

AVNET INC  
Form S-4  
April 13, 2001

As Filed with the Securities and Exchange Commission on April 13, 2001  
Registration No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM S-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

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**AVNET, INC.**

(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction  
of incorporation or organization)

5065  
(Primary Standard Industrial  
Classification Code Number)

11-1890605  
(I.R.S. Employer  
Identification Number)

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2211 South 47th Street  
Phoenix, Arizona 85034  
(480) 643-2000  
(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

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DAVID R. BIRK, ESQ.  
Senior Vice President,  
General Counsel and Secretary  
Avnet, Inc.  
2211 South 47th Street  
Phoenix, Arizona 85034  
(480) 643-2000  
(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

---

*Copies to:*

JAMES E. ABBOTT, ESQ.  
Carter, Ledyard & Milburn  
2 Wall Street  
New York, New York 10005  
(212) 732-3200

GENE G. LEWIS, ESQ.  
Locke Liddell & Sapp LLP  
3400 Chase Tower  
600 Travis Street  
Houston, Texas 77002-3095  
(713) 226-1200

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**Approximate date of commencement of proposed sale of the securities to the public:** Upon consummation of the merger described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value \$1.00 per share	27,299,595 shares(1)	\$20.71264379	\$565,446,787(2)	\$141,362(3)

- (1) Represents the estimated maximum number of shares of the common stock of Avnet, Inc. ( Avnet ) which may be issued to the holders of the common stock of Kent Electronics Corporation ( Kent ) in connection with the merger and related transactions described herein, based on the exchange ratio in the merger of 0.87 of a share of Avnet common stock for each share of Kent common stock. Consists of (a) up to 24,914,367 shares of Avnet common stock which may be issued in the merger in exchange for 28,637,204 shares of Kent common stock currently outstanding, (b) 261,000 shares of Avnet common stock which may be issued in connection with or after the merger upon exercise of currently outstanding warrants to purchase 300,000 shares of Kent common stock, and (c) 2,124,228 shares of Avnet common stock which may be issued upon the exercise of outstanding options to purchase an aggregate of 2,441,641 shares of Kent common stock under the Kent director and employee stock option plans and agreements.
- (2) Pursuant to Rule 457(f)(1) and 457(c) under the Securities Act of 1933, the proposed maximum aggregate offering price for the Kent common stock is equal to 31,378,845 (the maximum number of shares of Kent common stock to be converted in the merger and upon exercise of the warrants and options referred to in footnote (1)), multiplied by the average (\$18.02) of the high and low prices of a share of Kent common stock for New York Stock Exchange composite transactions on April 10, 2001.
- (3) Calculated by multiplying .00025 by the proposed maximum aggregate offering price.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

**KENT ELECTRONICS CORPORATION**

**AVNET, INC.**

**JOINT PROXY STATEMENT/ PROSPECTUS  
MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT.**

Dear Fellow Shareholders:

The boards of directors of Kent Electronics Corporation and Avnet, Inc. have both called special meetings of their shareholders for \_\_\_\_\_, 2001, at which we will ask you to consider and to vote upon an agreement and plan of merger dated as of March 21, 2001, providing for the merger of Alpha Acquisition Corp., a wholly-owned subsidiary of Avnet, into Kent. As a result of this merger, Kent will become a wholly-owned subsidiary of Avnet, and holders of Kent common stock will receive, in exchange for each share they hold, 0.87 of a share of the common stock of Avnet. Avnet will issue only full shares to Kent shareholders; it will settle fractional share interests in cash. We estimate that

Avnet will issue about 24,915,000 shares of Avnet common stock in the merger to the holders of currently outstanding shares of Kent common stock, which will represent about 21.2% of the outstanding Avnet common stock following the merger. Each share of Avnet common stock outstanding before the merger will remain outstanding and will not be changed by the merger. The merger will be tax-free to Avnet shareholders, and to Kent shareholders except to the extent they receive cash instead of fractional Avnet shares.

The Avnet common stock is listed for trading on the New York Stock Exchange and the Pacific Exchange under the symbol AVT. On , 2001, the closing price of an Avnet common share for New York Stock Exchange composite transactions was \$ .

Your vote is very important. We cannot proceed with the merger unless the shareholders of both companies approve the merger agreement. You are cordially invited to attend your shareholders special meeting. Whether or not you plan to attend, please complete and mail the enclosed proxy card to us or, if you are an Avnet shareholder, you may provide your voting instructions by telephone or through the Internet in accordance with the instructions on the Avnet proxy card. If your shares are held of record in street name by a broker, bank or other nominee, follow the voting instructions that you receive from the nominee.

**If you are a Kent shareholder and do not return your proxy card or instruct your broker nominee how to vote your shares held of record in the broker s name, you will in effect be voting against the merger agreement.**

The dates, times and places of the special meetings are as follows:

**For Kent Shareholders:**

**For Avnet Shareholders:** Chase Tower  
600 Travis Street  
Suite 2500  
Houston, Texas 77002  
10:00 a.m., , 2001 [Address]

10:00 a.m., , 2001

This proxy statement/ prospectus gives you detailed information about the merger and includes the merger agreement attached as Appendix A. We encourage you to read all this information carefully. You can also obtain information about Avnet and Kent from publicly available documents which they have filed with the Securities and Exchange Commission.

**We enthusiastically support this merger and join with the other directors of Kent and Avnet in recommending that you vote FOR the approval of the merger agreement.**

**Larry D. Olson**  
Chief Executive Officer  
and President  
Kent Electronics Corporation **Roy Vallee**  
Chairman of the Board  
and Chief Executive Officer  
Avnet, Inc.

**Please see page 16 for risk factors relating to the merger which you should consider.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Avnet shares to be issued as described in this proxy statement/ prospectus, or has determined if this proxy statement/ prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/ prospectus is dated \_\_\_\_\_, 2001, and is first being distributed with the accompanying proxy card to the shareholders of Kent and Avnet on or about \_\_\_\_\_, 2001.

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## **KENT ELECTRONICS CORPORATION**

**1111 Gillingham Lane  
Sugar Land, Texas 77478**

### **NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2001**

To the Shareholders of Kent Electronics Corporation:

Kent Electronics Corporation, a Texas corporation, will hold a special meeting of shareholders on \_\_\_\_\_, 2001, at 10:00 a.m., Houston time, at Chase Tower, 600 Travis Street, Suite 2500, Houston, Texas 77002 for the following purpose:

To consider a proposal to approve and adopt the Agreement and Plan of Merger dated as of March 21, 2001, among Avnet, Inc., Alpha Acquisition Corp. and Kent Electronics Corporation, under which Avnet would acquire Kent. The Agreement and Plan of Merger is Appendix A to the attached proxy statement/prospectus.

No other business will be transacted at the special meeting. Only shareholders of record at the close of business on \_\_\_\_\_, 2001, will receive notice of and be entitled to vote at the special meeting, and the agreement and plan of merger must be approved by the holders of at least two-thirds of the outstanding shares of Kent common stock.

**We cordially invite you to attend the special meeting in person. Your vote is important. Whether or not you expect to attend the special meeting, please complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope. You can find instructions for voting on the enclosed proxy card. If your Kent shares are held of record in street name by a broker or other nominee, you may be able to vote by telephone or through the Internet in accordance with the instructions you should receive from your nominee.**

**Your board of directors unanimously recommends that you vote FOR approval of the agreement and plan of merger.**

By Order of the Board of Directors

Stephen J. Chapko  
*Secretary*

, 2001

**The Information Agent for Kent shareholders is**

**Morrow & Co., Inc.**  
**Call toll free 1-800-607-0088.**

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**AVNET, INC.**

**2211 South 47th Street**  
**Phoenix, Arizona 85034**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON \_\_\_\_\_, 2001**

To all Shareholders of Avnet, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Avnet, Inc., a New York corporation, will be held on \_\_\_\_\_, 2001, at 10:00 a.m., local time, at \_\_\_\_\_ to consider and to vote upon:

1. a proposal to approve the Agreement and Plan of Merger dated as of March 21, 2001, among Avnet, Inc., Alpha Acquisition Corp. and Kent Electronics Corporation, which is Appendix A to the attached proxy statement/ prospectus; and
2. any other business related only to the merger proposal that may properly come before the special meeting or any adjournments, postponements, continuations or reschedulings thereof.

Approval of the merger agreement requires the affirmative vote of a majority of the total votes cast on the proposal, provided that the total votes cast represent over 50% of the outstanding shares of Avnet common stock on \_\_\_\_\_, 2001, the record date for the determination of Avnet shareholders entitled to notice of and to vote at the meeting. Only Avnet shareholders of record on that date will be entitled to notice of and to vote at the meeting.

Whether or not you plan to attend the special meeting, please promptly complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. You may also submit your proxy with voting instructions by telephone or through the Internet by following the instructions on the accompanying proxy card. If you attend the meeting and desire to revoke your proxy in writing and vote in person, you may do so. In any event, a proxy may be revoked in writing at any time before it is exercised.

If your shares are held of record in \_\_\_\_\_ street name \_\_\_\_\_ by a broker, bank or other nominee, follow the voting instructions that you receive from the nominee.

**The board of directors of Avnet has approved the agreement and plan of merger and unanimously recommends that Avnet shareholders vote FOR approval of it.**

By Order of the Board of Directors,

David R. Birk  
*Secretary*

, 2001

**The Information Agent for Avnet shareholders is**

**Georgeson Shareholder Communications, Inc.**  
**Call toll free 1-800-223-2064.**

**Your vote is important. Please submit a proxy with your voting instructions by telephone or through the Internet or by returning your signed and dated proxy card by mail.**

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**SOURCES OF ADDITIONAL INFORMATION**

This proxy statement/ prospectus incorporates important business and financial information about Kent and Avnet from documents that are not included in or delivered with this proxy statement/ prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus (other than certain exhibits to those documents) by requesting them in writing or by telephone from the appropriate company at the following addresses.

Kent Electronics Corporation  
1111 Gillingham Lane  
Sugar Land, Texas 77478  
Attention: Stephen J. Chapko  
(281) 243-4000

Avnet, Inc.  
2211 South 47th Street  
Phoenix, Arizona 85034  
Attention: Raymond Sadowski  
(480) 643-2000

*If you would like to request documents, please do so by [meeting date - 5 business days] in order to receive them before the Avnet special meeting or the Kent special meeting, as appropriate.*

See also *Where You Can Find More Information* (page 94).

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**Q: Who are the parties to this merger?**

A: Alpha Acquisition Corp., a wholly-owned subsidiary of Avnet, Inc., will merge into Kent Electronics Corporation and cease to exist. Kent will remain as the surviving corporation after the merger and will be a wholly-owned subsidiary of Avnet.

**Q: What will Kent shareholders receive?**

A: Holders of Kent common stock will receive 0.87 of a share of Avnet common stock for each share of Kent common stock, plus cash instead of any fractional Avnet share.

**Q: How many Kent shares will be converted into Avnet shares?**

A: 28,637,204 currently outstanding shares of Kent common stock will be converted into about 24,915,000 shares of Avnet common stock in the merger, which shares will represent about 21.2% of the outstanding common stock of Avnet following the merger. Also, a maximum of 2,352,221 additional shares of Kent common stock could be issued before the merger upon exercise of warrants and employee and director stock options and would if so issued also be converted into shares of Avnet common stock.

**Q: What should I do?**

A: If you are a record holder of Avnet common stock or Kent common stock, after you have carefully read this proxy statement/prospectus, please sign, date and complete your proxy card and send it to us in the enclosed envelope or, if you are an Avnet shareholder, you may submit your voting instructions by telephone or the Internet in accordance with the instructions on or with the accompanying Avnet proxy card.

**Q: If my shares are held of record in street name by my broker, will my broker vote my shares for me?**

A: If your shares of Avnet common stock or Kent common stock are held of record in street name by a broker, bank or other nominee, follow the voting instructions that you receive from the nominee. Your broker nominee will not be able to vote your shares without instructions from you. Your failure to instruct your broker nominee to vote your Kent shares will have the same effect as your voting against the merger agreement. Your failure to instruct your broker nominee to vote your Avnet shares will not affect the outcome of the vote at the Avnet special meeting.

**Q: Can I change my vote after I have submitted my proxy with voting instructions?**

A: Yes. If you are a record holder of Avnet common stock or Kent common stock, there are three ways in which you may revoke your proxy and change your vote at any time before the appropriate meeting:

You may send a written notice that you are revoking your Kent proxy to the Corporate Secretary of Kent at 1111 Gillingham Lane, Sugar Land, Texas 77478 in time for it to be received before the Kent special meeting, or written notice that you are revoking your Avnet proxy to the Corporate Secretary of Avnet at 2211 South 47th Street, Phoenix, Arizona 85034, in time for it to be received before the Avnet special meeting.

You may complete and submit a new proxy card by mail or, in the case of Avnet only, submit your proxy with new voting instructions by telephone. The latest dated proxy actually submitted before the Avnet or Kent special meeting will be recorded and any earlier votes will be automatically revoked.

You may attend the special meeting of your company and vote in person. However, simply attending the special meeting without voting will not revoke a proxy you previously submitted.

If your shares of Avnet common stock or Kent common stock are held of record in street name by a broker, bank, or other nominee, you must follow directions you receive from the nominee to change or revoke your voting instructions.

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**Q: Should I send in my Kent stock certificates or Avnet stock certificates now?**

A: No. After the merger has been completed, Kent shareholders will receive written instructions for exchanging their Kent stock certificates for Avnet stock certificates. Please do not send in your stock certificates with your proxy card. Avnet shareholders will not need to exchange their stock certificates after the merger, since the certificates representing Avnet common stock outstanding before the merger will represent the same shares of Avnet common stock after the merger.

**Q: Will the merger be completed if shareholders of Kent or Avnet do not approve it?**

A: No. The merger agreement must be approved by the shareholders of both companies. Otherwise, it will not be completed.

**Q: Will the shares of Avnet common stock issued in the merger be listed for trading?**

Yes. The Avnet common stock is currently listed on the New York Stock Exchange and the Pacific Exchange under the symbol AVT. After the merger, the Avnet common stock (including the shares issued in the merger) will continue to be listed on both exchanges.

**Q: Whom should Kent and Avnet shareholders call with questions?**

A: Kent shareholders should call Stephen J. Chapko, Secretary of Kent, at (281) 243-4000. Avnet shareholders should call Raymond Sadowski, Senior Vice President and Chief Financial Officer at Avnet, at (480) 643-2000.

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## SUMMARY

*This summary, together with the preceding Questions and Answers section, highlights the important information contained in this proxy statement/prospectus but may not contain all of the information that may be important to you. We urge you to read carefully this entire proxy statement/prospectus and the other documents to which it refers to understand fully the merger and its consequences to you. See Where You Can Find More Information on page 94. Each item in this summary includes a page reference directing you to a more complete description of that item elsewhere in this proxy statement/prospectus.*

## The Companies

### **Kent Electronics Corporation (page 28)**

Kent is a national specialty electronics distributor and network integrator with annual sales of approximately \$1 billion. Kent has two operating groups, Kent Components which focuses on specialty distribution of interconnect, passive and electromechanical components, and Kent Datacomm, which is an enterprise solution network integrator. The principal executive offices of Kent are at 1111 Gillingham Lane, Sugar Land, Texas 77478, and its telephone number at that address is (281) 243-4000.

### **Avnet, Inc. (page 28)**

Avnet is one of the world's largest industrial distributors of electronic components and computer products, with net sales for its fiscal year ended June 30, 2000, of \$9.17 billion. It has distribution operations in the Americas, Europe, South Africa and the Asia/ Pacific region. The principal executive offices of Avnet are at 2211 South 47th Street, Phoenix, Arizona 85034, and its telephone number at that address is (480) 643-2000.

### **The Merger**

We are proposing a merger in which Alpha Acquisition Corp., a wholly-owned subsidiary of Avnet, will merge into Kent and will cease to exist. Kent will remain as the surviving corporation after the merger and will be a wholly-owned subsidiary of Avnet.

After the merger, persons who were Avnet shareholders before the merger will own approximately 78.8% of the outstanding shares of Avnet common stock, and Kent shareholders will own approximately 21.2% of the outstanding shares of Avnet common stock.

### **What Kent Shareholders Will Receive (page 57)**

Under the merger agreement, each share of Kent common stock would be converted into the right to receive 0.87 of a share of Avnet common stock. Kent shareholders will receive cash in lieu of fractional Avnet shares.

### **Recommendation to Shareholders (pages 37 and 39)**

The boards of directors of Kent and Avnet have separately concluded that the merger is fair to and in the best interests of their respective shareholders, and unanimously recommend that their shareholders vote FOR approval of the merger agreement.

### **Opinions of Financial Advisors (pages 40 and 44)**

Credit Suisse First Boston Corporation, financial advisor to Kent, delivered an opinion dated March 21, 2001, to the board of directors of Kent as to the fairness of the exchange ratio in the merger to the holders of Kent common stock from a financial point of view. The full text of the opinion of Credit Suisse First Boston is attached as Appendix D to this proxy statement/ prospectus. You should read it carefully in its entirety to

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understand the procedures followed, assumptions made, matters considered and limitations on the review undertaken by Credit Suisse First Boston in providing its opinion. **Credit Suisse First Boston's opinion is addressed to the board of directors of Kent and does not constitute a recommendation to any shareholder as to any matter relating to the merger.**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Avnet's financial advisor, has rendered a written opinion, dated March 21, 2001, to the Avnet board of directors as to the fairness, from a financial point of view, to Avnet of the exchange ratio in the merger. The full text of the written opinion of Merrill Lynch is attached to this proxy statement/prospectus as Appendix E. We encourage you to read the opinion carefully in its entirety to understand the procedures followed, assumptions made, matters considered and limitations on the review undertaken by Merrill Lynch in providing its opinion. **The opinion of Merrill Lynch is addressed to the Avnet board of directors and does not constitute a recommendation to any shareholder with respect to any matter relating to the merger.**

### **Interests of Certain Persons in the Merger and Possible Conflicts of Interest (page 49)**

In considering the recommendation of the Kent board of directors that the merger agreement be adopted, Kent shareholders should be aware that a number of Kent executive officers and directors have interests in the merger that are, or may be, different from the interests of other Kent shareholders. They include the following:

Morrie K. Abramson, the chairman of the board and a co-founder of Kent and, until June 29, 2000, its chief executive officer, retired as an employee on March 31, 2001, and pursuant to his employment agreement with Kent, effective April 1, 2001, he began to receive an annual retirement benefit of \$852,000 per year, subject to future annual cost of living adjustments. This benefit is payable until the last to occur of April 1, 2016, his death and the death of his wife. Concurrently with the closing of the merger, Kent will discharge its obligation to pay this retirement cash benefit by paying to Mr. Abramson a lump sum of \$25,068,000, less the value of monthly payments of the retirement benefit paid from April 1, 2001, through the closing of the merger.

Mr. Abramson also has a consulting agreement with Kent which provides that upon its termination, he will become entitled to receive a cash annuity of \$250,000 per year, subject to future annual cost of living adjustments. This annuity will be payable until the last to occur of fifteen years, his death or the death of his wife. The consulting agreement also provides for a change in control payment to Mr. Abramson equal to five times his highest recent annual cash compensation. The consulting agreement will be terminated in connection with the merger, and in accordance with the early termination provisions of the consulting agreement, Kent will pay Mr. Abramson a lump sum amount estimated at \$29,000,000 in settlement of the above cash annuity and change in control payment. Mr. Abramson will also receive additional payments to the extent necessary to hold him harmless from the effects of any federal excise taxes imposed on golden parachute payments.

The merger will be a change in control of Kent as defined in the severance agreements it has with six other executive officers. As a result, the merger agreement permits Kent to pay them, concurrently with the closing of the merger, cash amounts equal to one or two times their highest recent annual cash compensation. In addition, all their unvested employee stock options will immediately vest if their employment with Avnet is terminated for any reason, with or without cause.

Avnet has entered into two-year employment agreements, effective as of the effective time of the merger, with Larry D. Olson, Kent's chief executive officer and president, and Mark A. Zerbe, an executive vice president of Kent, which agreements provide for annual salary and incentive compensation aggregating not less than \$600,000 for Mr. Olson and \$450,000 for Mr. Zerbe.

Upon completion of the merger, Avnet will assume Kent's obligations under Kent's employee and director stock option plans, so that the outstanding Kent options will become options to purchase Avnet shares in a number and at an exercise price adjusted to reflect the exchange ratio for the merger.

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Avnet has agreed to indemnify Kent's past and present directors and officers to the fullest extent permitted by Texas law for serving in their capacities as such, and has agreed to maintain their directors' and officers' liability insurance coverage for six years following the merger.

### **The Kent Special Meeting**

*Time, Place and Matters to Be Voted Upon (page 19)*

The special meeting of Kent shareholders will be held on \_\_\_\_\_, 2001, at 10:00 a.m., Houston time, at Chase Tower, 600 Travis Street, Suite 2500, Houston, Texas 77002. At the Kent special meeting, its shareholders will be asked to approve and adopt the Merger Agreement. No other business may be brought at the Kent special meeting.

*Record Date and Vote Required (page 19)*

You may cast one vote for each share of Kent common stock that you owned at the close of business on \_\_\_\_\_, 2001, the record date for the Kent special meeting. Approval of the merger agreement requires two-thirds of the votes represented by all shares of Kent common stock outstanding on the Kent record date.

As of the Kent record date, directors and executive officers of Kent owned an aggregate of 679,175 issued and outstanding shares of Kent common stock over which they had or shared the power to vote, representing in the aggregate approximately 2.4% of the votes which may be cast at the Kent special meeting. All the directors and executive officers of Kent have advised Kent that they intend to vote all these shares for approval of the merger agreement. In addition, an aggregate of five directors and executive officers of Kent have granted to Avnet irrevocable proxies to vote an aggregate of 592,250 shares, representing approximately 2.1% of the votes which may be cast at the Kent special meeting, for approval of the merger agreement. See Other Agreements Inducement Agreements (page 69).

### **The Avnet Special Meeting**

#### *Time, Place and Matters to Be Voted Upon (page 22)*

The special meeting of Avnet shareholders will be held on \_\_\_\_\_, 2001, at 10:00 a.m., local time, at \_\_\_\_\_. At the Avnet special meeting, its shareholders will be asked to approve the Merger Agreement. Other business may be brought at the Avnet special meeting only if it relates to the merger proposal.

#### *Record Date and Vote Required (page 22)*

You may cast one vote for each share of Avnet common stock that you owned at the close of business on \_\_\_\_\_, 2001, the record date for the Avnet special meeting. Approval of the merger agreement requires the affirmative vote of a majority of the total votes cast on the proposal, so long as the total votes cast represent over 50% of the shares of Avnet common stock outstanding on the Avnet record date.

On [record date] there were \_\_\_\_\_ shares of Avnet common stock outstanding and entitled to vote. As of the record date, all directors and officers of Avnet beneficially owned an aggregate of \_\_\_\_\_ outstanding shares of Avnet common stock (not including shares issuable upon exercise of stock options), which entitle them to cast approximately \_\_\_\_\_% of all votes which may be cast at the Avnet special meeting. Each executive officer and director has advised Avnet that he or she will vote all of his or her shares in favor of the approval of the merger agreement.

### **Regulatory Matters (page 54)**

We furnished information and materials concerning Avnet, Kent and the proposed merger to the Antitrust Division of the Department of Justice and the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the required waiting period will terminate at 11:59 p.m. on May 10, 2001, unless terminated on an earlier date by the Antitrust Division or the FTC, or unless before May 11, 2001, either of them requests additional information. However, the Antitrust Division of the

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Department of Justice and the FTC still have the power to challenge the merger on antitrust grounds before or after the merger is completed. No other material federal or state regulatory requirements remain to be complied with, and no other federal or state regulatory approval must be obtained, in connection with the merger.

### **Material Federal Income Tax Consequences of the Merger (page 70)**

No gain or loss will be recognized for federal income tax purposes by Avnet shareholders and Kent shareholders with respect to the merger, except that a Kent shareholder who receives cash in lieu of a fractional Avnet share will recognize gain to the extent the cash received exceeds the Kent shareholder's adjusted tax basis in the Kent common stock allocable to such fractional share.

Avnet and Kent have conditioned the merger on their receipt of a legal opinion that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Avnet and Kent could choose to waive receipt of this legal opinion. However, if the receipt of the legal opinion is waived and there is a material difference in the tax consequences to you from what we have described in this document, we will recirculate revised proxy materials and solicit a second vote of shareholders.

*This tax treatment may not apply to all Kent shareholders and may depend on your specific situation and on variables not within our control. We urge you to consult your own tax adviser for a full understanding of the tax consequences of the merger.*

### **Comparison of Shareholders' Rights (page 82)**

The rights of Kent shareholders currently are governed by Texas law and Kent's articles of incorporation and by-laws. Kent shareholders will receive Avnet common stock in the merger, and their rights as Avnet shareholders will be governed by New York law and Avnet's certificate of incorporation and by-laws, which differ in material respects from Texas law and Kent's articles of incorporation and by-laws.

### **Listing of Avnet Common Stock (page 54)**

The Avnet common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol AVT. After consummation of the merger, the Avnet common stock will continue to be listed on these exchanges, including the shares of Avnet common stock issuable in the merger.

### **No Dissenters' Rights (page 54)**

After the merger, the shareholders of Kent will not have any right under Texas law, and the shareholders of Avnet will not have any right under New York law, to receive payment in cash of the judicially determined fair value of their shares.

### **Resales of Avnet Common Stock (page 55)**

The shares of Avnet common stock to be issued in the merger have been registered under the Securities Act of 1933 and therefore may be resold without restriction by all former shareholders of Kent who are not deemed to be affiliates of either Avnet or Kent. An affiliate of Kent who receives shares of Avnet common stock in the merger would be unable to resell such shares in the absence of registration of such resales under the Securities Act or the availability of an exemption from such registration.

## **The Merger Agreement**

*The merger agreement is attached to this proxy statement/prospectus as Appendix A. Please read the merger agreement carefully and in its entirety. It is the legal document that governs the merger.*

### **Effective Time of the Merger (page 57)**



The merger will become effective shortly after all the conditions to the completion of the merger have been satisfied or waived, when Avnet and Kent deliver articles of merger to the Texas Secretary of State and the Secretary of State issues a certificate of merger. Although we can give you no assurances, we currently expect that the merger will be completed shortly after the conclusion of the Kent and Avnet special meetings.

**Conditions to the Merger (page 59)**

The completion of the merger depends on a number of conditions being satisfied or, where applicable, waived, including

approval of the merger agreement by the shareholders of Kent and Avnet,

receipt of required governmental approvals and the absence of governmental action seeking to prohibit, restrict or delay the merger,

the continued accuracy in all material respects of the representations and warranties of Kent and Avnet in the merger agreement and compliance in all material respects by each of them with all its covenants under the merger agreement,

receipt by Kent and Avnet of legal opinions confirming that the United States federal income tax treatment will be as described in this proxy statement/ prospectus, and

the non-occurrence of any event having a material adverse effect on the business, financial condition or results of operations of Kent and Avnet.

**Agreement Not to Solicit Other Acquisition Proposals (page 62)**

Kent has agreed that it will not solicit, initiate or take any other action to facilitate knowingly any inquiries or the making of any proposal which is or may reasonably be expected to lead to an acquisition proposal, which is defined as a proposal, other than the Avnet merger proposal, to acquire, recapitalize or liquidate Kent, or sell all or substantially all of Kent's assets, or acquire at least 15% of any class of equity securities of Kent or any of its subsidiaries. However, Kent may engage in discussions with a person, who, without any solicitation or encouragement by Kent, seeks to initiate such discussions, may furnish such person nonpublic information concerning Kent, and may accept an acquisition proposal from a person other than Avnet, if the person has made a bona fide acquisition proposal which the board of directors of Kent believes in good faith (after consultation with its financial advisor) is a superior proposal, meaning, in general, that the proposal would, if consummated, result in a transaction more favorable to the shareholders of Kent, from a financial point of view, than the transactions contemplated by the merger agreement with Avnet, and Kent's board of directors concludes in good faith that entering into discussions and furnishing nonpublic information in connection with the superior proposal, or accepting a superior proposal, may be necessary for the board of directors to act in a manner consistent with its fiduciary duties under applicable law.

**Termination (page 64)**

Avnet and Kent may together agree to terminate the merger agreement at any time before completing the merger, even after their shareholders have approved it.

Also, either Avnet or Kent may decide, without consent of the other, to terminate the merger agreement if

any court or other governmental entity has issued a final and non-appealable order prohibiting the merger, or

the merger has not been completed by September 30, 2001, and the party seeking termination has not failed to perform or observe in any material respect any of its covenants and agreements in the merger agreement, or

the Kent shareholders or the Avnet shareholders do not approve the merger agreement, or

the other materially breaches any provision of the merger agreement in a manner that has or is likely to have a material adverse effect on the terminating party or that may reasonably be expected to prevent or materially delay the merger, and the terminating party itself is not in material breach of the merger agreement.

Kent may terminate the merger agreement without the consent of Avnet

if the Avnet board of directors withdraws, modifies or changes its approval or recommendation of the merger agreement or the merger in a manner adverse to Kent, or resolves to do so, or

for the purpose of entering into an agreement for a superior proposal.

Avnet may terminate the merger agreement without the consent of Kent if

the board of directors of Kent withdraws, modifies or changes its approval or recommendation of the merger agreement in a manner adverse to Avnet, or resolves to do so, or

the board of directors of Kent has approved or recommended a superior proposal or

Kent's board of directors without Avnet's written consent redeems Kent's preferred share purchase rights attached to the Kent common stock, or amends its shareholder rights plan, for any reason other than (1) to facilitate transactions contemplated by the merger agreement, or (2) following termination of the merger agreement for the purpose of entering into an agreement with a person that has made a superior proposal. See Description of Kent Capital Stock Shareholder Rights Plan on page 80.

#### **Fees and Expenses; Termination Fees (page 65)**

In general, whether or not the merger is completed, Avnet and Kent will each pay its own fees and expenses. However, Kent will pay Avnet \$1,000,000 in cash if either Avnet or Kent terminates the merger agreement because the Kent shareholders do not approve the merger agreement, and Avnet will pay Kent \$1,000,000 in cash if either Avnet or Kent terminates the merger agreement because the Avnet shareholders do not approve the merger agreement.

Kent will also pay Avnet \$30,000,000 in cash, less any previous payment of \$1,000,000 and any amounts that Avnet recovers from Kent in litigation for a material breach by Kent of the merger agreement, if

Avnet terminates the merger agreement because the board of directors of Kent has withdrawn, modified or changed its approval or recommendation of the merger agreement or the merger in a manner adverse to Avnet, or has resolved to do so, or

Avnet terminates the merger agreement because Kent's board of directors has approved or recommended a superior proposal, or

Avnet terminates the merger agreement because Kent's board of directors has without Avnet's written consent redeemed Kent's preferred share purchase rights attached to the Kent common stock, or

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amended its shareholder rights plan, for any reason other than (1) to facilitate the transactions contemplated by the merger agreement, or (2) following termination of the merger agreement by Kent for the purpose of entering

into an agreement with a person that has made a superior proposal, or

Kent terminates the merger agreement for the purpose of entering into an agreement with a person that has made a superior proposal, and within one year of the termination date, Kent consummates a transaction or series of transactions with the person submitting the superior proposal, or with any affiliate of that person, and in the transaction more than 50% of Kent's common stock or a majority of Kent's assets are transferred to such person or any of its affiliates, or

any person successfully acquires more than 50% of Kent's common stock, or Kent enters into an agreement with any person other than Avnet that has made or in the future makes an acquisition proposal, and consummates a transaction or series of transactions with that person or any of its affiliates that results in such person's owning more than 50% of Kent's common stock or a majority of Kent's assets, if the transaction is consummated or the acquisition occurs within one year following termination of the merger agreement for specified reasons.

Avnet will also pay Kent \$30,000,000, less any previous payment of the \$1,000,000 and any amounts that Kent recovers from Avnet in litigation for a material breach by Avnet of the merger agreement, if Kent terminates the merger agreement because the board of directors of Avnet has withdrawn, modified or changed its approval or recommendation of the merger agreement or the merger in a manner adverse to Kent, or has resolved to do so.

### **Other Agreements (page 67)**

At the same time as the merger agreement,

Avnet and Kent entered into a stock option agreement under which Kent granted Avnet an option to purchase in certain circumstances up to 2,863,474 shares of Kent common stock, representing about 10% of the currently outstanding shares of Kent common stock, at an exercise price of \$22.48 per share, and

Avnet entered into inducement agreements with an aggregate of five directors and executive officers of Kent holding an aggregate of 592,250 shares of Kent common stock, representing about 2.1% of the currently outstanding shares of Kent common stock, in which those shareholders granted Avnet irrevocable proxies to vote their shares in favor of approval of the merger agreement and against other proposals to acquire Kent.

The stock option agreement is Appendix B attached to this proxy statement/ prospectus, and the inducement agreements are Appendices C-1 and C-2 attached to this proxy statement/ prospectus.

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## **Summary Historical and Unaudited Pro Forma Condensed Combined Financial and Market Information**

The following tables present selected data

for Avnet and Kent on an historical basis,

for Avnet and Kent on a pro forma basis giving effect to the merger, and

for Kent common stock on a pro forma equivalent share basis, which is based on the merger exchange ratio of 0.87 of a share of Avnet common stock for each outstanding share of Kent common stock.

The following information is based upon the historical financial statements of Avnet and Kent and the related notes incorporated by reference into this proxy statement/ prospectus, and upon the pro forma financial statements appearing elsewhere in this proxy statement/ prospectus. You should read this information together with such historical financial statements and related notes. The information below does not necessarily indicate reliably the results of the future operations of Avnet after the merger or the actual results that would have occurred had the merger

been consummated before the periods indicated.

The management of Avnet and Kent expect that the merger will qualify as a pooling-of-interests business combination for accounting purposes. Under this method of accounting, the historical cost basis of the assets and liabilities of Avnet and Kent will be carried forward to the combined company. Results of operations of the combined company will include the income of Avnet and Kent for the entire fiscal period in which the combination occurs. The results of operations of the separate companies for fiscal years before the merger will be combined and reported as the results of operations of the combined company.

We have presented unaudited pro forma condensed combined financial information that reflects the pooling-of-interests method of accounting to provide a better picture of what our businesses might have looked like had they been combined as of and for the periods indicated. We prepared the pro forma condensed combined statements of income and balance sheet by combining the historical amounts of each company and adjusting share information based upon an exchange ratio of 0.87 of a share of Avnet for each share of Kent. Upon initial review, it appears that the accounting policies of Avnet and Kent are substantially comparable. Consequently, we did not make adjustments to the unaudited pro forma condensed combined financial information to conform the accounting policies of the combining companies. Upon consummation of the merger, further review of Kent's accounting policies and financial statements may require restatements of the combined entity's financial statements to conform to those policies and classifications that are deemed most appropriate.

The companies may have performed differently had they always been combined. The unaudited pro forma condensed combined financial information is not necessarily indicative of the historical results that would have occurred had the companies always been combined or the future results that the combined company will experience after the merger. See Pro Forma Financial Data on page 71.

### **Merger-Related Expenses**

Avnet estimates that merger-related fees and expenses, consisting primarily of fees and expenses of investment bankers, attorneys and accountants, SEC filing fees, stock exchange listing fees, and financial printing and other related charges, will be approximately \$12 million. The pro forma balance sheet information reflects these estimated direct transaction costs. These expenses have not been reflected in the pro forma statement of income information as they are considered to be nonrecurring.

### **Integration-Related Expenses and Synergy Benefits**

Avnet expects to incur costs for integration-related expenses necessary to reduce costs and operate efficiently. These costs will be charged to operations subsequent to the merger and, therefore, are not reflected in the unaudited pro forma condensed combined financial information. In addition, the unaudited pro forma

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condensed combined statements of income exclude any benefit that might result from the merger due to synergies that may be derived from the elimination of any duplicate costs and other productivity gains.

### **Periods Covered**

The unaudited pro forma condensed combined statements of income combine Avnet's results for its fiscal years ended June 30, 2000, July 2, 1999 and June 26, 1998 with Kent's results for its fiscal years ended April 1, 2000, April 3, 1999 and March 28, 1998 giving effect to the merger as if it had occurred on the first day of Avnet's fiscal year. As such, Kent's period from April 2, 2000 to June 30, 2000 has been omitted from the pro forma condensed combined statements of income. Kent's sales, gross profit, income before income taxes and net income for that period,

excluding discontinued operations, were approximately \$223,313,000, \$46,244,000, \$9,863,000 and \$5,918,000, respectively. In addition, the unaudited interim pro forma condensed combined statements of income combine Avnet's results for its first halves ended December 29, 2000 and December 31, 1999 with Kent's results for its first halves ended September 30, 2000 and October 2, 1999, giving effect to the merger as if it had occurred on the first day of Avnet's fiscal periods. The unaudited pro forma condensed combined balance sheet combines the balance sheets of Avnet as of December 29, 2000 and Kent as of December 30, 2000, giving effect to the merger as if it had occurred on December 29, 2000.

### Converted Share Information

The Kent pro forma per converted share information shows the effect of the merger from the perspective of an owner of Kent common shares. The information was computed by multiplying the unrounded Avnet pro forma combined information by the merger exchange ratio of 0.87.

### Avnet, Inc.

### Selected Historical Financial Information

	Half year ended		Fiscal year ended			
	December 29, 2000	December 31, 1999	July 31, 2000	July 2, 1999	June 27, 1997	June 28, 1996
	(In millions, except per share amounts)					
Income:						
Sales	\$6,348.6	\$3,757.1	\$9,172.2	\$6,350.0	\$5,916.3	\$5,390.6
Gross profit	932.4	513.5	1,288.5	948.6	980.4	961.8
Income taxes	111.5	30.5	109.4	200.8	115.9	130.7
Net income	147.8	37.3	145.1	174.5	151.4	182.8
Financial position (at end of period):						
Working capital	1,985.4	1,568.8	1,969.5	1,517.5	1,461.3	1,319.0
Total assets	7,053.1	4,392.4	5,244.4	2,984.7	2,733.7	2,594.1
Total debt	3,107.3	1,686.3	1,937.9	791.5	810.9	