ANIXTER INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

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Sector	Technology
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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 September 28, 2001

OR

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

For the transition period from _______ to _______

COMMISSION FILE NUMBER: 1-5989

ANIXTER INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

DELAWARE	94-1658138
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4711 GOLF ROAD
SKOKIE, ILLINOIS 60076
(847) 677-2600
(Address and telephone number of principal executive offices)

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 2, 2001, 36,852,062 shares of the registrant's Common Stock, $1.00 par value, were outstanding.

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* No reportable information under this item.

THIS REPORT MAY CONTAIN VARIOUS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "BELIEVES", "EXPECTS", "PROSPECTS", "ESTIMATED", "SHOULD", "MAY" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY INDICATING THE COMPANY'S EXPECTATIONS OR BELIEFS CONCERNING FUTURE EVENTS. THE COMPANY CAUTIONS THAT SUCH STATEMENTS ARE QUALIFIED BY IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN THE FORWARD-LOOKING STATEMENTS, A NUMBER OF WHICH ARE IDENTIFIED IN THIS REPORT. OTHER FACTORS COULD ALSO CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM EXPECTED RESULTS INCLUDED IN THESE STATEMENTS. THESE FACTORS INCLUDE GENERAL ECONOMIC CONDITIONS, TECHNOLOGY CHANGES, CHANGES IN SUPPLIER OR CUSTOMER RELATIONSHIPS, EXCHANGE RATE FLUCTUATIONS AND NEW OR CHANGED COMPETITORS.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	FOR THE 13 WEEKS ENDED		FOR THE 39 WEEKS ENDED	
	SEPTEMBER 28, 2001	SEPTEMBER 29, 2000	SEPTEMBER 28, 2001	SEPTEMBER 29, 2000
NET SALES	$ 761.5	$ 971.8	$ 2,481.6	$ 2,651.5
Cost of goods sold	590.8	754.1	1,898.4	2,038.1
Gross profit	170.7	217.7	583.2	613.4
Operating expenses	146.8	161.7	461.9	465.8
Amortization of goodwill	2.2	2.1	6.7	6.2
Restructuring costs	31.7	-	31.7	-
OPERATING INCOME (LOSS)	(10.0)	53.9	82.9	141.4
Interest expense	(6.5)	(12.5)	(24.7)	(33.9)
Other, net	(3.2)	(0.5)	(11.4)	0.3
Income (loss) before income taxes and extraordinary loss	(19.7)	40.9	46.8	107.8
Income tax expense (benefit)	(8.0)	16.9	18.9	45.0
Income (loss) before extraordinary loss	(11.7)	24.0	27.9	62.8
Extraordinary loss on early extinguishment of debt (net of income tax benefit of $.1 and $.7, respectively)	(0.2)	-	(1.0)	-
NET INCOME (LOSS)	$ (11.9)	$ 24.0	$ 26.9	$ 62.8
BASIC INCOME (LOSS) PER SHARE:				
Income (loss) before extraordinary loss	$ (0.32)	$ 0.65	$ 0.76	$ 1.73
Extraordinary loss	(0.01)	-	(0.03)	-
Net income (loss)	$ (0.33)	$ 0.65	$ 0.74	$ 1.73
DILUTED INCOME (LOSS) PER SHARE:				
Income (loss) before extraordinary loss	$ (0.32)	$ 0.59	$ 0.74	$ 1.63
Extraordinary loss	(0.01)	-	(0.03)	-
Net income (loss)	$ (0.33)	$ 0.59	$ 0.71	$ 1.63

See accompanying notes to the condensed consolidated financial statements.

ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(IN MILLIONS) ASSETS	SEPTEMBER 28, 2001	DECEMBER 29, 2000
	(UNAUDITED)	
CURRENT ASSETS		
Cash	$ 6.6	$ 20.8
Accounts receivable (less allowances of $19.4 and $14.8 in 2001 and 2000, respectively)	243.2	293.3
Note receivable - unconsolidated subsidiary	112.6	126.1
Inventories	568.8	738.4
Inventories returnable to vendor, net	-	120.0
Deferred income taxes	26.1	25.5
Other current assets	11.0	10.3
Total current assets	968.3	1,334.4
Property and equipment, at cost	173.9	167.1
Accumulated depreciation	(115.6)	(110.6)
Property and equipment, net	58.3	56.5
Goodwill (less accumulated amortization of $93.4 and $86.8 in 2001 and 2000, respectively)	234.0	239.3
Other assets	75.7	55.8
	$ 1,336.3	$ 1,686.0

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 316.4	$ 499.1
Accrued expenses	92.6	139.6
Accrued restructuring costs	17.2	-
Income taxes payable	5.0	8.1
Total current liabilities	431.2	646.8
Long-term debt	304.0	451.9
Other liabilities	46.8	32.4
Total liabilities	782.0	1,131.1
STOCKHOLDERS' EQUITY		
Common stock	36.8	37.7
Capital surplus	24.3	46.9
Accumulated other comprehensive income	(56.6)	(52.6)
Retained earnings	549.8	522.9
Total stockholders' equity	554.3	554.9
Total liabilities and stockholders' equity	$ 1,336.3	$ 1,686.0

See accompanying notes to the condensed consolidated financial statements.

ANIXTER INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	FOR THE 39 WEEKS ENDED SEPTEMBER 28, 2001	FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2000
Operating activities		
Net income	$ 26.9	$ 62.8
Adjustments to reconcile net income to net cash provided by (used in) continuing operating activities:		
Extraordinary loss	1.0	-
Non-cash restructuring costs	6.6	-
Loss on disposal of fixed assets	0.3	-
Depreciation and amortization	23.2	20.3
Accretion of zero-coupon convertible notes	11.0	-
Deferred income taxes	(0.4)	(2.0)
Changes in current assets and liabilities, net	100.9	(307.8)
Restructuring costs	23.3	-
Other, net	4.7	0.6
Net cash provided by (used in) continuing operating activities	197.5	(226.1)
INVESTING ACTIVITIES		
Capital expenditures	(19.5)	(13.2)
Acquisitions and divestitures	-	(3.7)
Net cash used in continuing investing activities	(19.5)	(16.9)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	743.5	1,155.9
Repayment of long-term borrowings	(868.6)	(903.0)
Repayment of notes payable	(33.6)	-
Proceeds from issuance of common stock	20.3	30.8
Purchases of common stock for treasury	(46.9)	(15.4)
Debt issuance costs	(0.1)	(6.4)
Other, net	(2.2)	(6.2)
Net cash (used in) provided by continuing financing activities	(187.6)	255.7
(DECREASE) INCREASE IN CASH FROM CONTINUING OPERATIONS	(9.6)	12.7
Cash used in discontinued operations	(4.6)	(11.8)
Cash at beginning of period	20.8	17.5
Cash at end of period	$ 6.6	$ 18.4

See accompanying notes to the condensed consolidated financial statements.

ANIXTER INTERNATIONAL INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION AND PRESENTATION

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in Anixter International Inc.'s ("the Company") Annual Report on Form 10-K for the year ended December 29, 2000. The condensed consolidated financial information furnished herein reflects all adjustments (consisting of normal recurring accruals) 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 to conform to the 2001 presentation.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of SFAS No. 133." These statements outline the accounting treatment for all derivative activity. The Company adopted these standards in the first quarter of fiscal 2001. The impact of adoption on the consolidated results of operations or financial position was not significant. The Company is exposed to the impact of interest rate changes and fluctuations in foreign currencies, as well as changes in the market value of its financial instruments. The Company periodically uses derivatives, both fair value and cash flow hedges, in order to minimize these risks, but not for trading purposes. The Company does not enter into derivative transactions that are ineffective or expect to recognize significant gains and losses associated with SFAS No. 138. During the second quarter of 2001, the Company incurred $1.7 million in interest expense related to the cancellation of certain of its interest rate hedge agreements for which there were no longer outstanding borrowings. At September 28, 2001, the fair market value of the derivatives were included in "Other assets" on the condensed consolidated balance sheet.

In June 2001, the Financial Accounting Standards Board issued SFAS No.
141 "Business Combinations", and No. 142, "Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill will no longer be amortized, but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. During 2002, the Company will perform the first of the required impairment tests of goodwill as of January 1, 2002, and does not anticipate that the effect of these tests will be significant on the earnings and financial position of the Company.

NOTE 2. ACQUISITION AND DIVESTITURE OF BUSINESSES

In the first quarter of 2000, the Company acquired 100% of the stock of allNET Technologies Pty. Limited ("allNET") for $6.7 million. allNET is a structured cabling distributor located in Australia. In the third quarter of 2000, the Company sold the net assets of a wholly-owned subsidiary of Accu-Tech Corporation for $4.6 million in cash and notes receivable. The effect of these transactions on the operating results of the Company was not significant.

NOTE 3. INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted income (loss) per common share:

	FOR THE 13 WEEKS ENDED		FOR THE 39 WEEKS ENDED	
	SEPTEMBER 28, 2001	SEPTEMBER 29, 2000	SEPTEMBER 28, 2001	SEPTEMBER 29, 2000
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
BASIC INCOME (LOSS) PER SHARE				
Income (loss) before extraordinary loss	$ (11,728)	$ 24,055	$ 27,892	$ 62,848
Extraordinary loss	(189)	-	(1,039)	-
Net income (loss) (numerator)	$ (11,917)	$ 24,055	$ 26,853	$ 62,848
Weighted- average common shares outstanding (denominator)	36,438	36,975	36,524	36,321
Income (loss) before extraordinary loss	$ (0.32)	$ 0.65	$ 0.76	$ 1.73
Extraordinary loss	(0.01)	-	(0.03)	-
Net income (loss)	$ (0.33)	$ 0.65	$ 0.74	$ 1.73
DILUTED INCOME (LOSS) PER SHARE				
Income (loss) before extraordinary loss	$ (11,728)	$ 24,055	$ 27,892	$ 62,848
Interest impact of assumed conversion of convertible notes	-	2,056	-	2,101
Adjusted income (loss) before extraordinary loss (numerator)	(11,728)	26,111	27,892	64,949
Extraordinary loss	(189)	-	(1,039)	-
Net income (loss)	$ (11,917)	$ 26,111	$ 26,853	$ 69,949
Weighted-average common shares outstanding	36,438	36,975	36,524	36,321
Effect of dilutive securities:				
Stock options, warrants and convertible notes	-	7,519	1,274	3,450
Weighted-average common shares outstanding (denominator)	36,438	44,494	37,798	39,771
Income (loss) before extraordinary loss	$ (0.32)	$ 0.59	$ 0.74	$ 1.63
Extraordinary loss	(0.01)	-	(0.03)	-
Net income (loss)	$ (0.33)	$ 0.59	$ 0.71	$ 1.63

NOTE 4. COMPREHENSIVE INCOME (LOSS)

Comprehensive income, net of tax, consisted of the following:

(IN MILLIONS)	FOR THE 13 WEEKS ENDED SEPTEMBER 28, 2001	FOR THE 13 WEEKS ENDED SEPTEMBER 29, 2000	FOR THE 39 WEEKS ENDED SEPTEMBER 28, 2001	FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2000
Net income (loss)	$ (11.9)	$ 24.0	$ 26.9	$ 62.8
Cumulative effect of adoption of SFAS No. 133	-	-	2.7	-
Change in cumulative translation adjustment	(1.4)	(6.5)	(8.6)	(17.0)
Change in fair market value of derivatives	0.8	-	1.9	-
Comprehensive income (loss)	$ (12.5)	$ 17.5	$ 22.9	$ 45.8

NOTE 5. SUMMARIZED FINANCIAL INFORMATION OF ANIXTER INC.

The Company had an ownership interest of 99.9% in Anixter Inc. at September 28, 2001, 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 SHEETS

(IN MILLIONS)	SEPTEMBER 28, 2001	DECEMBER 29, 2000
Assets:	(UNAUDITED)	
Current assets	$ 954.3	$ 1,331.0
Property, net	58.3	56.5
Goodwill, net	234.0	239.3
Other assets	71.7	53.8
	$ 1,318.3	$ 1,680.6
Liabilities and Stockholders' Equity:		
Current liabilities	$ 417.4	$ 645.1
Other liabilities	40.3	28.6
Long-term debt	86.0	244.9
Subordinated notes payable to parent	241.5	250.5
Stockholders' equity	533.1	511.5
	$ 1,318.3	$ 1,680.6

ANIXTER INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(IN MILLIONS)	FOR THE 13 WEEKS ENDED SEPTEMBER 28, 2001	FOR THE 13 WEEKS ENDED SEPTEMBER 29, 2000	FOR THE 39 WEEKS ENDED SEPTEMBER 28, 2001	FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2000
Net sales	$ 761.5	$ 971.8	$ 2,481.6	$ 2,651.5
Operating income (loss)	$ (9.4)	$ 54.4	$ 84.1	$ 143.5
Income (loss) before income taxes and extraordinary loss	$ (19.1)	$ 40.8	$ 47.2	$ 109.3
Net income (loss)	$ (11.4)	$ 23.0	$ 26.5	$ 61.6

NOTE 6. RESTRUCTURING COSTS

Due to increased economic softness and deteriorating market conditions in the communications product market, the Company announced a restructuring charge of $31.7 million during the third quarter of 2001. The components of the charge are identified below.

STAFF REDUCTIONS - The Company plans to reduce approximately 700 employees across all business functions and geographic areas and communicated these intentions to the employees in the third quarter. The reductions started during the third quarter of 2001 and as of September 28, 2001, approximately 500 employees have been specifically terminated. During the quarter the Company recorded a restructuring charge of $9.8 million primarily relating to severance and fringe benefits of the approximately 700 employees to be terminated.

FACILITY RESTRUCTURING - The Company recorded a restructuring charge of $13.9 million to cover primarily the future lease payments on the excess facilities located in North America. Included in this amount was management's assumption that certain facilities could be sublet for a total of $7.2 million. In addition, the Company wrote-off related leasehold improvements and equipment of $2.0 million.

KOREA - The Company has decided to leave the Korean market and has recorded a restructuring charge of $6.2 million. The major components of this charge include accounts receivable write-offs of $3.1 million and legal fees, settlements and other shutdown costs of $3.1 million.

OTHER ITEMS - The Company wrote-off purchased software that it decided not to implement and provided for legal fees associated with the restructuring. The total charge for these items was $1.8 million.

The following table summarizes the restructuring costs:

	TOTAL COSTS	NON-CASH CHARGES	CASH PAYMENTS	ACCRUED COSTS
Staff Reductions	$ 9.8	$ -	$ 1.5	$ 8.3
Facility Restructuring	13.9	2.0	.3	11.6
Korea	6.2	3.7	-	2.5
Other	1.8	0.9	-	0.9
Total	$31.7	$ 6.6	$ 1.8	$ 23.3

Amounts related to the net lease expense due to the consolidation of facilities will be paid over the respective lease terms through the year 2008. We expect to substantially complete the implementation of the restructuring initiative by the second quarter of 2002.

NOTE 7. EXTINGUISHMENT OF DEBT

The Company repurchased $6.0 million and $32.2 million of its 8% senior notes that mature in September, 2003, for $6.3 million and $33.6 million during the 13 and 39 weeks ended September 28, 2001, respectively. Additionally, in the 39 week period ended September 28, 2001, the Company wrote-off $.3 million of debt issuance costs associated with the cancellation of a $110.0 million revolving credit agreement, due 2001. Accordingly, the Company recorded an extraordinary loss on the early extinguishment of debt of $.3 million and $1.7 million ($.2 million and $1.0 million, net of tax), respectively, in its condensed consolidated statements of operations for the 13 and 39 weeks ended September 28, 2001.

NOTE 8. SUBSEQUENT EVENT

In October 2001, Anixter Inc. repurchased an additional $28.0 million of its 8% senior notes that mature in September, 2003 for $30.3 million. The Company will reflect an extraordinary loss of $1.4 million on the early extinguishment of debt from this transaction in its condensed consolidated statements of operations for the year ended December 28, 2001.

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

The following is a discussion of the historical results of operations and financial condition of Anixter International Inc. (the "Company") and factors affecting the Company's financial resources. This discussion should be read in conjunction with the consolidated financial statements, including the notes thereto, set forth herein under "Financial Statements" and the Company's Annual Report on Form 10-K for the year ended December 29, 2000. This discussion contains forward-looking statements, which are qualified by reference to, and should be read in conjunction with, the Company's discussion regarding forward-looking statements as set forth in this report.

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

Consolidated net cash provided by continuing operating activities was $197.5 million for the 39 weeks ended September 28, 2001, compared to $226.1 million used for the same period in 2000. Cash provided by operating activities increased primarily due to a reduction in working capital required to support the business. In 2000, inventory increased $324.2 million to support the growth in the service provider and integrated supply markets and a significant CLEC contract, while in 2001, inventory declined $289.6 million. Consolidated net cash used in investing activities was $19.5 million for the 39 weeks ended September 28, 2001, versus $16.9 million for the same period in 2000. For the 39 weeks ended September 28, 2001, the Company incurred $19.5 million of capital expenditures, primarily for the upgrades of warehouse facilities and purchase of software and computer equipment. Capital expenditures are expected to be approximately $22.0 million in 2001. In the first quarter of 2000, the Company purchased allNet Technologies Pty. Limited in Australia for $6.7 million. In the third quarter of 2000, the Company sold the net assets of a wholly-owned U.S. subsidiary of its structured cabling business for $4.6 million in cash and notes receivable. Consolidated net cash used in financing activities was $187.6 million for the 39 weeks ended September 28, 2001, in comparison to $255.7 million provided in the corresponding 2000 period. The change is primarily the result of a net decrease in long-term borrowings of $125.1 million, extinguishment of senior notes of $33.6 million and $46.9 million of treasury stock purchases, partially offset by proceeds of $20.3 million received from the issuance of 1,167,027 shares for the exercise of stock options and employee stock purchase plan. In 2000, long-term borrowings increased $252.9 million, while treasury stock purchases were $15.4 million. In addition, in 2000 the Company received $30.8 million from the issuance of 1,813,311 shares for the exercise of stock options and employee stock purchase plan. Cash used in discontinued operations was $4.6 million for the 39 weeks ended September 28, 2001, compared to $11.8 million used in the corresponding 2000 period.

FINANCINGS

At September 28, 2001, $403.6 million was available under the bank revolving lines of credit at Anixter Inc., of which $16.2 million was available to pay the Company for general corporate purposes. On April 24, 2001, Anixter Inc. cancelled a $110 million 364-day revolving credit line.

As of September 28, 2001, Anixter Inc. has repurchased $32.2 million of its 8% senior notes that mature in September, 2003, for $33.6 million. In October 2001, Anixter Inc. repurchased an additional $28.0 million of its 8% senior notes for $30.3 million.

Consolidated interest expense was $24.7 million and $33.9 million for the 39 weeks ended September 28, 2001 and September 29, 2000, respectively. The decrease is due to lower debt levels, a result of the impact of the accounts receivable securitization program implemented in the third quarter of fiscal year 2000, lower working capital levels and a reduction in interest rates. In 2001, the Company incurred $1.7 million in interest expense related to the cancellation of certain of its interest rate hedge agreements for which there were no longer outstanding borrowings. For the 39 weeks ending September 28, 2001, the Company recorded other expense of $8.6 million related to the interest expense incurred by Anixter Receivables Corporation, a wholly-owned unconsolidated subsidiary.

The Company had authorized the purchase of up to 2.8 million shares of its common stock, with the volume and timing to depend on market conditions. Through September 28, 2001, the Company repurchased 2,079,000 shares at an average cost of $22.57. Purchases were made in the open market and were financed from cash generated by operations.

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.

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, potentially rapid changes in applicable technologies or regulatory changes that substantially change the cost and/or availability of public networking bandwidth.

QUARTER ENDED SEPTEMBER 28, 2001: Net loss for the third quarter of 2001 was $11.9 million compared with net income of $24.0 million for the third quarter of 2000. Due to a combination of increased economic softness and continued deterioration of market conditions in the communication products industry, the Company incurred a one-time charge of $31.7 million in the third quarter of 2001 associated with reducing its workforce, closing or consolidating certain facilities and exiting the Korean market. In addition, the Company recorded an after-tax extraordinary loss of $189,000 for the early extinguishment of $6.0 million of Anixter Inc.'s 8% senior notes.

The Company's net sales during the third quarter of 2001 decreased 21.6% to $761.5 million from $971.8 million in the same period in 2000. Net sales by major geographic market are presented in the following table:

(IN MILLIONS)	13 WEEKS ENDED SEPTEMBER 28, 2001	13 WEEKS ENDED SEPTEMBER 29, 2000
North America	$ 601.1	$ 760.8
Europe	107.4	162.9
Asia Pacific and Latin America	53.0	48.1
	$ 761.5	$ 971.8

When compared to the corresponding period in 2000, North America sales for the third quarter of 2001 decreased 21.0% to $601.1 million. In 2000, the Company's sales included $60 million of non-recurring low gross margin fulfillment sales. Excluding these sales, North America was down by 14.2%. This decrease reflects the general economic softness in the United States, combined with significant weakness in the telecom and technology related market places. Sales declines in the Enterprise Network Communications and Electrical Wire and Cable markets were partially offset by a significant increase in the Integrated Supply market. Europe sales decreased 34.1%, as the general economic softness experienced in the United States is also being felt by the international markets. Sales declined in all significant customer markets. Excluding the effect of changes in exchange rates, Europe sales declined 31.8%. Asia Pacific and Latin American net sales were up 10.2% from the third quarter of 2000, reflecting strong sales growth in Latin America. Excluding the effect of changes in exchange rates, Asia Pacific and Latin America sales increased 13.2%.

The Company reported an operating loss of $10.0 million in 2001 compared to $53.9 million of operating income in the third quarter of 2000. Due to a combination of increased economic softness and continued deterioration of market conditions in the telecom and technology related products industry, the Company incurred a one-time charge of $31.7 million associated with reducing its workforce, closing or consolidating some facilities and exiting the Korean market. Operating income (loss) by major geographic market is presented in the following table:

(IN MILLIONS)	13 WEEKS ENDED SEPTEMBER 28, 2001	13 WEEKS ENDED SEPTEMBER 29, 2000
North America	$ (5.9)	$ 47.6
Europe	1.6	5.7
Asia Pacific and Latin America	(5.7)	0.6
	$ (10.0)	$ 53.9

North America reported an operating loss of $5.9 million for the third quarter of 2001, reflecting a decrease of $53.5 million from the corresponding period in 2000. Excluding restructuring costs of $23.1 million and the non-recurring fulfillment sales noted previously, operating profit declined 61.1%. Excluding restructuring costs, operating margins were 2.9%, a decline of 3.4 percentage points when compared to the same period in 2000. The decline in operating margin primarily relates to the sharp decline in sales discussed previously and incremental costs associated with facility expansions completed in late 2000. Europe operating income decreased 73.8%. Excluding restructuring costs of $2.3 million, operating profit declined 32.6%, while operating margins remained flat. The decline in operating income primarily relates to the decrease in sales discussed previously, partially offset by lower operating expenses which are a result of organizational changes and refocused marketing efforts over the past two years. Excluding the effect of changes in exchange rates and the restructuring charge, Europe's operating income decreased 29.1%. Asia Pacific and Latin America reported an operating loss of $5.7 million compared to operating income of $.6 million in the third quarter of 2000. Excluding restructuring costs of $6.3 million, operating profit increased 3.4% and operating margins remained flat. This resulted from the 10.2% improvement in sales and a reduced cost structure following the changes made in staffing and operations in recent years. Excluding the effect of changes in the exchange rates and the restructuring charge, Asia Pacific and Latin America's operating income increased 5.0%.

Net other expense totaled $3.2 million in the third quarter of 2001 compared to $.5 million in the corresponding period in 2000. In the third quarter of 2001, the Company incurred $1.7 million in costs associated with the accounts receivable securitization program and $1.3 million of foreign exchange losses.

The consolidated tax provision on continuing operations reflects an income tax benefit of $8.0 million in 2001 compared to expense of $16.9 million in the third quarter of 2000. As previously mentioned, the Company incurred $31.7 million in restructuring costs during the third quarter of 2001 which generated a tax benefit of $12.7 million. The third quarter 2001 effective tax rate was 40.5%. The full year anticipated effective tax rate of 40.5% is based on pre-tax book income adjusted primarily for amortization of nondeductible goodwill and losses of foreign operations for which no current benefit is available.

39 WEEKS ENDED SEPTEMBER 28, 2001: Net income for the 39 weeks ended September 28, 2001 was $26.9 million compared to $62.8 million in the corresponding period in 2000. Due to a combination of increased economic softness and continued deterioration of market conditions in the telecom and technology related products industry, the Company incurred a one-time charge of $31.7 million in the third quarter of 2001 associated with reducing its workforce, closing or consolidating certain facilities and exiting the Korean market. The Company also recorded an after-tax extraordinary loss of $1.0 million for the early extinguishment of $32.2 million of its 8% senior notes and debt issuance costs associated with the cancellation of a $110.0 million revolving credit agreement due 2001.

The Company's net sales during the 39 weeks ended September 28, 2001 decreased 6.4% to $2,481.6 million from $2,651.5 million in the same period in 2000. Net sales by major geographic market are presented in the following table:

(IN MILLIONS)	39 WEEKS ENDED SEPTEMBER 28, 2001	39 WEEKS ENDED SEPTEMBER 29, 2000
North America	$ 1,920.1	$ 2,079.8
Europe	400.4	439.4
Asia Pacific and Latin America	161.1	132.3
	$ 2,481.6	$ 2,651.5

When compared to the corresponding period in 2000, North America sales for the 39 weeks ended September 28, 2001 decreased 7.7%. Enterprise Network Communications product set sales declined 5.7%, while the Electrical Wire and Cable market declined 1%. The Service Provider sector was down 66%, partially offset by a 74% increase in sales in the Integrated Supply market. Europe sales decreased 8.9% when compared to the same period in 2000. Increased sales in the Integrated Supply market partially offset declines across all other markets as the general economic softness experienced in the United States is also being felt by the international markets. Excluding the effect of changes in exchange rates, Europe sales declined 3.7%. Asia Pacific and Latin American net sales were up 21.8% from the same period in 2000, reflecting significant growth in Latin America. Excluding the effect of changes in exchange rates, Asia Pacific and Latin America net sales increased 25.4%.

Operating income for the 39 weeks ended September 28, 2001 decreased 41.4%, or $58.5 million, from $141.4 million in the corresponding period of 2000. Due to a combination of increased economic softness and continued deterioration of market conditions in the telecom and technology related products industry, the Company incurred a one-time charge of $31.7 million in the third quarter of 2001 associated with reducing its workforce, closing or consolidating certain facilities and exiting the Korean market. Operating income by major geographic market is presented in the following table:

(IN MILLIONS)	39 WEEKS ENDED SEPTEMBER 28, 2001	39 WEEKS ENDED SEPTEMBER 29, 2000
North America	$ 70.5	$ 124.2
Europe	16.2	17.1
Asia Pacific and Latin America	(3.8)	0.1
	$ 82.9	$ 141.4

North America operating income for the 39 weeks ended September 28, 2001 decreased 43.2% from the corresponding period in 2000. Excluding restructuring costs of $23.1 million and the non-recurring fulfillment sales impact on operating profit of $6.9 million during 2000, operating profit declined 20.2%. Excluding restructuring costs, operating margins were 4.9%, a decline of 1.1 percentage points when compared to the same period in 2000. The decline resulted primarily from the decline in sales and incremental costs associated with facility expansions completed in late 2000. Europe operating income decreased 5.5% when compared to 2000. Excluding restructuring costs of $2.3 million, operating profit increased 8.1% and operating margins improved by .7 percentage points. Excluding the effect of changes in exchange rates and the restructuring charge, Europe operating profit increased 13.8%. Operating profit and margins benefited from a significant reduction in operating expenses, reflecting organizational changes and refocused marketing efforts. Asia Pacific and Latin America recorded an operating loss of $3.8 million in 2001 compared to income of $.1 million for 2000. Excluding restructuring costs of $6.3 million, operating profit was $2.5 million and operating margin was 1.5 percentage points higher than 2000. This resulted from the 21.8% improvement in sales and a reduced cost structure following the corrections made over the last two years. Changes in exchange rates had a minimal effect on operating income.

Net other expense totaled $11.4 million for the 39 weeks ended September 28, 2001 compared to income of $.3 million for the same period in 2000. In 2001, the Company incurred $9.1 million in costs associated with the accounts receivable securitization program and $2.3 million in foreign exchange losses.

The consolidated tax provision on continuing operations decreased to $18.9 million in 2001 from $45.0 million in 2000 due to lower pre-tax earnings and a reduction in the income tax rate. The 2001 effective tax rate of 40.5% is based on pre-tax book income adjusted primarily for amortization of nondeductible goodwill and losses of foreign operations for which no current benefit is available. The decline in the effective tax rate, from 41.7% in 2000, reflects the anticipation of a higher percentage of certain foreign earnings having a lower effective tax rate than domestic earnings due to the utilization of operating loss carry-forwards.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None.

(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.

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Date: November 7, 2001      By:        /S/ ROBERT W. GRUBBS
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                                         Robert W. Grubbs
                                President and Chief Executive Officer

Date: November 7, 2001      By:        /S/ DENNIS J. LETHAM
                                ------------------------------------
                                         Dennis J. Letham
                                  Senior Vice President - Finance
                                   and Chief Financial Officer
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End of Filing