

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 press release 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 (“pro forma revenue” or “organic revenue”). 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. 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 2010

	Fiscal Year Ended 2010			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 635,600	\$ 585,083	\$ 410,370	\$ 2.68
Restructuring, integration and other	25,419	25,419	18,789	0.12
Gain on sale of assets.....	-	(8,751)	(5,370)	(0.03)
Net reduction in tax reserves.....	-	-	842	0.01
Total adjustments.....	25,419	16,668	14,261	0.09 (1)
Adjusted results	\$ 661,019	\$ 601,751	\$ 424,631	\$ 2.77

⁽¹⁾ EPS does not foot due to rounding.

Items impacting the full fiscal year 2010 consisted of the following:

- restructuring, integration and other charges of \$25.4 million pre-tax, of which \$18.9 million pre-tax related to the Company’s previously announced cost reduction actions and integration of businesses, \$6.5 million pre-tax for a value-added tax exposure in Europe, \$3.2 million of acquisition-related costs and a credit of \$3.2 million related to the reversal of restructuring reserves established in prior periods;

- a gain of \$8.8 million pre-tax associated with the prior sale of its equity investment in Calence LLC; and
- a net increase in taxes of \$0.8 million related to adjustments for prior year tax returns and additional tax reserves, net of a benefit from a favorable income tax audit settlement.

Fourth Quarter and Fiscal Year 2009

	Fourth Quarter Ended Fiscal 2009				Fiscal Year Ended 2009			
	Op Income	Pre-tax	Net Income	Diluted EPS	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>							
GAAP results (1)	\$ (20,534)	\$ (24,220)	\$ (30,878)	\$ (0.20)	\$ (1,018,998)	\$ (1,094,968)	\$ (1,129,712)	\$ (7.49)
Impairment charges.....	62,282	62,282	62,282	0.41	1,411,127	1,411,127	1,376,983	9.13
Restructuring, integration and other	43,523	43,523	25,304	0.17	99,342	99,342	65,310	0.43
Gain on sale of assets.....	-	(14,318)	(8,727)	(0.06)	-	(14,318)	(8,727)	(0.06)
Net reduction in tax reserves.....	-	-	-	-	-	-	(21,672)	(0.14)
Retrospective application of accounting standard.....	-	-	-	-	(291)	11,894	7,250	0.05
Total adjustments.....	105,805	91,487	78,859	0.52	1,510,178	1,508,045	1,419,144	9.41
Adjusted results	\$ 85,271	\$ 67,267	\$ 47,981	\$ 0.32	\$ 491,180	\$ 413,077	\$ 289,432	\$ 1.92

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

Items impacting fourth quarter of fiscal 2009 consisted of the following:

- goodwill impairment charges of \$62.3 million pre-tax as a result of the Company's annual impairment test performed in the fourth quarter of fiscal 2009;
- restructuring, integration and other items of \$46.7 million pre-tax related to the Company's previously announced cost reduction actions and integration of businesses, offset by income of \$3.2 million pre-tax related to acquisition adjustments recognized after the end of the allocation period; and
- a gain of \$14.3 million pre-tax associated with the prior sale of its equity investment in Calence LLC.

Items impacting the full fiscal year 2009 consisted of the following:

- goodwill and intangible asset impairment charges of \$1.41 billion pre-tax as a result of an interim impairment test performed during the second quarter of fiscal 2009 as well as an additional goodwill impairment charge recorded during the fourth quarter due to the global economic downturn;
- restructuring, integration and other items of \$99.3 million pre-tax consisting of \$93.6 million pre-tax related to the Company's previously announced cost reduction actions and integration of businesses, loss on investments of \$3.1 million pre-tax, incremental intangible amortization of \$3.8 million pre-tax and income of \$1.2 million pre-tax related to acquisition adjustments recognized after the end of the allocation period;
- a gain of \$14.3 million pre-tax associated with the prior sale of its equity investment in Calence LLC;
- a net tax benefit of \$21.7 million primarily related to the settlement of income tax audits in Europe; and
- an incremental charge of \$11.9 million pre-tax, primarily non-cash interest expense, related to the retrospective application of an accounting standard which changed the accounting for convertible debt that may be settled in cash (see Notes to the Consolidated Statements of Operations beginning on page 13 of this press release for further information).

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:

Q4FY10 - Restructuring, integration and other charges of \$25.4 million pre-tax, of which \$18.9 million pre-tax related to the Company's previously announced cost reduction actions and integration of businesses, \$6.5 million pre-tax for a value-added tax exposure in Europe, \$3.2 million of acquisition-related costs and a credit of \$3.2 million related to the reversal of restructuring reserves established in prior periods; a gain of \$8.8 million pre-tax associated with the prior sale of its equity investment in Calence LLC; and a net increase in taxes of \$0.8 million related to adjustments for prior year tax returns and additional tax reserves, net of a benefit from a favorable income tax audit settlement. (Form 8-K filed August 11, 2010 and Form 10-K filed August 13, 2010)

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 and Form 10-Q filed April 30, 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. (Form 8-K filed April 23, 2009 and Form 10-Q filed May 5, 2009)

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 \$97k. 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)

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 \$97k. 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)

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.