

Welcome to Avnet's Third Quarter Fiscal Year 2010 Teleconference and Webcast



April 29, 2010 2:00 p.m. Eastern Time

Safe Harbor Statement


- This presentation contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on management’s current expectations and are subject to uncertainty and changes in factual circumstances. The forward-looking statements herein include statements addressing future financial and operating results of Avnet and may include words such as “will,” “anticipate,” “expect,” “believe,” and “should” and other words and terms of similar meaning in connection with any discussions of future operating or financial performance or business prospects. Actual results may vary materially from the expectations contained in the forward-looking statements.
- The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the Company’s ability to retain and grow market share and to generate additional cash flow, risks associated with any acquisition activities and the successful integration of acquired companies, any significant and unanticipated sales decline, changes in business conditions and the economy in general, changes in market demand and pricing pressures, any material changes in the allocation of product or product rebates by suppliers, allocations of products by suppliers, other competitive and/or regulatory factors affecting the businesses of Avnet generally.
- More detailed information about these and other factors is set forth in Avnet’s filings with the Securities and Exchange Commission, including the Company’s reports on Form 10-K, Form 10-Q and Form 8-K. Avnet is under no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Business Highlights







Roy Vallee
Chairman & Chief Executive Officer

Q3 FY2010 Avnet Highlights


- Revenue grew 28.5% Y/Y and exceeded expectations at both operating groups for third consecutive quarter
- Gross profit margin improved seq at both operating groups
- Operating income⁽¹⁾  grew 3.4x faster than revenue Y/Y
- Return on capital employed more than doubled Y/Y to 15%
 - In line with long-term business model
- Agreement to acquire Bell Microproducts, Inc.

• (1) Excludes restructuring, integration and other charges

Q3 FY2010 EM Highlights

- Sales of \$2.89B exceeded revised expectations
 - Better than normal seasonality in all three regions
- Gross profit margin improved seq in all 3 regions
- Operating income margin  134 basis points seq,
 216 basis points Y/Y
- 4th consecutive quarter of record working capital velocity
 - Record inventory turns at 7.4 times
- ROWC  901 bps points seq and  >1,800 bps Y/Y
 - In line with long term business model

Q3 FY2010 TS Highlights

- Sales of \$1.87B exceeded expectations for third quarter in a row
 - Year over year growth rate accelerated to 16.6% Y/Y
- Operating income margin  in all 3 regions Y/Y
- ROWC > 30% hurdle rate for 4th consecutive quarter
 - In line with long-term business model
- Investing in emerging markets both organically and through value-creating M&A

Financial Overview



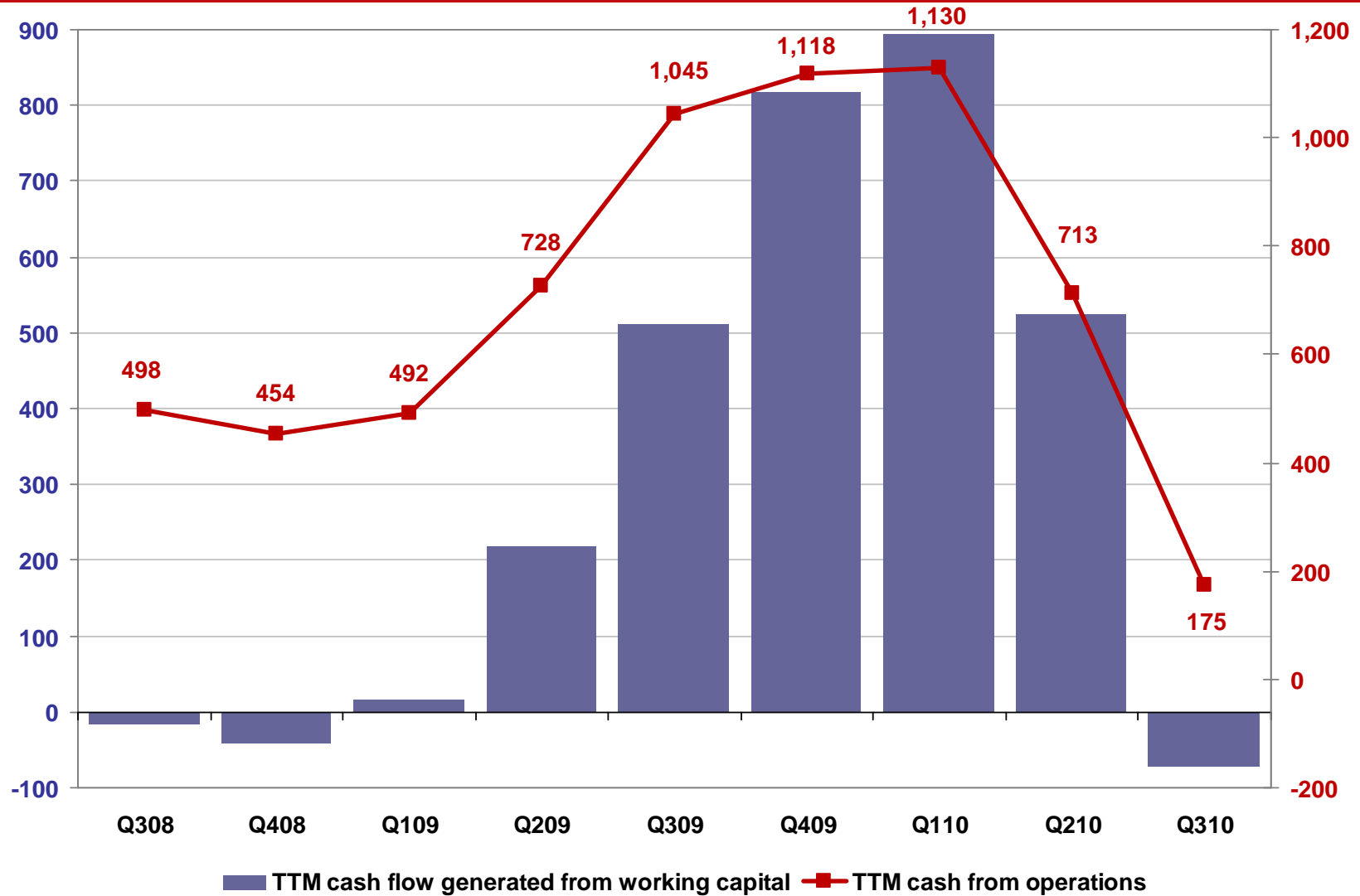
Ray Sadowski
Chief Financial Officer

P&L Summary: Q3 Year-over-Year

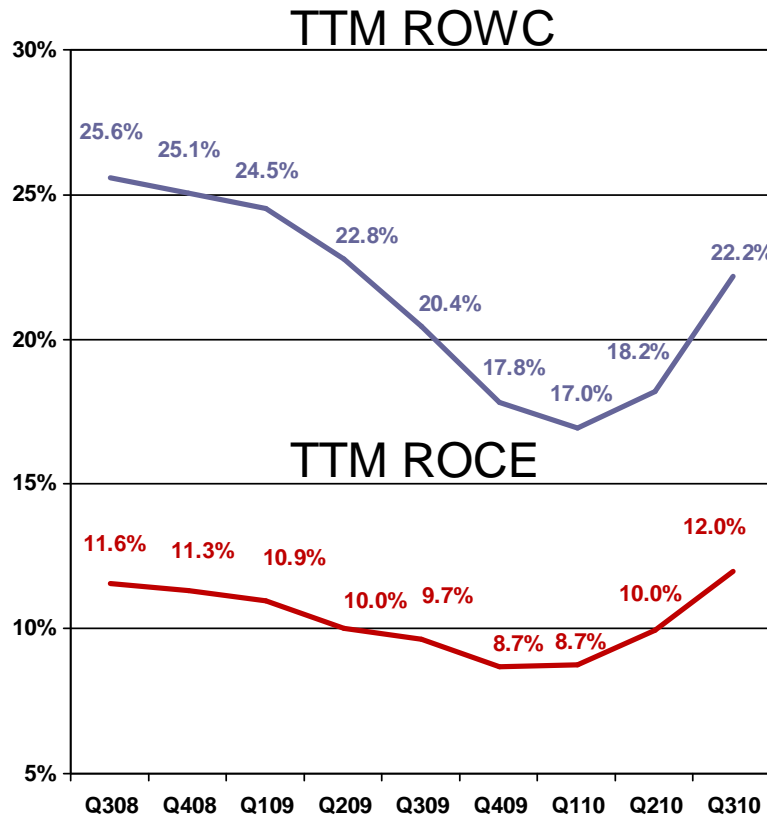
(\$ In Millions, Except Per Share Information)



	<u>Q3 FY10</u>	<u>Q3 FY09</u>	<u>Change</u>
Sales	\$4,756.8	\$3,700.8	\$1,056.0
Gross profit	582.8	462.5	120.3
<i>Gross profit margin</i>	12.3%	12.5%	
Operating expenses	408.2	374.3	33.9
Operating income	174.6	88.2	86.4
<i>Operating income margin</i>	3.7%	2.4%	
Taxes	44.9	17.4	27.5
<i>Effective tax rate</i>	28.0%	28.0%	
Net income excluding certain items	\$115.8	\$44.8	\$71.0
EPS excluding certain items	\$0.76	\$0.30	\$0.46
<hr/>			
GAAP net income	\$114.5	\$15.8	\$98.7
GAAP EPS	\$0.75	\$0.10	\$0.65

Generating Solid Cash Flow



Strong Financial Position



- ROWC  1,419 basis points y/y to 27% for the quarter
- ROCE  756 basis points y/y to 15% for the quarter, in the range of our long term business model
- Maintained investment grade credit statistics
- Available liquidity of \$1.5 billion

Note: The income component of the ROCE calculation above excludes restructuring, integration, goodwill impairment and other items in all periods. The equity component of the ROCE calculation includes restructuring, integration, goodwill impairment and other items in all periods. See Non-GAAP Results for explanation of ROCE calculation.

June 2010 Quarter (Q4 FY10)

- Group Revenue
 - EM: \$2.85 to \$3.15 billion, up 3.9% sequentially at midpoint
 - TS: \$1.85 to \$2.15 billion, up 7.0% sequentially at midpoint
- Enterprise Revenue: \$4.70 to \$5.30 billion, up 5.1%⁽¹⁾ sequentially at midpoint
- Non-GAAP EPS⁽²⁾ : \$0.76 to \$0.84

(1) The above guidance assumes that the average Euro to U.S. Dollar currency exchange rate for the fourth quarter of fiscal 2010 is \$1.35 to €1.00.

(2) Excludes restructuring and integration charges related to costs reductions and acquisitions.



Question and Answer Session

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Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported third quarter fiscal year 2010 and 2009 results adjusted for restructuring, integration and other charges are presented below:

Third Quarter Ended Fiscal 2010				
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 167,220	\$ 156,594	\$ 114,505	\$ 0.75
Restructuring, integration and other charges.....	7,347	7,347	5,587	0.04
Gain on sale of assets.....	-	(3,202)	(1,987)	(0.01)
Net tax benefit.....	-	-	(2,303)	(0.02)
Total adjustments.....	7,347	4,145	1,297	0.01
Adjusted results	\$ 174,567	\$ 160,739	\$ 115,802	0.76

Third Quarter Ended Fiscal 2009				
	Op Income	Pre-tax	Net Income	EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results (1)	\$ 55,570	\$ 25,846	\$ 15,796	\$ 0.10
Restructuring, integration and other charges.....	32,679	32,679	22,272	0.15
Additional tax reserves.....	-	-	4,474	0.03
Retrospective application of accounting standard.....	(97)	3,655	2,228	0.02
Total adjustments.....	32,582	36,334	28,974	0.20
Adjusted results	\$ 88,152	\$ 62,180	\$ 44,770	\$ 0.30

(1) As adjusted for the retrospective application of an accounting standard.

Non-GAAP Results and Regulation G

- Pro forma or Organic revenue is defined as revenue adjusted for the impact of acquisitions to include the revenue recorded by these businesses as if the acquisitions had occurred at the beginning of fiscal 2009. Revenue adjusted for this impact is presented below:

	<u>Revenue as Reported</u>	<u>Acquisition Revenue</u> <i>(in thousands)</i>	<u>Pro forma Revenue</u>
Q1 Fiscal 2010.....	\$ 4,355,036	\$ 15,464	\$ 4,370,500
Q2 Fiscal 2010.....	4,834,524	4,820	4,839,344
Q3 Fiscal 2010.....	4,756,786	-	4,756,786
YTD Fiscal year 2010.....	<u>\$ 13,946,346</u>	<u>\$ 20,284</u>	<u>\$ 13,966,630</u>
Q1 Fiscal 2009.....	\$ 4,494,450	\$ 180,494	\$ 4,674,944
Q2 Fiscal 2009.....	4,269,178	146,057	4,415,235
Q3 Fiscal 2009.....	3,700,836	12,778	3,713,614
Q4 Fiscal 2009.....	3,765,432	11,623	3,777,055
Fiscal year 2009.....	<u>\$ 16,229,896</u>	<u>\$ 350,952</u>	<u>\$ 16,580,848</u>

Non-GAAP Results and Regulation G

References to restructuring and other charges, debt extinguishment costs and other items and/or the exclusion thereof refer to the following charges taken in the quarters indicated (with reference to the appropriate SEC filing in which further disclosure of these charges first appeared). All other quarters had no such charges recorded:

- Q3 FY10 – Restructuring, integration and other charges totaled \$7.3 million pre-tax, \$5.6 after tax and \$0.04 per share on a diluted basis. The Company recognized a gain on the sale of assets amounting to \$3.2 million pre-tax, \$2.0 million after tax and \$0.01 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company's prior equity investment in Calence. The Company also recognized a net tax benefit of \$2.3 million and \$0.02 per share on a diluted basis related to adjustments for a prior year tax return and a benefit from a favorable income tax audit settlement partially offset by additional tax reserves for existing tax positions. (Form 8-K filed April 29, 2010)
- Q2 FY10 – The Company recognized a gain on the sale of assets amounting to \$5.5 million pre-tax, \$3.4 million after tax and \$0.02 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company's prior equity investment in Calence. (Form 8-K filed January 28, 2010 and Form 10-Q filed January 29, 2010)
- Q1 FY10 – Restructuring, integration and other charges totaled \$18.1 million pre-tax, \$13.2 million after tax and \$0.09 per share on a diluted basis. The Company also recognized a net increase in taxes of \$3.1 million, or \$0.02 per share on a diluted basis, related to an adjustment for a prior year tax return and additional tax reserves, net of a benefit from a favorable income tax audit settlement. (Form 8-K filed October 29, 2009 and Form 10-Q filed October 30, 2009)
- Q4 FY09 – Non-cash goodwill impairment charges totaled \$62.3 million pre- and after tax and \$0.41 per share. Restructuring, integration and other charges totaled \$43.5 million pre-tax, \$25.3 million after tax and \$0.17 per share, which included income of \$3.2 million pre-tax related to acquisition adjustments. Company also recognized a gain of \$14.3 million pre-tax, \$8.7 million after tax and \$0.06 per share related to the prior sale of an equity investment. (Form 8-K filed August 5, 2009 and Form 10-K filed August 25, 2009)
- Q3 FY09 – Restructuring, integration and other charges totaled \$32.7 million pre-tax, \$22.3 million after tax and \$0.15 per share, consisting of restructuring and integration charges of \$30.7 million pre-tax, other charges related to acquisition adjustments of \$2.0 million pre-tax and additional tax reserves of \$4.5 million pre-tax or \$0.03 per share. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to the retrospective application to prior periods, the Company recognized incremental pre-tax non-cash interest expense of \$3.8 million and also recognized a reduction in pre-tax deferred financing amortization cost of \$0.1 million. The total impact of the retrospective application on third quarter of fiscal 2009 was incremental charges of \$3.7 million pre-tax, \$2.2 million after tax and \$0.02 per share on a diluted basis. (Form 8-K filed April 23, 2009, Form 10-Q filed May 5, 2009 and Filed 8-K filed April 29, 2010)
- Q2 FY09 – Restructuring, integration and other charges totaled \$13.1 million pre-tax, \$10.0 million after tax and a \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$11.1 million pre-tax and a loss on a liquidated investment of \$2.0 million pre-tax. The Company also recognized a net tax benefit of \$27.3 million, or \$0.18 per share on a diluted basis, primarily related to the settlement of income tax audits in Europe. The Company also recorded an impairment charge of \$1.349 billion pre-tax, \$1.315 billion after tax and \$8.72 per share. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to retrospective application to prior periods, it resulted in incremental pre-tax non-cash interest expense of \$4.3 million. The Company also recognized a reduction in pre-tax deferred financing amortization cost of \$0.1 million. Total impact of the retrospective application on second quarter fiscal 2009 was incremental charges of \$4.2 million pre-tax, \$2.6 million after tax and \$0.02 per share. (Form 8-K filed January 23, 2009, Form 10-Q filed February 10, 2009 and Form 8-K filed January 28, 2010)

Non-GAAP Results and Regulation G

References to restructuring and other charges, debt extinguishment costs and other items and/or the exclusion thereof refer to the following charges taken in the quarters indicated (with reference to the appropriate SEC filing in which further disclosure of these charges first appeared). All other quarters had no such charges recorded:

- Q1 FY09 – Restructuring, integration and other charges, amounted to \$10.0 million pre-tax, \$8.9 million after tax and \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$5.1 million pre-tax, intangible asset amortization of \$3.8 million pre-tax and a decline in market value of an investment of \$1.1 million pre-tax. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to retrospective application to prior periods, it resulted in incremental pre-tax non-cash interest expense of \$4.1 million. The Company also recognized a reduction in pre-tax deferred financing amortization cost of \$0.1 million. Total impact of the retrospective application on first quarter fiscal 2009 was incremental charges of \$4.0 million pre-tax, \$2.5 million after tax and \$0.02 per share on a diluted basis. (Form 8-K filed October 23, 2008, Form 10-Q filed November 4, 2008 and Form 8-K filed October 29, 2009)
- Q4 FY08 – (1) Restructuring, integration and other charges, amounted to \$28.1 million pre-tax, \$23.9 million after tax and \$0.16 per share on a diluted basis; (2) gain on sale of an investment amounted to \$42.4 million pre-tax, \$25.9 million after tax and \$0.17 per share on a diluted basis; and (3) net reduction of tax reserves amounted to \$13.9 million, \$0.09 per share on a diluted basis. (Form 8-K filed August 6, 2008 and Form 10-K filed August 27, 2008)
- Q3 FY08 – Restructuring, integration and other charges, amounted to \$10.9 million pre-tax, \$7.5 million after tax and \$0.05 per share on a diluted basis. (Form 8-K filed April 24, 2008 and Form 10-Q filed May 7, 2008)
- The Company occasionally refers to comparative results in both reported dollars and constant dollars. Reported dollars reflect the GAAP results while constant dollars reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.
- Return on Capital Employed (ROCE) is defined as annualized tax effected operating income, excluding restructuring, integration, impairment charges and other items, divided by the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, impairment charges and other items) less cash and cash equivalents.
- Return on Working Capital (ROWC) is defined as annualized sales divided by the monthly average balances of receivables plus inventory less accounts payable.
- Operating income drop through is defined as the portion of gross profit dollar growth that drops through to the operating income line.
- Working capital is defined as accounts receivable plus inventory less accounts payable.

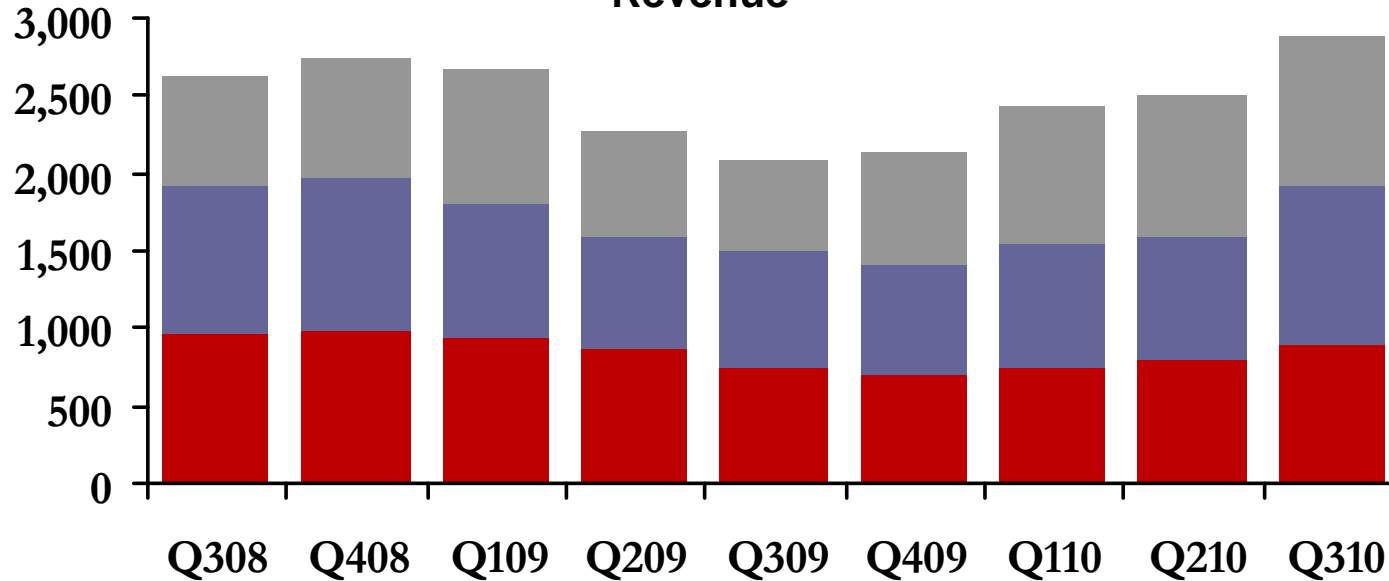
Appendix



EM Revenue

(in millions)

Revenue



■ Americas ■ EMEA ■ Asia

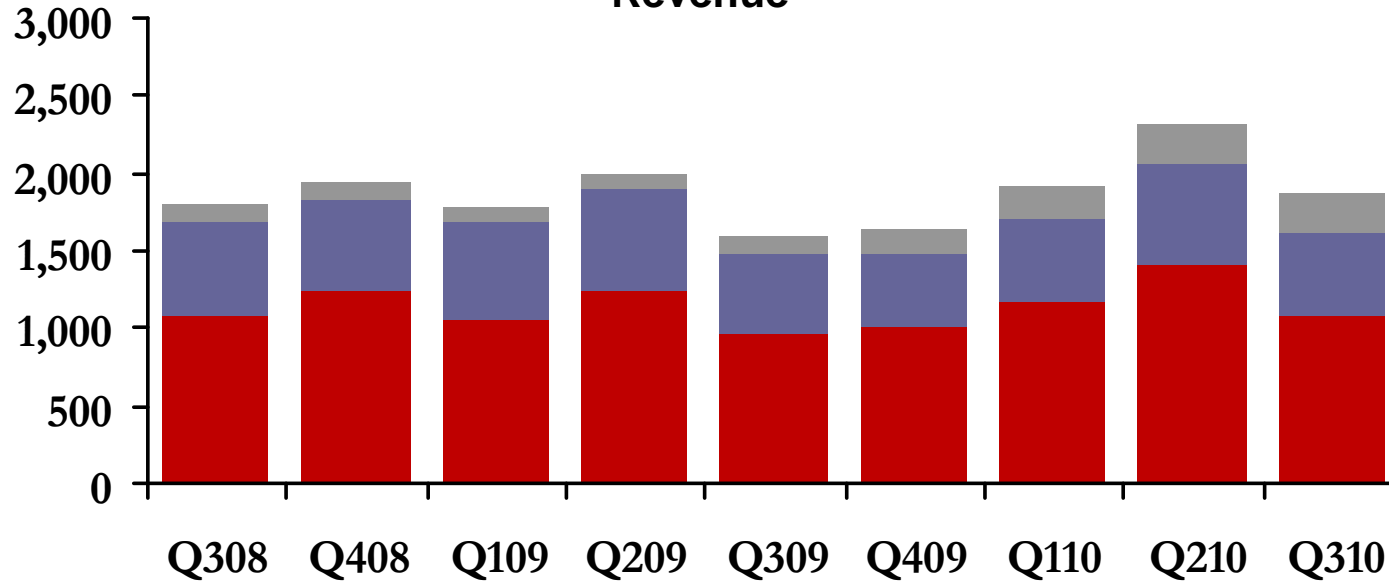
	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
Americas	\$ 0.96	\$ 0.97	\$ 0.95	\$ 0.87	\$ 0.76	\$ 0.71	\$ 0.76	\$ 0.79	\$ 0.90
EMEA	0.97	1.01	0.88	0.72	0.74	0.69	0.79	0.80	1.02
Asia	0.69	0.75	0.87	0.68	0.60	0.73	0.89	0.93	0.97
Total	\$ 2.62	\$ 2.73	\$ 2.70	\$ 2.27	\$ 2.10	\$ 2.13	\$ 2.44	\$ 2.52	\$ 2.89

(in billions)

TS Revenue

(in millions)

Revenue



■ Americas ■ EMEA ■ Asia

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
Americas	\$ 1.07	\$ 1.23	\$ 1.06	\$ 1.25	0.95	1.02	1.16	1.40	1.08
EMEA	0.62	0.59	0.62	0.65	0.52	0.46	0.56	0.67	0.53
Asia	0.11	0.13	0.11	0.10	0.13	0.16	0.20	0.25	0.26
Total	\$ 1.80	\$ 1.95	\$ 1.79	\$ 2.00	\$ 1.60	\$ 1.64	\$ 1.92	\$ 2.32	\$ 1.87

(in billions)