,100
INCOME TAX	300	29,600
INCOME CONTINUING	58,200	41,500
DISCONTINUED	51,300	19,700
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	109,500	61,200
EPS BASIC	2.88	1.34
EPS DILUTED	2.85	1.32

End of Filing

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