

AVNET INC
Form S-3/A
November 10, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549-1004

Amendment No. 1 to

FORM S-3

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

AVNET, INC.

(Exact name of registrant as specified in its charter)

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

11-1890605
(I.R.S. Employer Identification No.)

David R. Birk, Esq.
Senior Vice President and General Counsel

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)

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)

Copy to:

Barbara Becker
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
(212) 351-4000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement, as determined by market conditions and other factors.

If the only securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

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

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) 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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

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Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1) (2) (3)	Amount of Registration Fee (4)
Debt Securities (5)	(6)	(6)	(6)	
Common Stock, par value \$1.00 per share (7)	(6)	(6)	(6)	
Stock Purchase Contracts	(6)	(6)	(6)	
Stock Purchase Units	(6)	(6)	(6)	
Debt Warrants	(6)	(6)	(6)	
Equity Warrants	(6)	(6)	(6)	
Units	(6)	(6)	(6)	
Total	\$1,500,000,000		\$1,500,000,000	\$ 121,350

- (1) In U.S. dollars or the equivalent thereof in one or more foreign currencies. The proposed maximum offering price per unit will be determined from time to time by the registrant in connection with the issuance of the securities registered hereunder.
- (2) Estimated solely for the purpose of calculating the registration fee. In no event will the aggregate maximum offering price of all securities issued under this Registration Statement exceed \$1,500,000,000 or the equivalent thereof in one or more foreign currencies. If any debt securities are issued with original issue discount, we will register such greater amount as shall result in proceeds of \$1,500,000,000 to the registrant.
- (3) With respect to debt securities, excluding accrued interest and accrued amortization of discount, if any, to the date of delivery.
- (4) The registration fee has been calculated in accordance with Rule 457(o) of the Securities Act.
- (5) Debt Securities may be issued in primary offerings and/or upon exercise of debt warrants registered hereby. The Debt Securities to be offered hereunder will consist of one or more series of Senior Unsecured Debt Securities, Subordinated Unsecured Debt Securities, Senior Convertible Unsecured Debt Securities or Subordinated Convertible Unsecured Debt Securities.
- (6) Omitted pursuant to General Instruction II(D) of Form S-3 under the Securities Act.
- (7) Shares of common stock may be issued in primary offerings, upon conversion of debt securities registered hereby, and/or upon exercise of equity warrants registered hereby. The aggregate amount of common stock registered hereby that may be sold in at-the-market offerings is limited to that which is permissible under Rule 415(a)(4) under the Securities Act.

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.

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SUBJECT TO COMPLETION
Preliminary Prospectus Dated November 10, 2003

PROSPECTUS

Avnet, Inc.

\$1,500,000,000

**Debt Securities, Common Stock,
Stock Purchase Contracts, Stock Purchase Units,
Debt Warrants, Equity Warrants and Units**

Avnet, Inc. may offer from time to time, in one or more series or issuances and at prices and on terms that it will determine at the time of offering, up to \$1,500,000,000 in gross proceeds to Avnet of

senior unsecured debt securities and subordinated unsecured debt securities,

senior convertible unsecured debt securities and subordinated convertible unsecured debt securities,

shares of common stock,

contracts to purchase common stock,

contracts to purchase common stock sold as units with other securities of Avnet or other issuers,

warrants to purchase debt securities,

warrants to purchase common stock, or

units consisting of two or more of the above securities.

Avnet's common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol AVT.

We will provide specific terms of these securities in supplements to this prospectus at the time when we offer them. You should read this prospectus and the applicable supplement carefully before you invest in any of these securities. The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement (of which this prospectus is a part) filed with the Securities and Exchange Commission has become effective. This prospectus and any accompanying prospectus supplement do not contain an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, or an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where the offer or sale is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 10, 2003.

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We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or a prospectus supplement. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers. When we deliver this prospectus or a supplement or make a sale pursuant to this prospectus, we are not implying that the information is current as of the date of the delivery or sale.

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Whenever we refer to Avnet or to us, or use the terms we or our in this prospectus, we are referring to Avnet, Inc. a New York corporation, and its consolidated subsidiaries. However, for purposes of the sections entitled Description of Debt Securities, Description of Common Stock, Description of Warrants, Description of Stock Purchase Contracts and Stock Purchase Units, and Description of Units, whenever we refer to Avnet or to us, or use the terms we or our, we are referring only to Avnet, Inc.

About this Prospectus

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission utilizing a shelf registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings resulting in gross proceeds to us of up to \$1,500,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent that any statement that we make in a prospectus supplement is inconsistent with statements made in this prospectus, you should assume that the statements made in the prospectus supplement modify or supersede those made in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find More Information.

The Company

Avnet is one of the world's largest distributors of electronic components, enterprise network and computer equipment, and embedded subsystems. Incorporated in 1955, Avnet has become a strategic channel-to-market for the world's leading electronic component and computer product manufacturers. Avnet serves as a vital link in the chain that connects manufacturers to its global customer base of original equipment manufacturers, contract manufacturers, value-added resellers and end-users. Avnet distributes electronic components and computer products as received from its suppliers or with assembly or other value added by Avnet. Additionally, Avnet provides engineering design, material management and logistic services, system integration and configuration, and supply chain advisory services. Avnet maintains a worldwide network of large, regional distribution centers and smaller warehouses located in proximity to its customers and suppliers and also maintains inventory on customers' premises. Avnet has over 300 sales and marketing offices and sells to customers in over 60 countries.

Avnet's principal executive offices are located at 2211 South 47th Street, Phoenix, Arizona 85034, telephone (480) 643-2000.

Table of Contents**Ratios of Earnings to Fixed Charges**

The following table sets forth the ratios of Avnet's earnings to fixed charges, on a consolidated basis, for the periods indicated:

Fiscal year ended				
June 27, 2003 (1)	June 28, 2002(2)(3)	June 29, 2001(4)	June 30, 2000(5)	July 2, 1999(6)
*	*	1.4x	3.6x	6.2x

Notes:

- * Earnings were deficient in covering fixed charges by \$79.4 million and \$120.8 million for the fiscal years ended June 27, 2003 and June 28, 2002, respectively.
- (1) The loss from continuing operations before income taxes includes the impact of incremental restructuring and other charges recorded in connection with Avnet's continuing cost reduction initiatives. The charges related to (a) severance for workforce reductions, (b) reserves for non-cancelable lease obligations, write-downs of the carrying value of owned facilities and write-downs of owned assets located in the leased and owned facilities, all of which were identified by management to be consolidated into other existing Avnet facilities, and (c) costs related to write-offs of certain capitalized IT-related initiatives. The special charges amounted to \$106.7 million pre-tax. The loss from continuing operations before income taxes also includes the impact of debt extinguishment costs associated with Avnet's cash tender offers and repurchases completed during the third quarter of fiscal 2003 for \$159.0 million of its 6.45% Notes due August 15, 2003 and \$220.1 million of its 8.20% Notes due October 17, 2003. These charges totaled \$13.5 million pre-tax.
- (2) The loss from continuing operations before income taxes includes the impact of incremental restructuring and other charges related to the write-down of certain assets acquired in the fiscal 2001 acquisition of Kent Electronics Corporation, net of certain recoveries of previous write-downs and reserves, and other charges taken in response to business conditions, including an impairment charge to write down certain investments in unconsolidated Internet-related businesses to their fair value and severance charges for workforce reductions announced during the fourth quarter of fiscal 2002. The net charges amounted to \$79.6 million pre-tax.
- (3) The loss from continuing operations before income taxes excludes the impact of Avnet's adoption of Statement of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and Other Intangible Assets, on June 30, 2001, the first day of Avnet's fiscal year 2002. SFAS 142, which requires that ratable amortization of goodwill be replaced with periodic tests for goodwill impairment, resulted in a transition impairment charge recorded by Avnet of \$580.5 million. This charge is reflected as the cumulative change in accounting principle in the consolidated statements of operations. Including the cumulative effect of change in accounting principle, Avnet recorded a net loss of \$664.9 million in the year ended June 28, 2002.
- (4) Income from continuing operations before income taxes includes the impact of incremental restructuring and other charges related to the acquisition and integration of Kent, which was accounted for as a pooling-of-interests, and other integration, reorganization and cost cutting initiatives taken in response to business conditions. The charges amounted to \$327.5 million pre-tax.
- (5) Income from continuing operations before income taxes includes the impact of incremental restructuring and other charges associated with: (a) the integration of Marshall Industries, Eurotronics B.V. and the SEI Macro Group into EM, (b) the integration of JBA Computer Solutions into CM North America, (c) the reorganization of EM Asia, (d) the reorganization of EM's European warehousing operations, and (e) costs incurred in connection with certain litigation brought by Avnet. The total charges for fiscal 2000 amounted

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to \$49.0 million pre-tax.

- (6) Income from continuing operations before income taxes includes the net gain on exiting the printed catalog business recorded in the fourth quarter of fiscal 1999 offset by restructuring and other charges recorded in the first quarter associated with the reorganization of Avnet's EM operations in Europe. The net positive effect on fiscal 1999 income before income taxes was \$183.0 million.

Use of Proceeds

Unless we identify other uses of proceeds in a prospectus supplement, we intend to use the net proceeds from the sale of the securities for Avnet's general corporate purposes, which may include repayment of debt, capital expenditures, acquisitions, repurchases of Avnet's common stock, and working capital. Pending these uses, the net proceeds may also be temporarily invested in short-term securities.

Depending on market conditions and Avnet's financial needs, Avnet may, from time to time, undertake additional financings. We cannot at this time estimate the amount and timing of such financings, if any.

Description of Debt Securities

The following description summarizes the general terms and provisions of any debt securities which Avnet may offer under this prospectus. When Avnet offers a particular series of debt securities, we shall deliver with this prospectus a prospectus supplement which will describe the particular terms of the offered series and the extent to which the general terms below may apply to that series.

Avnet will issue the debt securities under an indenture between Avnet and a trustee chosen by Avnet and qualified to act under the Trust Indenture Act of 1939. The debt securities will be either senior debt or subordinated debt of Avnet, and will be issued under one of two separate indentures between Avnet and a trustee chosen by Avnet. Senior debt will be issued under a senior note indenture and subordinated debt will be issued under a subordinated note indenture. The senior note indenture and the subordinated note indenture are sometimes referred to in this prospectus individually as an indenture and collectively as the indentures. The forms of indentures are exhibits to the registration statement of which this prospectus is a part. Avnet will execute the applicable indenture if and when it issues any debt securities and will file the executed indenture as an exhibit to a Form 8-K filing with the SEC. The executed indenture will be available for inspection at the corporate trust office of the trustee, or you may obtain a copy from Avnet without charge. See [Where You Can Find More Information](#). The indentures will be subject to, and governed by, the Trust Indenture Act. The statements contained in this prospectus relating to the indentures and the debt securities we may issue under the indentures are summaries of their material terms but do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the indentures (including those terms made a part of the indentures by reference to the Trust Indenture Act) and these debt securities.

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Avnet can issue an unlimited amount of debt securities in one or more series under the indentures, with the same or various maturities, at par, at a premium, or at a discount. The terms of each series of debt securities will be established by or pursuant to a resolution of Avnet's Board of Directors or a committee of the Board or by a supplemental indenture. We will describe, in a prospectus supplement relating to any series of debt securities being offered, the aggregate principal amount and the terms of that series, including

the title of the series,

whether the series is senior debt or subordinated debt or any combination of the two and, if subordinated debt, the subordination terms relating to the series,

the price or prices, expressed as a percentage of the aggregate principal amount, at which Avnet will sell the series of debt securities,

any limit upon the aggregate principal amount of the series,

the date or dates on which Avnet will pay the principal (and premium, if any) on the series,

the rate or rates (which may be fixed or variable) or the method by which such rate or rates will be determined, at which the series of debt securities will bear interest, if any,

the date or dates from which any interest will accrue, the dates upon which any interest will be payable, and the record dates for payment of interest,

the place or places where Avnet will pay principal of, and any premium or interest on, the series of debt securities,

any obligation Avnet has to redeem, repurchase or repay all or part of the series under any sinking fund or analogous provisions or at the option of a holder of the series, and the price or prices at which and the period or periods within which and the terms and conditions upon which Avnet will redeem, repurchase or repay the series,

the denominations in which the series will be issued, if other than denominations of U.S. \$1,000 and any whole number multiple thereof,

the portion of the principal amount of the series payable upon declaration of the acceleration of the maturity date, if other than the principal amount,

any addition to, exclusion of or change in the covenants in the indenture as they apply to the series,

any addition to, change in, or modification of the events of default described in this prospectus or in the indenture with respect to the series,

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whether Avnet will issue the series in global form and, if so, any terms and conditions upon which global debt securities may be exchanged for other individual securities, and the name of the depository for the debt securities,

any terms and conditions upon which the series may be exchanged for or converted into Avnet common stock or other securities,

the form and terms of any guarantee of the series,

if the principal amount payable at the stated maturity of a series of debt securities will not be determinable as of any one or more dates prior to the stated maturity, the amount which will be deemed to be the principal amount as of any date for any purpose, including the principal amount which will be due and payable upon any maturity other than the stated maturity or which will be deemed to be outstanding as of any such date (or, in any such case, the manner in which such deemed principal amount is to be determined),

the applicability to the series of the provisions of the indenture relating to defeasance and discharge,

whether the debt securities will be sold as part of units consisting of debt securities and other securities that Avnet may offer under the indenture,

whether the debt securities will be listed on any securities exchange or included in any other market or quotation or trading system,

any trustee or fiscal or authenticating or payment agent, issuing and paying agent, transfer agent or registrar or any other person or entity to act in connection with the series of debt securities for or on our behalf or on behalf of the holders of the series, and

any other terms of the series of debt securities, which may add, modify or exclude any provision of the indenture as it applies to that series.

Avnet may issue debt securities at a discount below their stated principal amount or provide for less than the entire principal amount of the debt securities to be payable upon declaration of acceleration of maturity. In that event, we will describe any material federal income tax considerations and other material considerations in the applicable prospectus supplement.

Avnet may issue debt securities in bearer form, with or without coupons. In that event, we will describe any material federal income tax considerations and other material considerations in the applicable prospectus supplement.

Ranking of Debt Securities

Any series of debt securities issued under the senior note indenture will rank equally with all of Avnet's other unsecured and unsubordinated indebtedness.

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Any series of debt securities issued under the subordinated note indenture will be subordinate in right of payment to all senior indebtedness of Avnet. With respect to any series of subordinated debt securities, except as otherwise set forth in the applicable prospectus supplement, Avnet's senior indebtedness means all Debt (as defined below) permitted to be incurred by Avnet under the terms of the indenture, unless the instrument under which such Debt is incurred expressly provides that it is on a parity with or subordinated in right of payment to the subordinated debt securities, and all obligations with respect to the foregoing. Notwithstanding anything to the contrary in the foregoing sentence, senior indebtedness will not include:

any liability for federal, state, local or other taxes owed or owing by Avnet;

any Debt of Avnet or any guarantor to any of its officers, directors, subsidiaries or other affiliates;

any trade payables; or

any Debt that is incurred in violation of the indenture.

With respect to any series of subordinated debt securities, except as otherwise set forth in the applicable prospectus supplement, Debt means, with respect to any Person (as defined below) at any date of determination (without duplication), (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses, (iii) all obligations of such Person in respect of letters of credit or bankers' acceptances or other similar instruments (or reimbursement obligations thereto) issued on the account of such Person, (iv) all obligations of such Person to pay the deferred purchase price of property or services, except trade payables, (v) all obligations of such Person as lessee under capitalized leases, (vi) all Debt of others secured by a lien on any asset of such Person (including assets subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease, or other title retention agreement relating to such asset), whether or not such Debt is assumed by such Person; *provided* that, for purposes of determining the amount of any Debt of the type described in this clause (vi), if recourse with respect to such Debt is limited to such asset, the amount of such Debt shall be limited to the lesser of the fair market value of such asset or the amount of such Debt, and (vii) all Debt of others guaranteed by such Person to the extent such Debt is guaranteed by such Person.

In the event and during the continuation of any default by Avnet in the payment of principal, premium, interest or any other payment due on any senior indebtedness, or in the event that the maturity of any senior indebtedness has been accelerated because of a default, then, in either case, no payment shall be made by Avnet with respect to the principal (including redemption payments) of or premium, if any, or interest on the subordinated debt securities until such default shall have been cured or waived in writing or shall have ceased to exist or such senior indebtedness shall have been discharged or paid in full.

In the event of the acceleration of the maturity of any subordinated debt securities, then no payment shall be made by Avnet with respect to the principal (including redemption payments) of or premium, if any, or interest on such subordinated debt securities until the

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holders of all senior indebtedness outstanding at the time of such acceleration shall receive payment in full of such senior indebtedness (including any amounts due upon acceleration).

Upon any distribution of Avnet's assets upon dissolution, winding-up, liquidation or reorganization, the holders of its senior indebtedness will be entitled to receive payment in full, in cash or cash equivalents, or payment thereof provided for in accordance with its terms, of principal, premium, if any, and interest (including interest accruing after the commencement of any proceeding for Avnet's bankruptcy or reorganization under any applicable bankruptcy, insolvency or similar law) before any payment is made on the subordinated debt securities. By reason of the subordination, if Avnet becomes insolvent, holders of its senior indebtedness may receive more, ratably, and holders of the subordinated debt securities having a claim pursuant to the subordinated debt securities may receive less, ratably, than Avnet's other creditors. Such subordination will not prevent the occurrence of any event of default in respect of the subordinated debt securities.

If Avnet offers debt securities, the applicable prospectus supplement will set forth the aggregate amount of outstanding indebtedness, if any, as of the most recent practicable date that by the terms of such debt securities would be senior to such debt securities. The applicable prospectus supplement will also set forth any limitation on Avnet's ability to issue any additional senior indebtedness and will describe in more detail the material terms of the subordination provisions of these securities, including relevant definitions.

Conversion Rights

Any provisions for the exchange or conversion of a series of debt securities into shares of Avnet common stock will be set forth in the applicable prospectus supplement.

Exchange, Registration, Transfer and Payment

Unless we specify otherwise in a prospectus supplement, payment of principal of, and any premium and interest on, the debt securities will be payable, and the exchange of and the transfer of debt securities will be registrable, at the office of the trustee or at any other office or agency maintained by Avnet for that purpose subject to the limitations of the indenture. Unless we specify otherwise in a prospectus supplement, Avnet will issue the debt securities in denominations of U.S. \$1,000 or whole number multiples thereof. Avnet will not require a service charge for any registration of transfer or exchange of the debt securities, but it may require payment of a sum sufficient to cover any tax or other governmental charge.

Global Debt Securities

Avnet may issue the debt securities of a series in the form of one or more global security certificates. Avnet will deposit each global security with a depository or its nominee or custodian, which will be The Depository Trust Company and its nominee Cede & Co unless we name another depository or nominee in a prospectus supplement, and each global security will bear a legend regarding the restrictions on exchanges and registration of transfer thereof referred to below and any other matters as may be provided for in the indenture.

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Notwithstanding any provision of the indenture or any debt security, no global security may be transferred to, or registered or exchanged for debt securities registered in the name of, any person or entity other than the depositary for the global security or any nominee of the depositary, and no such transfer may be registered, unless

the depositary has notified Avnet that it is unwilling or unable to continue as depositary for the global security or has ceased to be qualified to act as such, or

Avnet executes and delivers to the trustee an order that the global security will be so transferable, registrable and exchangeable, and those transfers will be registrable, or

the applicable prospectus supplement describes other circumstances under which the global security will be so transferable, registrable or exchangeable, or under which transfers will be so registrable.

All debt securities issued in exchange for a global security or any portion of a global security will be registered in such names as the depositary may direct.

Unless we specify otherwise in a prospectus supplement, debt securities which are to be represented by a global security will be registered in the name of the depositary or its nominee. Upon the issuance of a global security, and the deposit of the global security with or on behalf of the depositary for the global security, the depositary will credit, on its book-entry registration and transfer system, the respective principal amounts of the debt securities represented by the global security to the accounts of institutions that have accounts with the depositary or its nominee (participants). The accounts to be credited will be designated by the underwriters or agents of the debt securities, or by Avnet if it directly offers and sells the debt securities. Ownership of beneficial interests in the global security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests by participants in the global security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by the depositary or its nominee for the global security. Ownership of beneficial interests in the global security by persons that hold through participants will be shown on, and the transfer of that ownership interest within such participant will be effected only through, records maintained by the participant. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of the securities in certificate form. The foregoing limitations and these laws may impair the ability to transfer beneficial interests in the global securities.

So long as the depositary for a global security, or its nominee, is the registered owner of the global security, the depositary or its nominee will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the indenture. Unless otherwise specified in a prospectus supplement, owners of beneficial interests in the global security will not be entitled to have debt securities of the series represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities of the series in certificate form and will not be considered the holders thereof for any purposes under the indenture. Therefore, each person owning a beneficial interest in the global security must rely on the procedures of the depositary and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any

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rights of a holder under the indenture. If we request any action of holders or if an owner of a beneficial interest in a global security desires to give any notice or take any action a holder is entitled to give or take under the indenture, the depositary will authorize the participants to give that notice or take that action, and participants would authorize beneficial owners owning through those participants to give that notice or take that action or would otherwise act upon the instructions of beneficial owners owning through them.

Notwithstanding any contrary provisions in the indenture, the rights of the beneficial owners of the debt securities to receive payment of the principal of, and any premium or interest on, the debt securities on or after the respective due dates expressed in the debt securities, or to institute suit for the enforcement of these payments on or after these respective dates, will not be impaired or affected without the consent of the beneficial owners.

Principal of and any premium or interest on a global security will be payable in the manner described in the applicable prospectus supplement.

Covenants

The indentures provide that Avnet will be subject to the covenants below for the benefit of each series of debt securities which does not specifically provide otherwise.

Definitions

Attributable Debt means, as to any particular lease, the greater of

the fair market value of the property subject to the lease (as determined by Avnet's board of directors), or

the total net amount of rent required to be paid during the remaining term of the lease, discounted by the weighted average effective interest cost per annum of the outstanding debt securities of all series, compounded semi-annually.

Consolidated Net Assets means total assets after deducting all current liabilities as set forth in the most recent balance sheet of Avnet and its consolidated Subsidiaries and computed in accordance with generally accepted accounting principles.

Funded Debt means

all indebtedness for money borrowed having a maturity of more than twelve months from the date as of which the determination is made, or having a maturity of twelve months or less but by its terms being renewable or extendible beyond twelve months from such date at the option of the borrower, and

rental obligations payable more than twelve months from such date under leases which are capitalized in accordance with generally accepted accounting principles (such rental obligations to be included as Funded Debt at the amount so capitalized and to be included as an asset for the purposes of the definition of Consolidated Net Assets).

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Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal Property means any manufacturing or processing plant or warehouse owned at the date of the indenture or thereafter acquired by Avnet or any Restricted Subsidiary of Avnet which is located within the United States and the gross book value (including related land and improvements thereon and all machinery and equipment included therein without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 2% of Consolidated Net Assets, other than

any such manufacturing or processing plant or warehouse or any portion thereof (together with the land on which it is erected and fixtures comprising a part thereof) which is financed by industrial development bonds which are tax exempt pursuant to Section 103 of the Internal Revenue Code (or which receive similar tax treatment under any subsequent amendments thereto or any successor laws thereof or under any other similar statute of the United States),

any property which in the opinion of Avnet's board of directors is not of material importance to the total business conducted by Avnet as an entirety, or

any portion of a particular property which is similarly found not to be of material importance to the use or operation of such property.

Restricted Subsidiary means a Subsidiary of Avnet (i) substantially all the property of which is located, or substantially all the business of which is carried on, within the United States, and (ii) which owns a Principal Property.

Subsidiary means any corporation more than 50% of the outstanding Voting Stock of which at the time of determination is owned, directly or indirectly, by Avnet and/or by one or more other Subsidiaries.

Voting Stock means capital stock of a corporation of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power upon the occurrence of any contingency).

Highly Leveraged Transactions

Unless otherwise described in a prospectus supplement relating to any series of debt securities, there are no covenants or provisions in the indentures which may afford the holders of debt securities direct protection in the event of a highly leveraged transaction involving Avnet.

Restrictions on Secured Debt

Avnet covenants in the indentures, for the benefit of each series of debt securities other than any series which specifically provides otherwise, that if Avnet or any Restricted Subsidiary

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shall after the date of the indenture incur or guarantee any loans, notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (Certain Debt) secured by a mortgage, pledge or lien (Mortgage) on any Principal Property of Avnet or any Restricted Subsidiary, or on any share of stock or Certain Debt of any Restricted Subsidiary, Avnet will secure or cause such Restricted Subsidiary to secure the debt securities equally and ratably with (or, at Avnet s option, before) such secured Certain Debt, unless the aggregate principal amount of all such secured Certain Debt (plus the amount of all Attributable Debt which is not excluded as described below under the caption Restrictions on Sale and Leaseback Financings) would not exceed 10% of Consolidated Net Assets.

This restriction will not apply to, and there will be excluded from secured Certain Debt in any computation of the above restriction, Certain Debt secured by

- (a) Mortgages on property of, or on any shares of stock of or Certain Debt of, any corporation existing at the time such corporation becomes a Restricted Subsidiary,
- (b) Mortgages in favor of Avnet or a Restricted Subsidiary,
- (c) Mortgages in favor of governmental bodies to secure progress, advance or other payments,
- (d) Mortgages on property, shares of stock or Certain Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) and purchase money and construction or improvement Mortgages which are entered into within 180 days after the acquisition of such property, shares or Certain Debt or, in the case of real property, within 180 days after the later of
 - (1) the completion of construction on, substantial repair to, alteration or development of, or substantial improvement to, such property, or
 - (2) the commencement of commercial operations on such property,
- (e) mechanics and similar liens arising in the ordinary course of business in respect of obligations not due or being contested in good faith,
- (f) Mortgages arising from deposits with, or the giving of any form of security to, any governmental agency required as a condition to the transaction of business or to the exercise of any privilege, franchise or license,
- (g) Mortgages for taxes, assessments or government charges or levies which are not then due or, if delinquent, are being contested in good faith,
- (h) Mortgages (including judgment liens) arising from legal proceedings being contested in good faith,
- (i) Mortgages existing at the date of the indenture,

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(j) Mortgages securing any senior indebtedness (with respect to the subordinated note indenture only),

(k) any extension, renewal or refunding of any Mortgage referred to in the clauses (a) through (j) above.

Restrictions on Sale and Leaseback Financings

Avnet covenants in the indentures, for the benefit of each series of debt securities other than any series which specifically provides otherwise, that Avnet will not itself, and will not permit any Restricted Subsidiary to, enter into any sale and leaseback transaction involving any Principal Property, unless after giving effect thereto the aggregate amount of all Attributable Debt with respect to all such transactions, plus all secured Certain Debt which is not excluded as described above under the caption Restrictions on Secured Debt, would not exceed 10% of Consolidated Net Assets.

This restriction will not apply to, and there will be excluded from Attributable Debt in any computation of the above restriction, any sale and leaseback transaction if

the lease is for a period, including renewal rights, of not in excess of three years,

the sale or transfer of the Principal Property is made within 180 days after its acquisition or within 180 days after the later of

- (1) the completion of construction on, substantial repair to, alteration or development of, or substantial improvement to, such property, or
- (2) the commencement of commercial operations thereon,

the transaction is between Avnet and a Restricted Subsidiary, or between Restricted Subsidiaries,

Avnet or a Restricted Subsidiary would be entitled to incur a Mortgage on such Principal Property pursuant to clauses (a) through (k) above under the heading Restrictions on Secured Debt, or

Avnet or a Restricted Subsidiary, within 180 days after the sale or transfer is completed, applies to the retirement of Funded Debt of Avnet ranking on a parity with or senior to the debt securities or Funded Debt of a Restricted Subsidiary, or to the purchase of other property which will constitute a Principal Property having a fair market value at least equal to the fair market value of the Principal Property leased, an amount equal to the greater of the net proceeds of the sale of the Principal Property or the fair market value (as determined by Avnet's board of directors) of the Principal Property leased at the time of entering into such arrangement (as determined by the board of directors).

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Restrictions on Mergers and Consolidations

Avnet covenants in the indentures that it will not consolidate with or merge into any other Person, or sell, convey, transfer or lease all or substantially all of its assets unless

the successor Person is a corporation organized under the laws of the United States (including any state thereof and the District of Columbia) which assumes Avnet's obligations in the debt securities and under the indenture, and

after giving effect to such transaction, Avnet or the successor Person would not be in default under the indenture.

Events of Default

Unless we specify otherwise in a prospectus supplement for a particular series of debt securities, an event of default under the indenture with respect to any series of debt securities is:

a default in the payment of any installment of interest on that series for 30 days after becoming due;

a default in the payment of principal on that series when due;

a default in the deposit of any sinking fund payment on that series when due;

a default in the performance of any other covenant in the indenture (other than a covenant included in the indenture solely for the benefit of any series of debt securities other than that series) for 90 days after notice;

certain events of bankruptcy, insolvency or reorganization; and

any other Event of Default provided with respect to that series of debt securities.

If an event of default occurs and is continuing with respect to the debt securities of any series, either the trustee or the holders of at least 25% in principal amount of the debt securities then outstanding of that series may declare the principal amount of the debt securities of such series (or, in the case of debt securities sold at an original issue discount, the amount specified in the terms thereof) and the accrued interest thereon, if any, to be due and payable immediately. Under certain conditions, such a declaration may be rescinded.

The indentures provide that the trustee will, within 90 days after the occurrence of a default known to it, give the affected holders of debt securities notice of all uncured defaults known to it (the term "default" to mean the events specified above without grace periods). However, except in the case of default in the payment of principal of or interest on any debt security, the trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the affected holders of debt securities.

Avnet must furnish to the trustee annually a statement by certain officers of Avnet certifying that there are no defaults or specifying any default.

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The holders of a majority in principal amount of the outstanding debt securities of any series will have the right, with certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of such series, and to waive certain defaults with respect thereto. The indentures provide that if an event of default occurs and is continuing, the trustee shall exercise such of its rights and powers under the indenture, and use the same degree of care and skill in exercising the same, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indentures at the request of any of the holders of debt securities unless they shall have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by the trustee in compliance with such request.

Modification of the Indentures

With certain exceptions, the indentures may be modified or amended with the consent of the holders of not less than a majority in principal amount of the outstanding debt securities of each series affected by the modification or amendment. However, no such modification or amendment may be made, without the consent of the holder of each debt security affected, which would

reduce the principal amount of or the interest on any debt security, or change the stated maturity of the principal of, or any installment of interest on, any debt security or the other terms of payment thereof, or

reduce the above-stated percentage of debt securities, the consent of the holders of which is required to modify or amend the indenture, or the percentage of debt securities of any series, the consent of the holders of which is required to waive certain past defaults.

Defeasance and Discharge

The indentures provide that Avnet may elect, with respect to the debt securities of any series, to terminate (and be deemed to have satisfied) any and all of its obligations in respect of such debt securities (except for certain obligations to register the transfer or exchange of debt securities, to replace stolen, lost or mutilated debt securities, to maintain paying agencies and hold monies for payment in trust and, if so specified with respect to the debt securities of a certain series, to pay the principal of, and any premium or interest on, such specified debt securities) on the 91st day after the deposit with the trustee, in trust, of money and/or government obligations (as defined in the indentures) which, through the payment of interest thereon and principal thereof in accordance with their terms, will provide money in an amount sufficient to pay any installment of principal of (and premium, if any), and interest, if any, on, and any mandatory sinking fund payments in respect of, such debt securities on the stated maturity of such payments in accordance with the terms of the indenture and such debt securities. Such a trust may be established only if, among other things, Avnet has delivered to the trustee an opinion of counsel (who may be counsel to Avnet) to the effect that, based upon applicable Federal income tax law or a ruling published by the United States Internal Revenue Service, such a defeasance and discharge will not be deemed, or result in, a taxable event with respect to

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holders of such debt securities. If so specified with respect to the debt securities of a series, such a trust may be established only if establishment of the trust would not cause the debt securities of any such series listed on any nationally recognized securities exchange to be de-listed as a result thereof.

Concerning the Trustee

Bank One Trust Company, N.A. is the proposed trustee under the indentures and the proposed initial security registrar with regard to all debt securities. Avnet currently does, and from time to time in the future may, maintain lines of credit and have customary banking relationships with Bank One, N.A., an affiliate of the trustee. The trustee currently serves as trustee under the indenture with Avnet dated as of February 1, 1994, which provides for Avnet's currently outstanding 8% Notes due 2006, 9 3/4% Notes due 2008, 6 7/8% Notes due 2004, 6.45% Notes due 2003, and 7 7/8% Notes due 2005, and may serve as trustee for other debt securities issued by Avnet from time to time in the future.

The indentures and provisions of the Trust Indenture Act incorporated by reference in the indentures contain certain limitations on the rights of the trustee, should it become our creditor, to obtain payment of claims, or to realize on certain property received in respect of any claim, as security or otherwise. The trustee and its affiliates may engage in, and will be permitted to continue to engage in, other transactions with Avnet and its affiliates; however, if the trustee acquires any conflicting interest (as defined in the Trust Indenture Act), it must eliminate that conflict or resign.

Description of Capital Stock

Avnet is authorized to issue 300,000,000 shares of common stock, par value \$1.00 per share. At the close of business on September 8, 2003, it had outstanding 119,631,253 shares of common stock, including 12,380 treasury shares. All outstanding shares of common stock are fully paid and nonassessable.

The holders of shares of Avnet's common stock have equal rights to dividends from funds legally available for the payment of dividends when, as and if declared by Avnet's board of directors, and are entitled, upon liquidation, to share ratably in any distribution in which holders of common stock participate. The common stock is not redeemable, has no preemptive or conversion rights and is not liable for assessments or further calls. The holders of shares of Avnet's common stock are entitled to one vote for each share at all meetings of shareholders.

The transfer agent and registrar for Avnet's common stock is Wachovia Bank, N.A. Avnet's common stock is listed on the New York Stock Exchange and the Pacific Exchange.

Under its certificate of incorporation, Avnet is authorized to issue up to 3,000,000 shares of preferred stock, in series. For each series of preferred stock, Avnet's board of directors may fix the relative rights, preferences and limitations as between the shares of such series, the shares of other series of Avnet preferred stock, and the shares of Avnet common stock. No shares of Avnet preferred stock are outstanding.

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Board of Directors

Although New York law permits the certificate incorporation of a New York corporation to provide for cumulative voting in the election of directors, Avnet's certificate of incorporation does not so provide.

New York law permits the certificate of incorporation or by-laws of a New York corporation to divide its directors into as many as four classes with staggered terms of office. However, Avnet's certificate and by-laws do not so provide for a classified board of directors. Therefore, all of its directors are elected annually for one-year terms.

Under New York law, shareholders may remove any or all directors for cause. New York law also allows directors to be removed without cause if provided in the certificate of incorporation. The Avnet certificate of incorporation authorizes any or all of the directors to be removed with or without cause at any time by the vote of the holders of a majority of the stock of Avnet and provides that the terms of the removed directors shall forthwith terminate.

New York law provides that newly created directorships resulting from an increase in the number of directors and vacancies arising for any reason may be filled by vote of the board of directors, whether or not constituting a quorum, except that:

vacancies resulting from the removal of directors without cause may be filled only by a vote of the shareholders, unless the certificate of incorporation or a specific provision of a by-law adopted by the shareholders provides that such a vacancy may be filled by a vote of the board of directors; and

the certificate of incorporation or by-laws may provide that all newly created directorships and vacancies may be filled only by a vote of the shareholders.

The Avnet by-laws provide that any vacancy created by the removal of a director by the shareholders with or without cause may be filled only by a vote of the shareholders, and that any vacancy created for any other reason may be filled by a vote of the board of directors or the shareholders.

Power to Call Special Shareholders Meetings

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