Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the United States (“GAAP”), the Company also discloses in this document certain non-GAAP financial information including adjusted operating income, adjusted net income and adjusted diluted earnings per share, as well as revenue adjusted for the impact of acquisitions and other items (as defined in the Pro forma (Organic) Revenue section of this release). Management believes pro forma revenue is a useful measure for evaluating current period performance as compared with prior periods and for understanding underlying trends.

Management believes that operating income adjusted for restructuring, integration and other items is a useful measure to help investors better assess and understand the Company’s operating performance, especially when comparing results with previous periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of Avnet's normal operating results. Management analyzes operating income without the impact of these items as an indicator of ongoing margin performance and underlying trends in the business. Management also uses these non-GAAP measures to establish operational goals and, in some cases, for measuring performance for compensation purposes.

Management believes net income and EPS adjusted for the impact of the items described above is useful to investors because it provides a measure of the Company’s net profitability on a more comparable basis to historical periods and provides a more meaningful basis for forecasting future performance. Additionally, because of management’s focus on generating shareholder value, of which net profitability is a primary driver, management believes net income and EPS excluding the impact of these items provides an important measure of the Company’s net results of operations for the investing public.

Other metrics management monitors in its assessment of business performance include return on working capital (ROWC), return on capital employed (ROCE) and working capital velocity (WC velocity).

- ROWC is defined as annualized operating income, excluding restructuring, integration and other items, divided by the sum of the monthly average balances of receivables and inventory less accounts payable.
- ROCE is defined as annualized, tax affected operating income, excluding restructuring, integration and other items, divided by the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, and other items) less cash and cash equivalents.
- WC velocity is defined as annualized sales divided by the sum of the monthly average balances of receivables and inventory less accounts payable.

However, analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

Fiscal Year 2012

	Fourth Quarter Ended Fiscal 2012				Fiscal Year Ended Fiscal 2012			
	Op Income	Pre-tax	Net Income	Diluted EPS	Op Income	Pre-tax	Net Income	Diluted EPS
	$ in thousands, except per share data							
GAAP results	**$ 213,438**	**$ 186,004**	**$ 133,404**	**$ 0.91**	**$ 884,165**	**$ 790,782**	**$ 567,019**	**$ 3.79**
Restructuring, integration and other charges	20,471	20,471	15,708	0.11	73,585	73,585	52,963	0.35
Gain on bargain purchase and other	-	143	143	-	-	(2,918)	(3,463)	(0.02)
Net tax benefit	-	-	(3,987)	(0.03)	-	-	(8,616)	(0.06)
Total adjustments	20,471	20,614	11,864	0.08	73,585	70,667	40,884	0.27
Adjusted results	**$ 233,909**	**$ 206,618**	**$ 145,268**	**$ 0.99**	**$ 957,750**	**$ 861,449**	**$ 607,903**	**$ 4.06**

Items impacting the fourth quarter of 2012 consisted of the following (see the Notes to Consolidated Statements of Operations later in this release for further discussion):

- restructuring, integration and other charges of $20.5 million pre-tax, which included $6.7 million of other charges related to legal claims;
- a small adjustment to the gain on bargain purchase related to the business in Japan acquired in the third quarter; and
- a net tax benefit of $4.0 million, which is comprised of (i) a tax benefit of $26.3 million for the release of tax reserves against deferred tax assets that were determined to be realizable during the fourth quarter of fiscal 2012, partially offset by (ii) a tax provision of $22.3 million primarily related to the impact of withholding tax related to legal entity reorganizations and the establishment of tax reserves against deferred tax assets that were determined to be unrealizable during the fourth quarter of fiscal 2012.

Items impacting the full fiscal year 2012 consisted of the following (see the Notes to Consolidated Statements of Operations later in this release for further discussion):

- restructuring, integration and other charges of $73.6 million pre-tax, which included $6.7 million of other charges related to legal claims;
- a gain on bargain purchase and other of $2.9 million pre-tax related to the business in Japan acquired in the third quarter; and
- a net tax benefit of $8.6 million, which is comprised of (i) a tax benefit of $30.8 million for the release of tax reserves against deferred tax assets that were determined to be realizable, partially offset by (ii) a tax provision of $22.2 million related to changes to existing tax positions, withholding tax related to legal entity reorganizations and the establishment of tax reserves against certain deferred tax assets partially offset by net favorable audit settlements.

Fiscal Year 2011

	Fourth Quarter Ended Fiscal 2011				Fiscal Year Ended Fiscal 2011			
	Op Income	Pre-tax	Net Income	Diluted EPS	Op Income	Pre-tax	Net Income	Diluted EPS
	$ in thousands, except per share data							
GAAP results	**$ 267,178**	**$ 250,012**	**$ 238,830**	**$ 1.54**	**$ 929,979**	**$ 870,966**	**$ 669,069**	**$ 4.34**
Restructuring, integration and other charges	3,724	3,724	3,293	0.02	77,176	77,176	56,169	0.36
Gain on bargain purchase and other	-	-	-	-	-	(22,715)	(25,720)	(0.17)
Net tax benefit	-	-	(52,726)	(0.34)	-	-	(32,901)	(0.21)
Total adjustments	3,724	3,724	(49,433)	(0.32)	77,176	54,461	(2,452)	(0.02)
Adjusted results	**$ 270,902**	**$ 253,736**	**$ 189,397**	**$ 1.22**	**$1,007,155**	**$ 925,427**	**$ 666,617**	**$ 4.32**

Items impacting the fourth quarter of 2011 consisted of the following (see the Notes to Consolidated Statements of Operations later in this release for further discussion):

- restructuring, integration and other charges of $7.3 million pre-tax related to the integration of businesses acquired, net of a credit of $3.6 million pre-tax related to the reversal of restructuring and purchase accounting reserves established in prior years; and
- a net tax benefit of $52.7 million related primarily to the release of tax reserves against deferred tax assets that were determined to be realizable during the fourth quarter of fiscal 2011.

Items impacting the full fiscal year 2011 consisted of the following (see the Notes to Consolidated Statements of Operations later in this release for further discussion):

- restructuring, integration and other charges of $88.4 million pre-tax related to the acquisition and integration of businesses acquired during fiscal 2011, net of a credit of $11.3 million pre-tax related to the reversal of restructuring and purchase accounting reserves established in prior years;
- a gain on bargain purchase and other of $22.7 million pre-tax related primarily to the acquisition of a business in Japan in fiscal 2011; and
- a net tax benefit of $32.9 million related primarily to the release of tax reserves against deferred tax assets that were determined to be realizable and, to a lesser extent, net favorable audit settlements, partially offset by changes to existing tax positions.

Quarterly Reconciliations

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:

Q4FY12 – Restructuring, integration and other charges of $20.5 million pre-tax, which included $6.7 million of other charges related to legal claims; a small adjustment to the gain on bargain purchase related to the business in Japan acquired in the third quarter; and a net tax benefit of $4.0 million, which is comprised of (i) a tax benefit of $26.3 million for the release of tax reserves against deferred tax assets that were determined to be realizable during the fourth quarter of fiscal 2012, partially offset by (ii) a tax provision of $22.3 million primarily related to the impact of withholding tax related to legal entity reorganizations and the establishment of tax reserves against deferred tax assets that were determined to be unrealizable during the fourth quarter of fiscal 2012. (Form 8-K filed August 8, 2012)

Q3FY12 - Restructuring, integration and other charges of $18.6 million pre-tax related to cost reduction actions initiated during the third quarter and acquisition and integration charges associated with acquired businesses. The charges consisted of $6.7 million for severance, $3.1 million for facility exit costs and fixed asset write downs, $4.0 million for integration costs, $4.2 million for acquisition transaction costs, $1.4 million for other restructuring charges, and a reversal of $0.8 million to adjust prior year restructuring reserves; a gain on the bargain purchase of $4.5 million pre- and after tax related to an acquisition for which the gain was not taxable; and an income tax adjustment of $5.2 million related primarily to the combination of favorable audit settlements, certain reserve releases and the release of a valuation allowance on deferred tax assets which were determined to be realizable. (Form 8-K filed April 26, 2012 and Form 10-Q filed April 27, 2012)

Q2FY12 - Restructuring, integration and other charges of $34.5 million pre-tax related to cost reduction actions initiated during the second quarter and acquisition and integration charges associated with acquired businesses. The charges consisted of $19.8 million for severance, $7.4 million for facility exit costs, $3.4 million for integration costs, $3.1 million for transaction costs, $1.7 million for other restructuring charges, and a reversal of $0.9 million to adjust prior year restructuring reserves. Other costs include $1.4 million pre-tax related to the write-down of a small investment and the write-off of deferred financing costs associated with the early retirement of a credit facility; and an income tax adjustment of $0.5 million primarily related to the combination of a favorable audit settlement and release of a valuation allowance on certain deferred tax assets which were determined to be realizable, mostly offset by changes to existing tax positions primarily for transfer pricing. (Form 8-K filed January 26, 2012 and Form 10-Q filed January 27, 2012)

Q1FY12 - Restructuring, integration and other charges of $28.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses and consisted of $10.8 million for transaction costs associated with the recent acquisitions, $8.3 million for severance, $7.3 million for integration-related costs, $2.4 million for facility exit related costs and other charges, and a reversal of $0.7 million to adjust prior year restructuring reserves. A gain on the bargain purchase of $31.0 million pre-and after tax related to the Unidux acquisition for which the gain was not taxable partially offset by $2.0 million pre-tax of charges primarily related to the write down of two buildings in EMEA; and an income tax adjustment of $13.9 million primarily related to the non-cash write-off of a deferred tax asset associated with the integration of an acquisition.

Q4FY11 - Restructuring, integration and other charges of $7.3 million pre-tax related to the integration of businesses acquired; a credit of $3.6 million pre-tax related to the reversal of restructuring and purchase accounting reserves established in prior years; and a tax benefit of $52.7 million related primarily to the release of tax reserves against deferred tax assets that were determined to be realizable during the fourth quarter of fiscal 2011 (Form 8-K filed August 10, 2011 and Form 10-K filed August 12, 2011)

Q3 FY11 - Restructuring, integration and other charges of $16.3 million pre-tax were incurred in connection with the acquisition and integration of acquired businesses. A loss on investments of $6.3 million pre-tax related to the write down of investments in smaller technology start-up companies and income tax adjustments of $3.0 million primarily related to uncertainty surrounding deferred tax assets, additional transfer pricing exposure and audit settlements. (Form 8-K filed April 28, 2011 and Form 10-Q filed April 29, 2011)

Q2FY11 - Restructuring, integration and other charges of $29.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses and consisted of $10.6 million pre-tax for severance, $11.5 million pre-tax for facility exit related costs, fixed asset write downs and other related charges, $8.8 million pre-tax for integration-related costs, $1.3 million pre-tax for transaction costs associated with acquisitions, $0.4 million pre-tax for other charges, and a reversal of $3.5 million to adjust prior year restructuring reserves; and income tax adjustments of $2.9 million primarily related to uncertainty surrounding deferred tax assets and additional transfer pricing exposure. (Form 8-K Filed January 27, 2011 and Form 10-Q filed January 28, 2011)

Q1FY11 - Restructuring, integration and other charges of $28.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses. A gain on the bargain purchase of $31.0 million pre-and after tax related to the Unidux acquisition for which the gain was not taxable partially offset by $2.0 million pre-tax of charges primarily related to the write down of two buildings in EMEA; and an income tax adjustment of $13.9 million primarily related to the non-cash write-off of a deferred tax asset associated with the integration of an acquisition. (Form 8-K filed October 28, 2010 and Form 10-Q filed October 29, 2010)