FORM 8-K

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AVNET INC
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Business Address
80 CUTTER MILL RD - 5TH FL
GREAT NECK NY 11021
5164667000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 6, 1994

AVNET, INC.
(Exact Name of Registrant as Specified in its Charter)

New York
(State or Other Jurisdiction of Incorporation)

1-4224	11-1890605
(Commission File Number)	(I.R.S. Employer Identification No.)

80 Cutter Mill Road, Great Neck, New York	11021
(Address of Principal Executive Offices)	(Zip Code)

(516) 466-7000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address if Changed Since Last Report)

[ITEMS]
Item 5. Other Events.

In connection with a Registration Statement on Form S-3 to be filed by Avnet, Inc. ("Avnet"), the following financial statements of Hall-Mark Electronics Corporation ("Hall-Mark") and proforma financial information relating to the acquisition by Avnet of Hall-Mark on July 1, 1993 (the "Acquisition"), are filed herewith. The Acquisition was previously reported in a Form 8-K of Avnet bearing cover date of July 1, 1993.

[ITEMS]
Item 7. Financial Statements and Exhibits.

Hall-Mark Electronics Corporation
Consolidated Statements of Income
(Thousands except per share data)
(unaudited)

	Six Months Ended	
	June 30, 1993	July 3, 1992
Sales	$389,235	$340,018
Costs and expenses:		
Cost of sales	303,473	265,711
Selling, shipping, general & administrative	63,162	57,226
Interest	3,259	8,368
	369,894	331,305
Income before income taxes, cumulative effect of change in accounting for income taxes and extraordinary gain	19,341	8,713
Income taxes	8,531	811
Income before cumulative effect of accounting change and extraordinary gain	10,810	7,902
Cumulative effect of change in method of accounting for income taxes	890	
Extraordinary gain on early extinguishment of debt (net of income taxes of $1,225)	-	2,408
Net income	11,700	10,310
Preferred dividend requirement	-	(1,803)
Net income applicable to common stock	$11,700	$8,507
Earnings per common share:		
Income before cumulative effect of accounting change and extraordinary gain	$1.01	$0.96
Cumulative effect of change in method of accounting for income taxes	0.08	-
Extraordinary gain	-	0.34
Net income	$1.30	$1.09
Weighted average shares outstanding	10,709	7,037

General notes to the Hall-Mark consolidated statements of income for the six months ended June 30, 1993 and July 3, 1992.

The preceding unaudited consolidated statements of income cover the six month period subsequent to Hall-Mark's 1992 fiscal year end and prior to its acquisition by Avnet on July 1, 1993, and the comparable prior year period.

The statement of income for the six month period ended June 30, 1993 includes a net after tax charge of $1,190,000, or $0.11 per share, relating to a tax benefit reflected in the income statement of Hall-Mark for the year ended December 31, 1992 arising from the the then expected utilization of $3,500,000 of tax net operating loss carryforwards. Avnet believes that it will be unable to derive a tax benefit from such tax loss carryforwards and, therefore, has reflected an appropriate charge to the statement of income for the period ended June 30,1993. The statement of income of Hall-Mark for the year ended December 31, 1992 (included on page 5) has not been retroactively adjusted because the impact of this adjustment is not material to Hall-Mark's results of operations for that period or its financial position at December 31, 1992.

<TABLE>

HALL-MARK ELECTRONICS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

	Years Ended December 31,		
	1992	1991	1990
	(In thousands, except per share data)		
<S>	<C>	<C>	<C>
Net sales	$ 695,000	$ 560,144	$ 589,894
Cost of sales	541,643	430,594	457,742
Gross profit	153,357	129,550	132,152
Selling, general and administrative expenses	107,653	98,934	102,158
Depreciation and amortization	7,802	11,612	13,098
Operating income	37,902	19,004	16,896
Gain on sale of facility	----	1,414	----
Interest expense	12,207	20,241	24,435
Income (loss) before income taxes and extraordinary items	25,695	177	(7,539)
Provision for income taxes	4,168	520	152
Income (loss) before extraordinary items	21,527	(343)	(7,691)
Extraordinary gain (loss) on early extinguishment of debt (net of income tax effects)	4,254	(1,133)	8,140
Net income (loss)	25,781	(1,476)	449
Preferred dividend requirements	(1,924)	(2,085)	(2,645)
Net income (loss) applicable to common stock	$ 23,857	$ (3,561)	$ (2,196)
Income (loss) per common share:			
Income (loss) before extraordinary items	$ 2.30	$ (0.51)	$ (2.16)
Extraordinary gain (loss)	0.48	(0.24)	1.70
Net income (loss)	$ 2.78	$ (0.75)	$ (0.46)
Weighted average common shares and dilutive equivalents outstanding	8,803	4,762	4,777

</TABLE>

See accompanying notes.

<TABLE>

HALL-MARK ELECTRONICS CORPORATION
CONSOLIDATED BALANCE SHEETS

<CAPTION>

	December 31, 1992	December 31, 1991
	(In thousands)	
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash	$ 18	$ 16
Accounts receivable (less allowance for doubtful accounts of $2,086,000 and $1,813,000, respectively)	89,894	73,597
Inventories	106,185	96,878
Prepaid expenses	2,121	1,872
Total current assets	198,218	172,363
Property and equipment, net	12,547	13,665
Other assets:		
Cost in excess of net assets of businesses acquired	37,690	37,690
Debt issuance costs	3,578	4,937
Other intangibles	2,855	2,855
Less allowance for amortization	(7,265)	(7,588)
	36,858	37,894
Capitalized software development costs (less accumulated amortization of $4,148,000 and $2,074,000, respectively)	6,380	8,454
Other	835	845
Total other assets	44,073	47,193
	$ 254,838	$ 233,221
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 35,674	$ 31,654
Other accrued liabilities	8,351	7,584
Accrued interest payable	835	3,487
Current maturities of long-term debt	46	42
Total current liabilities	44,906	42,767
Deferred income taxes	890	260
Long-term debt	109,756	148,798
Commitments and contingencies (Notes 9 and 10)		
Stockholders' equity:		
Series A 14% cumulative preferred stock, $.01 par value; 2,000,000 and 26,300 shares authorized, -0- and 25,657 shares issued and outstanding, respectively (aggregate liquidation preference of $ -0- and $29,011,000, respectively)		---- ----
Common stock, $.01 par value; 20,000,000 and 7,500,000 shares authorized, 10,180,457 and 3,500,000 shares issued, respectively	102	35
Paid-in capital	104,026	71,972
Notes receivable from sale of stock	(1,520)	(1,740)
Accumulated deficit	(2,706)	(28,487)
	99,902	41,780
Less common stock in treasury, at cost, 67,308 and 52,000 shares, respectively	(616)	(384)
Total stockholders' equity	99,286	41,396
	$ 254,838	$ 233,221

See accompanying notes.

</TABLE>

<TABLE>

HALL-MARK ELECTRONICS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	Years Ended December 31, 1992	1991	1990
<S>	<C>	<C>	<C> (In thousands)
Cash flows provided by (used in) operating activities:			
Net income (loss)	$ 25,781	$ (1,476)	$ 449
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			

Extraordinary (gain) loss on early extinguishment of debt	(7,119)	1,166	(8,140)
Gain on sale of facility	----	(1,414)	----
Depreciation and amortization	7,802	11,612	13,098
Amortization of discount on long-term debt	181	306	2,246
Provision for losses on accounts receivable	3,438	2,666	4,131
Deferred income taxes	630	260	----
Interest paid with notes	2,701	4,918	4,447
(Increase) decrease in accounts receivable	(19,735)	1,384	1,392
(Increase) decrease in inventories	(9,307)	(4,840)	(2,137)
(Increase) decrease in prepaid expenses	(249)	(133)	(468)
Increase (decrease) in accounts payable	4,020	(1,318)	4,321
Increase (decrease) in other accrued liabilities	767	(2,822)	797
Increase (decrease) in accrued interest payable	103	64	(916)
Net cash provided by operating activities	9,013	10,373	19,220
Cash flows provided by (used in) investing activities:			
Capitalized software development costs	---	---	(661)
Additions to property and equipment	(2,713)	(2,958)	(2,042)
Retirements of property and equipment	128	127	829
Proceeds from sale of facility	----	1,680	----
Other	189	629	39
Net cash used in investing activities	(2,396)	(522)	(1,835)
Cash flows provided by (used in) financing activities:			
Redemption of senior subordinated notes	(44,650)	(20,941)	(8,583)
Redemption of junior subordinated notes	(24,984)	----	(1,104)
Net increase (decrease) in bank borrowings	34,224	4,477	(17,021)
Decrease in other long-term debt	(41)	(38)	(35)
Payment of debt issuance costs	(3,273)	(349)	(500)
Repurchase of preferred stock and common stock warrants	(7,863)	(6,083)	----
Issuance of preferred stock	----	13,070	10,000
Issuance of common stock	39,984	----	----
Payments received on notes receivable from sale of stock	40	31	224
Repurchase of common stock	(52)	(80)	(304)
Net cash used in financing activities	(6,615)	(9,913)	(17,323)
Net increase (decrease) in cash	2	(62)	62
Cash at beginning of period	16	78	16
Cash at end of period	$ 18	$ 16	$ 78
Supplemental disclosure of noncash activities:			
Issuance of notes in payment of interest	$ 2,701	$ 4,918	$4,447
Issuance of senior subordordinated notes in exchange for preferred stock	----	2,000	----
Issuance of senior subordinated notes in exchange for reset notes	----	----	61,395
Issuance of preferred stock in exchange for reset notes	----	----	16,238
Use of preferred stock to exercise warrants for common stock	23,070	----	----
Surrender of common stock warrants for common stock	210	----	----
Receipt of common stock to treasury as payment of notes receivable from sale of stock	180	----	----

</TABLE>

See accompanying notes.

<TABLE>

HALL-MARK ELECTRONICS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<CAPTION>

	Series A Preferred Stock	Common Stock	Paid-In Capital	Notes Receivable from Sale of Stock (in thousands)	Accumulated Deficit	Treasury Stock	Total
<S>							
Balance as of	<C>	<C>	<C>	<C>	<C>	<C>	<C>
January 1, 1990	$ ---	$ 35	$ 40,933	$(1,995)	$(27,460)	$ ---	$ 11,513
Issuance of preferred stock	----		26,238	---	---	---	26,238
Repurchase of common stock warrants	----	---	(186)	---	---	---	(186)

Payments received on notes receivable	----	---	---	224	---	---	224
Repurchase of common stock	---	---	---	---	---	(304)	(304)
Net income	---	---	---	---	449	---	449
Balance as of December 31, 1990	---	35	66,985	(1,771)	(27,011)	(304)	37,934
Issuance of preferred stock	---	---	13,070	---	---	---	13,070
Repurchase of common stock warrants	---	---	(2,105)	---	---	---	(2,105)
Repurchase of preferred stock	---	---	(5,978)	---	---	---	(5,978)
Payments received on notes receivable	---	---	---	31	---	---	31
Repurchase of common stock	---	---	---	---	---	(80)	(80)
Net loss	---	---	---	---	(1,476)	---	(1,476)
Balance as of December 31, 1991	---	35	71,972	(1,740)	(28,487)	(384)	41,396
Repurchase of preferred stock	---	---	(7,863)	---	---	---	(7,863)
Issuance of common stock	---	40	39,944	---	---	---	39,984
Exercise of common stock warrants	---	27	(27)	---	---	---	---
Payments received on notes receivable	---	---	---	220	---	---	220
Repurchase of common stock	---	---	---	---	---	(232)	(232)
Net income	---	---	---	----	25.781	---	25,781
Balance as of December 31, 1992	$ ---	$ 102	$ 104,026	$ (1,520)	$ (2,706)	$ (616)	$99,286

</TABLE>

See accompanying notes.

HALL-MARK ELECTRONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Hall-Mark Electronics Corporation ("Hall-Mark" or the "Company"), an industrial distributor of electronic components and systems products, and the accounts of Allied Electronics, Inc., a wholly-owned subsidiary. All significant intercompany balances and transactions are eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue upon shipment of product to the customer.

Inventories

Inventories, which consist of purchased electronic components and systems products held for resale, are stated at the lower of cost or market. Cost is determined on the first-in, first-out ("FIFO") method. Incoming goods are recorded when received.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated lives of the assets, ranging from three to 20 years.

Cost in Excess of Net Assets of Businesses Acquired

Cost in excess of net assets of businesses acquired is amortized using the straight-line method over 40 years.

Covenant Not to Compete

The cost of the covenant not to compete, entered into in August 1988, has been amortized using the straight-line method over three years. The covenant not to compete was fully amortized during 1991.

Debt Issuance Costs

Debt issuance costs are amortized over the terms of the related debt.

Other Intangibles

Other intangibles consist principally of customer lists, which are being amortized using the straight-line method over seven years.

Capitalized Software Development Costs

Direct expenses related to acquiring or developing new software applications for the Company's internal use are capitalized and amortized, upon implementation, using the straight-line method over the estimated useful lives of the applications, ranging from five to seven years.

Income Taxes

Deferred income taxes are recorded to reflect the tax consequences on future years resulting from differences between the tax bases of assets and liabilities and their reported amounts in the financial statements.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), which requires changes in the accounting and reporting for income taxes and is effective for fiscal years beginning after December 15, 1992. The Company plans to adopt SFAS No. 109 on a prospective basis in the first quarter of 1993 and believes that application of the new rules will virtually eliminate the Company's existing deferred tax liabilities.

Other

Other consists primarily of long-term investments. Long-term investments are carried at the lower of their aggregate cost or market.

<TABLE>
(2) Property and Equipment
<CAPTION>
Property and equipment consists of:

	December 31, 1992	1991
	(In thousands)	

<S>	<C>	<C>
Land	$ 1,605	$ 1,605
Buildings and leasehold improvements	12,036	11,815
Machinery and equipment	21,609	19,947
	35,250	33,367
Less allowance for depreciation and amortization	(22,703)	(19,702)
	$ 12,547	$13,665

</TABLE>

Depreciation and amortization expense was $3,703,000, $3,735,000 and $4,093,000 for fiscal years 1992, 1991, and 1990, respectively.

In January 1991, the Company sold its Huntsville, Alabama facility for approximately $1,680,000 in cash resulting in a pre-tax gain of $1,414,000. The branch previously located in this facility has relocated to leased office space.

<TABLE>

(3) Other Assets

<CAPTION>

Allowance for amortization of other assets consists of:

	December 31, 1992	1991
	(In thousands)	
<S>	<C>	<C>
Cost in excess of assets of business acquired	$ 4,169	$ 3,232
Debt issuance costs	296	1,973
Other intangibles	2,800	2,383
	$ 7,265	$ 7,588

</TABLE>

(4) Other Accrued Liabilities

Other accrued liabilities include accrued payroll costs of approximately $3,586,000 and $2,676,000 as of December 31, 1992 and 1991, respectively.

<TABLE>

(5) Long-Term Debt

<CAPTION>

Long-term debt consists of:

	December 31, 1992	1991
<S>		(In thousands)
Revolving bank borrowings pursuant to a senior credit agreement due July 31, 1997	<C> $ 108,240	<C> $ ----
Revolving bank borrowings pursuant to a senior credit agreement due August 31, 1996.	----	74,016
Senior Subordinated Notes due December 1, 1996	----	44,564
Junior Subordinated Notes due December 1, 1999	----	28,657
9 1/8% note, due January 31, 2008, payable in monthly installments of $12,000 including principal and interest, collateralized by land, buildings and improvements, and callable at the lender's option in 1998.	1,163	1,197
10 3/8% note, due February 1, 2011, payable in monthly installments of $4,000 including principal and interest, collateralized by land, buildings and improvements	399	406
	109,802	148,840
Less current maturities	(46)	(42)
	$ 109,756	$148,798

</TABLE>

Scheduled maturities of long-term debt are as follows (in thousands):

1993	$ 46
1994	51
1995	55
1996	61
1997	108,307
Thereafter	1,282

(5) Long-Term Debt (Continued)

Interest expense paid in cash was $8,775,000, $15,303,000 and $18,712,000 for fiscal years 1992, 1991, and 1990 respectively.

In June 1992, the Company repurchased $36,987,000 face amount of senior subordinated notes and $12,190,000 face amount of junior subordinated notes for an aggregate purchase price of $40,170,000 with the proceeds from the public stock offering (see Note 7). These repurchases resulted in an extraordinary gain of $2,408,000, net of income taxes of $1,225,000.

On July 31, 1992, the Company entered into a five-year $140,000,000 variable interest rate revolving credit facility with a syndicate of banks (the "Credit Agreement") to refinance its existing facility and its remaining subordinated indebtedness, and to provide the Company with working capital. The Credit Agreement permits borrowings up to the lesser of a borrowing base limited to specified percentages of eligible assets, or a specified maximum commitment amount, initially $140,000,000 with reductions in $5,000,000 increments beginning August 1, 1993. As of December 31, 1992, the borrowing base under the Credit Agreement was $125,763,000. All outstanding borrowings are due July 31, 1997. Borrowings under the new facility bear interest at one of two rates selected by Hall-Mark; (i) a defined Alternative Base Rate (6% at December 31, 1992) plus 1%, or (ii) a defined Eurodollar rate plus 2%. At December 31, 1992, the weighted average interest rate on borrowings outstanding under the Credit Agreement was approximately 5.93%. In September 1992, Hall-Mark entered into an interest rate swap agreement to establish a fixed interest rate of 6.68% for a period of three years on $25,000,000 of borrowings under the Credit Agreement. At December 31, 1992, the Company had an interest rate cap agreement in place whereby the interest rate on an additional $15,000,000 of borrowings will not exceed 8.5% for a period of two years.

Borrowings under the Credit Agreement are collateralized by substantially all assets of the Company. Under the terms of the Credit Agreement, Hall-Mark is subject to customary covenants, such as restrictions on dividend payments and limitations on indebtedness, as well as financial covenants. The financial covenants require the maintenance of specified inventory turnover, interest coverage and leverage ratios. The rates and other terms of the Credit Agreement and the related interest rate swap and cap agreements reflect current market conditions and, accordingly, their carrying values represent a reasonable estimate of fair value.

Concurrent with closing of the Credit Agreement, the Company completed the redemption of the remaining junior subordinated notes with borrowings under the Credit Agreement. Pursuant to an agreement between the Company and the holders of these notes, the notes were redeemed at 56.44% of the $32,071,000 principal amount through the payment of $18,103,000. The repurchase resulted in an extraordinary gain of $3,220,000, net of income taxes of $1,640,000 and the write-off of deferred financing costs related to the former credit facility.

In December, 1992, the Company redeemed the remaining $10,668,000 face amount of its senior subordinated notes at a specified call price equal to 106.5% of the face amount of the notes. The $11,361,000 redemption price was financed with borrowings under the Credit Agreement. An extraordinary loss of $1,374,000 resulted from this transaction.

In December 1991, the Company repurchased $21,233,000 face amount of senior subordinated notes, 13,651 shares of the Company's Series A Preferred Stock and warrants to purchase 856,352 shares of the Company's common stock (351,448 warrants exercisable without payment of additional consideration and 504,904 warrants with an exercise price of $7.50 per share) and obtained the right to purchase an additional $36,987,000 principal amount of senior subordinated notes from one of the sellers at scheduled redemption prices for an aggregate purchase price of approximately $29,200,000 (the "1991 Repurchases"). The purchase price was financed through the issuance for $13,070,000 (to the Company's majority stockholder) of preferred stock (see Note 6) and warrants to purchase 1,307,000 shares of the Company's common stock (with an exercise price of $10.00 per share), borrowings under the former credit facility of approximately $14,130,000 and the issuance of $2,000,000 face amount of senior subordinated notes. In connection with these transactions, an extraordinary loss of $1,133,000 was realized, net of income tax benefit of $33,000. Approximately $1,100,000 of brokerage and transaction fees were incurred to consummate these transactions.

(6) Preferred Stock

The Company is authorized to issue up to 2,000,000 shares of preferred stock, 26,300 of which have been designated Series A Preferred Stock, and 10 shares of which were initially designated as Series B Preferred Stock. In connection with the 1991 Repurchases, 10 shares of Series B Preferred Stock were issued. These shares of Series B Preferred Stock were converted into 13,070 shares of Series A Preferred Stock in December 1991. At December 31, 1992, no shares of Preferred Stock remain outstanding (see Notes 5 and 7).

(7) Equity Offering

Pursuant to a registration statement declared effective on May 22, 1992, the Company sold 4,000,000 shares of common stock to the public market. The net proceeds of this offering, which approximated $40,000,000, were used to retire subordinated indebtedness (see Note 5).

Concurrent with the public stock offering, 19,777 shares of Series A Preferred Stock were surrendered as payment of the exercise price of warrants to purchase 2,640,333 shares of the Company's common stock.

Additionally, the Company redeemed the remaining shares of its Series A Preferred Stock on August 10, 1992 through payment of approximately $7,900,000 provided by borrowings under the Credit Agreement.

(8) Notes Receivable From Sale of Stock

Notes receivable from sale of stock represent notes receivable for common stock issued to certain members of the Company's management in August 1988. The notes bear interest at a defined rate (6.0% and 6.5% at December 31, 1992 and 1991, respectively), payable quarterly, and are due and payable in full on July 29, 1993.

(9) Income Taxes

The provision for income taxes consists of the following:

	1992	1991	1990
		(In thousands)	
Current:			
Federal	$ 2,298	$ 177	$ ----
State.	1,240	83	152
	3,538	260	152
Deferred:			
Federal..	310	185	----

State.	320	75	----
	630	260	----
	$ 4,168	$ 520	$ 152

Income taxes paid in cash were $7,073,000, $422,000 and $88,000 for fiscal years 1992, 1991 and 1990, respectively.

Deferred income taxes arise from temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. The Company's temporary differences relate primarily to depreciation methods on property and equipment, capitalizing certain items such as software development costs for financial reporting purposes, recognizing certain expenses on an allowance method for financial reporting purposes, and adjustments to asset and liability amounts for financial reporting purposes.

The difference between the Company's effective income tax rate and the federal statutory rate of 34% is due primarily to the benefit derived from the utilization of regular and alternative minimum tax net operating loss carryforwards, offset by state income taxes. A comparison of income tax expense at the federal statutory rate of 34% to the Company's provision for income taxes is as follows:

<TABLE>
<CAPTION>

	1992	1991	1990
<S>		(In thousands)	
Income tax provision (benefit) based on federal statutory rate of 34% applied to income (loss) before income taxes and extraordinary item	<C> $ 8,736	<C> $ 60	<C> $ (2,563)
Increases (reductions) resulting from:			
State income taxes, net of federal income tax benefit	1,030	148	152
Benefit from NOL carryforward	(5,557)	(162)	----
Nondeductible amortization of goodwill	321	144	----
Unrecognized benefit of NOL carryforward	----	----	2,563
Excess of AMT over regular tax	----	362	----
AMT credit	(362)	----	----
Other, net	----	(32)	----
	$4 ,168	$ 520	$ 152

The Company's tax return for the five month period ended December 30, 1988 has been audited by the Internal Revenue Service ("IRS"). The IRS has questioned certain positions taken by the Company with respect to deductions claimed. While the Company believes its positions will be sustained, there can be no assurance that it will prevail. The potential maximum tax impact of this audit is $8,750,000.

(10) Leases

The Company leases certain facilities and computer and other equipment used in its operations under noncancellable operating lease agreements having an initial term of more than one year and expiring at various dates through 1997. Most leases contain renewal options and some contain purchase options. These options are typically for renewal or purchase at fair market value or at escalated amounts based on the Consumer Price Index, which approximate the fair market values. The renewal terms range from periods of two years to ten years. The leases generally provide that the Company pay taxes, maintenance, insurance and certain other operating expenses.

Rent expense was $6,585,000, $7,334,000, and $7,235,000, respectively, for fiscal years 1992, 1991, and 1990.

Minimum rental payments required under the leases described above are as follows (in thousands):

1993	$ 5,435
1994	3,847
1995	2,672
1996	1,193
1997	354
Later years	---
	$13,501

(11) Employee Benefit Plans

Hall-Mark provides a savings and investment plan, under which Hall-Mark contributes an amount, as determined by its board of directors each year, based upon Hall-Mark's profits, to match up to 50% of eligible employee contributions. In addition, when profits during a calendar year permit and subject to certain limitations, additional contributions may be made. For fiscal years 1992, 1991, and 1990, the Company contributed $1,045,000, $873,000, and $825,000, respectively, to the savings and investment plan.

The Company currently offers no employee benefits which qualify under the provisions of Statement of Financial Accounting Standards No. 106 ("SFAS No. 106"). Therefore, the impact of the adoption of SFAS No. 106, if any, would not be material.

(12) Stock Options and Warrants

In October 1992, the Company adopted the 1992 Employee Stock Option Plan (the "1992 Option Plan") which provides for the granting of options covering 300,000 shares of common stock to officers and key employees of the Company or any of its subsidiaries. Options covering the entire 300,000 shares authorized by the 1992 Option Plan were issued in the aggregate prior to and remained outstanding on December 31, 1992. All such options have an exercise price of $17.63 per share and become exercisable in five equal annual installments beginning one year from the date of grant.

In addition, options covering an aggregate of 250,000 shares of common stock were issued in 1988 under each of two plans: the 1988 Employee Stock Option Plan (the "1988 Option Plan") and the 1988 Employee Performance Stock Option Plan (the "Performance Plan"). At December 31, 1992, options with an exercise price of $10.00 per share covering 217,000 shares were outstanding under the 1988 Option Plan. In connection with the adoption of the 1992 Option Plan, the Performance Plan and all options outstanding thereunder were terminated.

A summary of changes in outstanding options under the Company's stock option plans follows:

	1992 Option Plan	1988 Option Plan	Performance Plan
Options outstanding at January 1, 1990	----	237,000	231,000
Options canceled	----	(12,000)	(19,000)
Options outstanding at December 31, 1990	----	225,000	212,000
Options canceled	----	(8,000)	(6,000)
Options outstanding at December 31, 1991	----	217,000	206,000

Options granted	300,000	----	----
Options canceled	----	----	(206,000)
Options outstanding at December 31, 1992	300,000	217,000	----
Options exercisable at December 31, 1992	----	173,600	----
Option price per share	$ 17.63	$ 10.00	$ 10.00

(12) Stock Options and Warrants (Continued)

Outstanding warrants to purchase an equivalent number of shares of the Company's common stock are as follows:

	December 31, 1992	1991
Exercise price:		
$10.00 per share (a)	324,324	324,324
$10.00 per share (b)	----	1,307,000
$7.50 per share (b).	67,866	1,429,139
Exercisable without payment of additional consideration (b).	110,052	130,552
	502,242	3,191,015

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(a) warrants are exercisable at any time.
(b) warrants become exercisable on or after December 1, 1995 or upon the occurrence of certain defined events.

(13) Income (Loss) Per Common Share

Income (loss) per common share is calculated by dividing net income (loss) applicable to common stock (net income (loss) less preferred stock dividend requirements) by the weighted average shares of common stock and dilutive common stock equivalents outstanding (except for warrants to purchase 1,307,000 shares of common stock which are treated as the equivalent of outstanding shares for the calculation pursuant to Securities and Exchange Commission regulations). Common stock equivalents consist of common stock warrants and options.

Income (loss) per common share is calculated as follows:

	1992	1991	1990
	(In thousands, except per share data)		
Net income (loss) as reported . . .	$ 25,781	$ (1,476)	$ 449
Preferred dividends	(1,924)	(2,085)	(2,645)
Interest expense adjustment	596	----	----
Adjusted net income (loss).	$ 24,453	$ (3,561)	$ (2,196)
Income (loss) per common and dilutive equivalent share:			
Income (loss) before extraordinary item........................	$ 2.30	$ (0.51)	$ (2.16)
Extraordinary gain (loss). . . .	.48	(0.24)	1.70
Net income (loss).	$ 2.78	$ (0.75)	$ (0.46)
Weighted average common shares and dilutive equivalents.	8,803	4,762	4,777

Report of Coopers & Lybrand, Independent Accountants

The Board of Directors and Stockholders
Hall-Mark Electronics Corporation:

We have audited the accompanying consolidated balance sheets of Hall-Mark Electronics Corporation as of December 31, 1992 and 1991, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hall-Mark Electronics Corporation as of December 31, 1992 and 1991, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

COOPERS AND LYBRAND

Dallas, Texas
February 15, 1993

[ITEMS]
Item 7.

(b) Proforma Financial Information

The following unaudited proforma consolidated statement of income gives effect to the conversion of 10,796,000 shares of Hall-Mark Common Stock into 4,858,000 shares of Avnet Common Stock and $215.9 million cash pursuant to the Acquisition, as well as the repayment of approximately $108.5 million of Hall-Mark's existing bank indebtedness.

The proforma condensed consolidated statement of income for the year ended June 30, 1993 presents consolidated operating results for Avnet as if the Acquisition had occurred as of July 1, 1992.

The proforma financial information presented is not necessarily indicative of the results of operations that might have occurred had the Acquisition actually taken place at the beginning of the period specified, or of future results of operations of Avnet and its subsidiaries. The proforma statement of income is based upon the historical consolidated statements of income of Hall-Mark and Avnet and should be read in conjunction with such historical financial statements and the notes thereto.

AVNET, INC. AND SUBSIDIARIES

Proforma Condensed Consolidated Statement of Income

(in thousands except per share data)
(unaudited)

The following unaudited proforma condensed consolidated statement of income for the fiscal year ended June 30, 1993 assumes that Avnet, Inc. and Subsidiaries completed the Acquisition as of July 1,1992.

	Year ended June 30, 1993			
	Avnet	Hall-Mark	Proforma adjustments(a)	Proforma
Revenues:				
Sales	$2,237,954	$744,217		$2,982,171
Investment income and other, net	20,393	-	$(9,801)(b)	10,592
	2,258,347	744,217	(9,801)	2,992,763
Costs and expenses:				
Cost of sales	1,751,195	579,405		2,330,600
Selling, shipping, general and administrative	383,997	121,391	3,074 (c)	508,462
Interest	8,972	7,098	994 (d)	17,064
	2,144,164	707,894	4,068	2,856,126
Income before income taxes	114,183	36,323	(13,869)	136,637
Income taxes	45,123	11,888	410 (e)	57,421
Net income	$69,060	$24,435(f)	$(14,279)	$79,216
Earnings per share(g)	$1.91			$1.93
Shares used to compute earnings per share	38,253			43,111

See notes to proforma condensed consolidated statements of income.

NOTES TO UNAUDITED PROFORMA CONDENSED CONSOLIDATED FINANCIAL DATA

Proforma Adjustments--Condensed Consolidated Statement of Income

(a) Avnet expects to achieve operating efficiencies from the acquisition of Hall-Mark. It is anticipated that cost savings will result principally from such areas as warehousing, sales facilities and computer systems. Such anticipated cost savings have not been reflected in the accompanying proforma condensed statement of income.

In addition, the proforma condensed consolidated statement of income does not reflect the costs of the integration into Avnet of the Hall-Mark business which were charged to operations in the first quarter of fiscal 1994. Such one-time costs, amounting to approximately $19.9 million, represent only those integration expenses related to Avnet. Consolidation costs related to Hall-Mark as a result of the integration are included in goodwill. Also excluded from the accompanying proforma data is amortization of stock option compensation of approximately $4.8 million related to the issuance of Avnet stock options in consideration of the cancellation and settlement of the options outstanding under Hall-Mark's 1992 Stock Option Plan, which was also recorded as goodwill.

(b) Adjustment to reflect the elimination of interest income on the cash used in connection with the Acquisition, including the cash portion of the purchase price and the repayment of Hall-Mark bank debt, at an estimated average annual interest rate of 4.50%.

(c) Adjustment to reflect: (1) the amortization of estimated goodwill determined on a straight-line basis over 40 years resulting from the purchase accounting related to the Acquisition, (2) the cost of operating leases associated with the leasing of additional computer hardware, (3) the reversal of amortization and similar expenses in connection with the write-off of certain Hall-Mark assets, and (4) the amortization of deferred financing costs resulting from proposed borrowings discussed in note (d) below.

(d) Adjustment to reflect the net increase (reduction) in interest expense, based upon a presumption of, but not a commitment for, the execution of the two transactions described below:

	Year ended June 30, 1993 (In Thousands)
Proposed issuance of $100.0 million of ten-year senior notes at an assumed interest rate of 6.50% and $41.0 million of short-term borrowings at an assumed interest rate of 3.50%	$7,946
Elimination of certain Hall-Mark debt based on actual interest expense incurred	(6,952)
Net increase in interest expense	$ 994

(e) Adjustments to reflect: (1) the effect on income taxes related to proforma adjustments to the condensed consolidated statement of income described above; and (2) the additional tax provision on Hall-Mark's historical income before income taxes to reflect Hall-Mark's estimated recurring income tax rate without utilization of pre-existing net operating losses.

(f) For the 12 months ended June 30, 1993, Hall-Mark's net income is before extraordinary items and the cumulative effect of a change in the method of accounting for income taxes.

(g) Assumes the issuance of 4,858,000 shares of Avnet Common Stock to consummate the Acquisition. Solely for the purpose of calculating Avnet's historical earnings per share for the 12 months ended June 30, 1993 and proforma earnings per share for the 12 months ended June 30, 1993, reflected in the statement above shares of common stock issuable upon the conversion of Avnet's 6% convertible subordinated debentures were considered common share equivalents, and the net interest expense applicable to such debentures was eliminated.

Item 7. (c) Exhibits
none

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVNET, INC.
(Registrant)

By: s/RAYMOND SADOWSKI

Raymond Sadowski
Senior Vice President and
Chief Financial Officer

Date:January 6, 1994

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