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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended October 3, 2015**

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**Commission File #1-4224**

**AVNET, INC.**

Incorporated in New York

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IRS Employer Identification No. 11-1890605  
2211 South 47<sup>th</sup> Street, Phoenix, Arizona 85034  
(480) 643-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer     Accelerated filer     Non-accelerated filer     Smaller Reporting Company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 22, 2015, the total number of shares outstanding of the registrant's Common Stock was 132,007,717 shares, net of treasury shares.

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AVNET, INC. AND SUBSIDIARIES  
INDEX

	<u>Page No.</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets at October 3, 2015 and June 27, 2015</u>	2
<u>Consolidated Statements of Operations for the first quarters ended October 3, 2015 and September 27, 2014</u>	3
<u>Consolidated Statements of Comprehensive Income for the first quarters ended October 3, 2015 and September 27, 2014</u>	4
<u>Consolidated Statements of Cash Flows for the first quarters ended October 3, 2015 and September 27, 2014</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	24
<u>Item 4. Controls and Procedures</u>	24
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	24
<u>Item 1A. Risk Factors</u>	25
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	26
<u>Item 6. Exhibits</u>	27
<u>Signature Page</u>	28

**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

	<b>October 3, 2015</b>	<b>June 27, 2015</b>
<b>(Thousands, except share amounts)</b>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 824,695	\$ 932,553
Receivables, less allowances of \$76,376 and \$80,721, respectively	4,903,250	5,054,307
Inventories	2,805,012	2,482,183
Prepaid and other current assets	181,566	173,030
Total current assets	8,714,523	8,642,073
Property, plant and equipment, net	579,471	568,779
Goodwill	1,266,337	1,278,756
Intangible assets, net	90,906	99,731
Other assets	213,219	210,614
Total assets	\$ 10,864,456	\$ 10,799,953
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 1,036,413	\$ 331,115
Accounts payable	3,339,844	3,338,052
Accrued expenses and other	583,998	603,129
Total current liabilities	4,960,255	4,272,296
Long-term debt	1,075,752	1,646,501
Other liabilities	197,178	196,135
Total liabilities	6,233,185	6,114,932
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Common stock \$1.00 par; authorized 300,000,000 shares; issued 132,174,142 shares and 135,496,472 shares, respectively	132,174	135,496
Additional paid-in capital	1,430,044	1,408,422
Retained earnings	3,548,669	3,582,599
Accumulated other comprehensive loss	(479,219)	(441,038)
Treasury stock at cost, 30,473 shares and 31,901 shares, respectively	(397)	(458)
Total shareholders' equity	4,631,271	4,685,021
Total liabilities and shareholders' equity	\$ 10,864,456	\$ 10,799,953

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands, except per share amounts)</b>	
Sales	\$ 6,969,694	\$ 6,839,587
Cost of sales	6,178,218	6,044,124
Gross profit	791,476	795,463
Selling, general and administrative expenses	558,556	583,946
Restructuring, integration and other expenses	25,958	18,320
Operating income	206,962	193,197
Other expense, net	(5,854)	(1,493)
Interest expense	(23,602)	(23,400)
Income before income taxes	177,506	168,304
Income tax expense	47,252	40,358
Net income	\$ 130,254	\$ 127,946
Earnings per share:		
Basic	\$ 0.97	\$ 0.93
Diluted	\$ 0.96	\$ 0.91
Shares used to compute earnings per share:		
Basic	133,783	138,309
Diluted	136,326	140,850
Cash dividends paid per common share	\$ 0.17	\$ 0.16

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands)</b>	
Net income	\$ 130,254	\$ 127,946
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments and other	(40,248)	(205,732)
Pension adjustments, net	2,067	1,784
Total comprehensive income (loss)	<u>\$ 92,073</u>	<u>\$ (76,002)</u>

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands)</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 130,254	\$ 127,946
<b>Non-cash and other reconciling items:</b>		
Depreciation	23,683	23,134
Amortization	6,929	11,557
Deferred income taxes	3,381	10,290
Stock-based compensation	24,350	21,698
Other, net	16,492	17,715
<b>Changes in (net of effects from businesses acquired):</b>		
Receivables	105,249	41,525
Inventories	(324,513)	(165,851)
Accounts payable	18,135	(28,836)
Accrued expenses and other, net	(37,701)	(99,833)
Net cash flows used for operating activities	<u>(33,741)</u>	<u>(40,655)</u>
<b>Cash flows from financing activities:</b>		
Repayment of notes	(250,000)	—
(Repayments) borrowings under accounts receivable securitization program, net	(33,000)	60,000
Borrowings (repayments) of bank and revolving debt, net	418,551	(41,955)
Repurchases of common stock (Note 9)	(143,725)	(12,264)
Dividends paid on common stock	(22,612)	(22,116)
Other, net	(2,503)	(2,053)
Net cash flows used for financing activities	<u>(33,289)</u>	<u>(18,388)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(31,993)	(36,580)
Other, net	(39)	2,157
Net cash flows used for investing activities	<u>(32,032)</u>	<u>(34,423)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8,796)</u>	<u>(21,134)</u>
<b>Cash and cash equivalents:</b>		
— (decrease)	(107,858)	(114,600)
— at beginning of period	932,553	928,971
— at end of period	<u>\$ 824,695</u>	<u>\$ 814,371</u>

See notes to consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of presentation and new accounting pronouncements**

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly Avnet, Inc.'s and its consolidated subsidiaries' (the "Company" or "Avnet") financial position, results of operations, comprehensive income and cash flows. All such adjustments are of a normal recurring nature.

The preparation of financial statements in accordance with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results may differ from these estimates.

Interim results of operations are not necessarily indicative of the results to be expected for the full fiscal year. The information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2015.

*Fiscal year*

The Company operates on a "52/53 week" fiscal year, and fiscal 2016 contains 53 weeks compared to fiscal 2015, which contained 52 weeks. As a result, the first quarter of fiscal 2016 ended October 3, 2015 contained 14 weeks compared to the first quarter of fiscal 2015 ended September 27, 2014, which contained 13 weeks.

*New accounting pronouncements*

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), to supersede nearly all existing revenue recognition guidance under GAAP. The core principles of ASU 2014-09 are to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Application of the requirements of ASU 2014-09 may require more judgment and estimates within the revenue recognition process compared to existing GAAP. In July 2015, the FASB approved a one-year delay in the effective date of ASU 2014-09, which makes the effective date for the Company the first quarter of fiscal 2019. The Company may adopt the requirements of ASU 2014-09 using either of two acceptable adoption methods: (i) retrospective adoption to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) adoption with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined within ASU 2014-09. The Company is currently evaluating the impact of the future adoption of ASU 2014-09 on its consolidated financial statements, including the method of adoption to be used.

*Recently adopted accounting pronouncements*

In September 2015, the FASB issued Accounting Standards Update 2015-16, Business Combinations (Topic 805): *Simplifying the Accounting for Measurement-Period Adjustments*. The update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, including the cumulative effect of the change in provisional amount as if the accounting had been completed at the acquisition date. The Company early adopted this update during the three months ended October 3, 2015, with no impact to its consolidated financial statements.

During the three months ended October 3, 2015, there have been no additional new accounting pronouncements that are expected to significantly impact the Company's consolidated financial statements.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**2. Acquisitions and divestitures**

There were no acquisitions in the first quarter of fiscal 2016 or during fiscal 2015.

**3. Goodwill and intangible assets**

*Goodwill*

The following table presents the change in goodwill by reportable segment for the three months ended October 3, 2015. All of the accumulated impairment was recognized in fiscal 2009.

	<b>Electronics Marketing</b>	<b>Technology Solutions</b>	<b>Total</b>
	<b>(Thousands)</b>		
Gross goodwill	\$ 1,684,216	\$ 974,274	\$ 2,658,490
Accumulated impairment	(1,045,110)	(334,624)	(1,379,734)
Carrying value at June 27, 2015	<u>639,106</u>	<u>639,650</u>	<u>1,278,756</u>
Adjustments	—	—	—
Foreign currency translation	(7,106)	(5,313)	(12,419)
Carrying value at October 3, 2015	<u>\$ 632,000</u>	<u>\$ 634,337</u>	<u>\$ 1,266,337</u>
Gross goodwill	\$ 1,677,110	\$ 968,961	\$ 2,646,071
Accumulated impairment	(1,045,110)	(334,624)	(1,379,734)
Carrying value at October 3, 2015	<u>\$ 632,000</u>	<u>\$ 634,337</u>	<u>\$ 1,266,337</u>

*Intangible Assets*

The following table presents the Company's acquired intangible assets at October 3, 2015, and June 27, 2015, respectively. These intangible assets have a weighted average remaining useful life of approximately 5 years.

	<b>October 3, 2015</b>			<b>June 27, 2015</b>		
	<b>Acquired Amount</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Acquired Amount</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
	<b>(Thousands)</b>					
Customer related	\$ 268,390	\$ (191,922)	\$ 76,468	\$ 276,921	\$ (190,593)	\$ 86,328
Trade name	4,834	(1,336)	3,498	6,240	(3,792)	2,448
Other	12,293	(1,353)	10,940	12,309	(1,354)	10,955
	<u>\$ 285,517</u>	<u>\$ (194,611)</u>	<u>\$ 90,906</u>	<u>\$ 295,470</u>	<u>\$ (195,739)</u>	<u>\$ 99,731</u>



**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

Intangible asset amortization expense was \$6.9 million and \$11.6 million for the first quarters of fiscal 2016 and 2015, respectively. The following table presents the estimated future amortization expense for the remainder of fiscal 2016, the next five fiscal years and thereafter (in thousands):

<b><u>Fiscal Year</u></b>	
Remainder of fiscal 2016	20,883
2017	23,207
2018	14,949
2019	11,387
2020	9,595
2021	6,377
Thereafter	4,508
Total	<u>\$ 90,906</u>

#### 4. Debt

Short-term debt consists of the following (in thousands):

	<u>October 3, 2015</u>	<u>June 27, 2015</u>	<u>October 3, 2015</u>	<u>June 27, 2015</u>
	<u>Interest Rate</u>		<u>Carrying Balance</u>	
Bank credit facilities and other	3.81 %	5.54 %	\$ 119,413	\$ 81,115
Accounts receivable securitization program	0.59 %	—	617,000	—
Notes due September 1, 2015	—	6.00 %	—	250,000
Notes due September 15, 2016	6.63 %	—	300,000	—
Short-term debt			<u>\$ 1,036,413</u>	<u>\$ 331,115</u>

Bank credit facilities and other consists of various committed and uncommitted lines of credit and other forms of bank debt with financial institutions utilized primarily to support the working capital requirements of the Company including its foreign operations.

In August 2014, the Company amended and extended its accounts receivable securitization program (the “Program”) with a group of financial institutions to allow the Company to transfer, on an ongoing revolving basis, an undivided interest in a designated pool of accounts receivable, to provide security or collateral for borrowings up to a maximum of \$900.0 million. The Program does not qualify for off balance sheet accounting treatment and, as a result, any borrowings under the Program are recorded as debt on the consolidated balance sheets. Under the Program, the Company legally sells and isolates certain U.S. trade receivables into a wholly owned and consolidated bankruptcy remote special purpose entity. Such receivables, which are recorded within “Receivables” in the consolidated balance sheets, totaled \$1.40 billion and \$1.41 billion at October 3, 2015, and June 27, 2015, respectively. The Program contains certain covenants relating to the quality of the receivables sold. The Program also requires the Company to maintain certain minimum interest coverage and leverage ratios, which the Company was in compliance with as of October 3, 2015, and June 27, 2015. The Program has a two-year term that expires in August 2016 and as a result is considered short-term debt as of October 3, 2015. Interest on borrowings is calculated using a base rate or a commercial paper rate plus a spread of 0.38%. The facility fee is 0.38%.

In September 2015, the Company redeemed the \$250.0 million of outstanding 6.00% Notes due September 1, 2015, upon their maturity.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

Long-term debt consists of the following (in thousands):

	<u>October 3, 2015</u>	<u>June 27, 2015</u>	<u>October 3, 2015</u>	<u>June 27, 2015</u>
	<u>Interest Rate</u>		<u>Carrying Balance</u>	
<b>Revolving credit facilities:</b>				
Accounts receivable securitization program	—	0.59 %	\$ —	\$ 650,000
Credit Facility	1.45 %	1.45 %	429,546	50,000
<b>Notes due:</b>				
September 15, 2016	—	6.63 %	—	300,000
June 15, 2020	5.88 %	5.88 %	300,000	300,000
December 1, 2022	4.88 %	4.88 %	350,000	350,000
Other long-term debt	2.04 %	2.06 %	1,778	1,828
Long-term debt before discount			1,081,324	1,651,828
Discount and debt issuance costs			(5,572)	(5,327)
Long-term debt			<u>\$ 1,075,752</u>	<u>\$ 1,646,501</u>

The Company has a five-year \$1.25 billion senior unsecured revolving credit facility (the “Credit Facility”) with a syndicate of banks, consisting of revolving credit facilities and the issuance of up to \$150.0 million of letters of credit, which expires in July 2019. Subject to certain conditions, the Credit Facility may be increased up to \$1.5 billion. Under the Credit Facility, the Company may select from various interest rate options, currencies and maturities. The Credit Facility contains certain covenants including various limitations on debt incurrence, share repurchases, dividends, investments and capital expenditures. The Credit Facility also includes financial covenants requiring the Company to maintain minimum interest coverage and leverage ratios, which the Company was in compliance with as of October 3, 2015 and June 27, 2015. At October 3, 2015 and June 27, 2015, there were \$1.9 million and \$1.9 million, respectively, in letters of credit issued under the Credit Facility.

At October 3, 2015, the carrying value and fair value of the Company’s total debt was \$2.11 billion and \$2.18 billion, respectively. At June 27, 2015, the carrying value and fair value of the Company’s total debt was \$1.98 billion and \$2.04 billion, respectively. Fair value was estimated primarily based upon quoted market prices.

#### **5. Derivative financial instruments**

Many of the Company’s subsidiaries purchase and sell products in currencies other than their functional currencies. This subjects the Company to the risks associated with fluctuations in foreign currency exchange rates. The Company reduces this risk by utilizing natural hedging (i.e., offsetting receivables and payables in the same foreign currency) as well as by creating offsetting positions through the use of derivative financial instruments, primarily forward foreign exchange contracts typically with maturities of less than sixty days (“economic hedges”). The Company continues to have exposure to foreign currency risks to the extent they are not hedged. The Company adjusts any economic hedges to fair value through the consolidated statements of operations primarily within “other income (expense), net.” Therefore, the changes in valuation of the underlying items being economically hedged are offset by the changes in fair value of the forward foreign exchange contracts. The fair value of forward foreign exchange contracts, which are based upon Level 2 criteria under the ASC 820 fair value hierarchy, are classified in the captions “other current assets” or “accrued expenses and other,” as applicable, in the accompanying consolidated balance sheets as of October 3, 2015, and June 27, 2015 and were not material. The Company’s master netting and other similar arrangements with various financial institutions related to derivative financial instruments allow for the right of offset. Avnet’s policy is to present derivative financial instruments with the same counterparty as either a net asset or liability when the right of offset exists. The Company did not have material net gains or losses related to forward foreign exchange contracts in the first quarters of fiscal 2016 and 2015, which are recorded as a component of “other expense, net” in the consolidated statements of operations.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

The Company generally does not hedge its investments in its foreign operations. The Company does not enter into derivative financial instruments for trading or speculative purposes and monitors the financial stability and credit standing of its counterparties.

**6. Commitments and contingencies**

From time to time, the Company may become a party to, or be otherwise involved in various lawsuits, claims, investigations and other legal proceedings arising in the ordinary course of conducting its business. While litigation is subject to inherent uncertainties, management does not anticipate that any such matters will have a material adverse effect on the Company's financial condition, liquidity or results of operations.

The Company also is currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations, including import/export, environmental, anticorruption and competition. For certain of these matters it is not possible to determine the ultimate outcome, and the Company cannot reasonably estimate the maximum potential exposure or the range of possible loss for such matters due primarily to being in the preliminary stages of the related proceedings and investigations. The Company currently believes that the resolution of such matters will not have a material adverse effect on the Company's financial position or liquidity, but could possibly be material to our results of operations in any one reporting period.

As of October 3, 2015, and June 27, 2015, the Company has aggregate estimated liabilities of \$21.3 million and \$17.2 million, respectively, classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates. Of this amount, \$10.0 million relates to a contingent liability for potential unpaid import duties associated with the acquisition of Bell Microproducts Inc. for estimated duties, interest and penalties that may be imposed from an ongoing compliance audit by Customs and Border Protection.

**7. Income taxes**

The Company's effective tax rate on its income before income taxes was 26.6% in the first quarter of fiscal 2016 as compared with 24.0% in the first quarter of fiscal 2015. During the first quarter of fiscal 2016, the Company's effective tax rate was favorably impacted primarily by the mix of income in lower tax rate jurisdictions.

During the first quarter of fiscal 2015, the Company's effective tax rate was favorably impacted by the mix of income in lower tax jurisdictions and the release of reserves, primarily related to the formal deregistration of a foreign branch.

The Company applies the guidance in ASC 740, which requires management to use its judgment for the appropriate weighting of all available evidence when assessing the need for the establishment or the release of valuation allowances. As part of this analysis, the Company examines all available evidence on a jurisdiction by jurisdiction basis and weighs the positive and negative evidence when determining the need for full or partial valuation allowances. The evidence considered for each jurisdiction includes, among other items: (i) the historic levels of income or losses over a range of time periods, which may extend beyond the most recent three fiscal years depending upon the historical volatility of income in an individual jurisdiction; (ii) expectations and risks associated with underlying estimates of future taxable income, including considering the historical trend of down-cycles in the semiconductor and related industries; and (iii) prudent and feasible tax planning strategies.

The Company continues to evaluate the need for the valuation allowances previously established against its deferred tax assets and will adjust valuation allowances as appropriate, which, if reduced, could result in a significant decrease to the effective tax rate in the period of the adjustment.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**8. Pension plan**

The Company has a noncontributory defined benefit pension plan (the "Plan") for which the components of net periodic pension costs during the first quarters ended October 3, 2015, and September 27, 2014 were as follows:

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands)</b>	
Service cost	\$ 10,486	\$ 9,873
Interest cost	5,328	4,449
Expected return on plan assets	(10,071)	(9,055)
Recognized net actuarial loss	3,183	3,251
Amortization of prior service credits	(393)	(393)
Net periodic pension cost	<u>\$ 8,533</u>	<u>\$ 8,125</u>

The Company made contributions to the Plan of \$10.0 million during the first quarter of fiscal 2016. The Company expects to make an additional contribution to the Plan of \$10.0 million in each of the remaining three quarters of fiscal 2016.

The Plan meets the definition of a defined benefit plan and as a result, the Company must apply ASC 715 pension accounting to the Plan. The Plan itself, however, is a cash balance plan that is similar in nature to a defined contribution plan in that a participant's benefit is defined in terms of a stated account balance. A cash balance plan provides the Company with the benefit of applying any earnings on the Plan's investments beyond the fixed return provided to participants, toward the Company's future cash funding obligations.

Amounts reclassified out of accumulated other comprehensive (loss) income, net of tax, to operating expenses during the first quarters of fiscal 2016 and fiscal 2015 were not material and substantially all related to net periodic pension costs including recognition of actuarial losses and amortization of prior service credits.

**9. Shareholders' equity***Share repurchase program*

In August 2015, the Company's Board of Directors authorized a \$250.0 million increase in the Company's existing share repurchase program. With this increase, the Company may repurchase up to \$1.25 billion of common stock in the open market or through privately negotiated transactions. The timing and actual number of shares purchased will depend on a variety of factors such as share price, corporate and regulatory requirements, and prevailing market conditions. During the first quarter of fiscal 2016, the Company repurchased 3.5 million shares under this program at an average market price of \$41.17 per share for a total cost of \$145.1 million. Since the beginning of the repurchase program through the end of the first quarter of fiscal 2016, the Company has repurchased 25.6 million shares at an aggregate cost of \$842.6 million, and \$407.4 million remains available for future repurchases.

*Common stock dividend*

In August 2015, the Company's Board of Directors approved a dividend of \$0.17 per common share and dividend payments of \$22.6 million were made in September 2015.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**10. Earnings per share**

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands, except per share data)</b>	
<b>Numerator:</b>		
Net income	\$ 130,254	\$ 127,946
<b>Denominator:</b>		
Weighted average common shares for basic earnings per share	133,783	138,309
Net effect of dilutive stock options, restricted stock units and performance share units	2,543	2,541
Weighted average common shares for diluted earnings per share	136,326	140,850
Basic earnings per share	\$ 0.97	\$ 0.93
Diluted earnings per share	\$ 0.96	\$ 0.91
Stock options excluded from earnings per share calculation due to anti-dilutive effect	422	—

**11. Additional cash flow information**

Interest and income taxes paid in the three months ended October 3, 2015, and September 27, 2014 were as follows:

	<b>Three Months Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands)</b>	
Interest	\$ 24,205	\$ 23,354
Income taxes	\$ 10,143	\$ 28,194

The Company includes book overdrafts as part of accounts payable on its consolidated balance sheets and reflects changes in such balances as part of cash flows from operating activities in its consolidated statements of cash flows.

Non-cash investing activities related to purchases of property, plant and equipment that have been accrued, but not paid for, were \$18.7 million and \$25.0 million as of October 3, 2015, and September 27, 2014, respectively.

Included in cash and cash equivalents as of October 3, 2015, was \$62.1 million of cash equivalents, which was primarily comprised of overnight time deposits whose fair value was determined using Level 1 measurements under the ASC 820 fair value hierarchy.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**12. Segment information**

Electronics Marketing (“EM”) and Technology Solutions (“TS”) are the Company's reportable segments (“operating groups”). EM markets and sells semiconductors and interconnect, passive and electromechanical devices and embedded products to a diverse customer base serving many end-markets. TS focuses on the value-added distribution of enterprise computing servers and systems, software, storage, services and complex solutions from the world’s foremost technology manufacturers. TS also provides the latest hard disk drives, microprocessor, motherboard and DRAM module technologies to manufacturers of general-purpose computers and system builders.

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands)</b>	
<b>Sales:</b>		
Electronics Marketing	\$ 4,471,402	\$ 4,374,095
Technology Solutions	2,498,292	2,465,492
	<u>\$ 6,969,694</u>	<u>\$ 6,839,587</u>
<b>Operating income (expense):</b>		
Electronics Marketing	\$ 213,031	\$ 202,711
Technology Solutions	74,538	62,390
Corporate	(47,158)	(41,376)
	<u>240,411</u>	<u>223,725</u>
Restructuring, integration and other expenses (Note 13)	(25,958)	(18,320)
Amortization of acquired intangible assets and other	(7,491)	(12,208)
	<u>\$ 206,962</u>	<u>\$ 193,197</u>
<b>Sales, by geographic area:</b>		
Americas <sup>(1)</sup>	\$ 2,773,943	\$ 2,647,122
EMEA <sup>(2)</sup>	2,015,219	1,975,379
Asia/Pacific <sup>(3)</sup>	2,180,532	2,217,086
	<u>\$ 6,969,694</u>	<u>\$ 6,839,587</u>

<sup>(1)</sup> Includes sales from the United States of \$2.52 billion and \$2.37 billion for the quarters ended October 3, 2015, and September 27, 2014, respectively.

<sup>(2)</sup> Includes sales from Germany and the United Kingdom of \$800.6 million and \$340.6 million, respectively, for the quarter ended October 3, 2015. Includes sales from Germany and the United Kingdom of \$744.3 million and \$360.5 million, respectively, for the quarter ended September 27, 2014.

<sup>(3)</sup> Includes sales from China (including Hong Kong) and Taiwan of \$714.5 million and \$822.1 million, respectively, for the quarter ended October 3, 2015. Includes sales from China (including Hong Kong) and Taiwan of \$738.0 million and \$808.7 million, respectively, for the quarter ended September 27, 2014.

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

	<b>October 3, 2015</b>	<b>June 27, 2015</b>
	<b>(Thousands)</b>	
<b>Assets:</b>		
Electronics Marketing	\$ 6,670,857	\$ 6,497,714
Technology Solutions	3,612,419	3,608,953
Corporate	581,180	693,286
	<u>\$ 10,864,456</u>	<u>\$ 10,799,953</u>
<b>Property, plant, and equipment, net, by geographic area:</b>		
Americas <sup>(1)</sup>	\$ 369,512	\$ 358,063
EMEA <sup>(2)</sup>	180,905	182,311
Asia/Pacific	29,054	28,405
	<u>\$ 579,471</u>	<u>\$ 568,779</u>

<sup>(1)</sup> Includes property, plant and equipment, net, of \$362.1 million and \$352.2 million as of October 3, 2015, and June 27, 2015, respectively, in the United States.

<sup>(2)</sup> Includes property, plant and equipment, net, of \$74.2 million and \$74.0 million in Germany and Belgium, respectively, as of October 3, 2015, and \$74.2 million and \$74.7 million in Germany and Belgium, respectively, as of June 27, 2015.

### 13. Restructuring, integration and other expenses

#### *Fiscal 2016*

During the first quarter of fiscal 2016, the Company took certain actions in an effort to reduce future operating expenses, including the continuation of the restructuring activities started in the fourth quarter of fiscal 2015. In addition, the Company incurred integration and other costs primarily associated with the integration of certain global and regional businesses and the closure or divestiture of certain businesses. The following table presents the restructuring, integration and other expenses recorded during the first quarter of fiscal 2016:

	<b>Quarter Ended October 3, 2015</b>	
	<b>(Thousands, except per share data)</b>	
Restructuring expenses	\$	14,526
Integration costs		1,511
Other costs		11,181
Changes in estimates for prior year restructuring liabilities		(1,260)
Restructuring, integration and other expenses before tax	<u>\$</u>	<u>25,958</u>
Restructuring, integration and other expenses after tax	<u>\$</u>	<u>17,125</u>
Restructuring, integration and other expenses per share on a diluted basis	<u>\$</u>	<u>0.12</u>

**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

The activity related to the restructuring liabilities established and other associated expenses incurred during fiscal 2016 is presented in the following table:

	<b>Severance</b>	<b>Facility Exit Costs</b>	<b>Asset Impairments</b>	<b>Other</b>	<b>Total</b>
	<b>(Thousands)</b>				
Fiscal 2016 restructuring expenses	\$ 10,003	\$ 3,740	\$ 538	\$ 245	\$ 14,526
Cash payments	(5,254)	(632)	—	(68)	(5,954)
Non-cash amounts	—	479	(538)	—	(59)
Other, principally foreign currency translation	(16)	(2)	—	12	(6)
Balance at October 3, 2015	<u>\$ 4,733</u>	<u>\$ 3,585</u>	<u>\$ —</u>	<u>\$ 189</u>	<u>\$ 8,507</u>

Severance expense recorded in the first quarter of fiscal 2016 related to the reduction of over 250 employees, primarily in operations, sales and business support functions, in connection with cost reduction actions taken in both operating groups including the initiation of a voluntary retirement program in the United States. Facility exit costs primarily consist of liabilities for remaining lease obligations for exited facilities. Asset impairments relate to the impairment of property, plant and equipment as a result of the underlying restructuring actions taken in fiscal 2016. Other restructuring costs related primarily to other miscellaneous restructuring and exit costs. Of the \$14.5 million in restructuring expenses recorded during the first quarter of fiscal 2016, \$4.2 million related to EM and \$10.3 million related to TS. As of October 3, 2015, the Company expects the majority of the remaining severance and facility exit costs to be paid by the end of fiscal 2016.

Integration costs are primarily related to the integration of acquired businesses, integration of regional and global business units and incremental costs incurred as part of the consolidation, relocation and closure of warehouse and office facilities. Integration costs include consulting costs for information technology system and business operation integration assistance, facility moving costs, legal fees, travel, meeting, marketing and communication costs that are incrementally incurred as a result of such integration activities. Also included in integration costs are incremental salary costs specific to integration, consolidation and closure activities. Other costs consists primarily of professional fees incurred for acquisitions, additional costs incurred for businesses divested or closed in current or prior periods, any ongoing facilities operating costs associated with the consolidation, relocation and closure of facilities once such facilities have been vacated or substantially vacated, and other miscellaneous costs that relate to restructuring, integration and other expenses. Included in other costs during the first quarter of fiscal 2016 was \$4.3 million of expense associated with a liability established for Avnet's estimated environmental remediation obligations related to legacy manufacturing operations that were divested several decades ago. The remaining, integration and other costs in the first quarter of fiscal 2016 were comprised of many different costs, none of which were individually material.



**AVNET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

*Fiscal 2015*

During fiscal 2015, the Company incurred restructuring expenses related to various restructuring actions intended to achieve planned synergies from acquired businesses and to reduce future operating expenses. The following table presents the activity during the first three months of fiscal 2016 related to the remaining restructuring liabilities established during fiscal 2015:

	<b>Severance</b>	<b>Facility Exit Costs</b>	<b>Other</b>	<b>Total</b>
	<b>(Thousands)</b>			
Balance at June 27, 2015	\$ 11,256	\$ 3,210	\$ —	\$ 14,466
Cash payments	(3,785)	(454)	—	(4,239)
Changes in estimates, net	(1,423)	(29)	—	(1,452)
Non-cash amounts	—	—	—	—
Other, principally foreign currency translation	2,850	(22)	—	2,828
Balance at October 3, 2015	<u>\$ 8,898</u>	<u>\$ 2,705</u>	<u>\$ —</u>	<u>\$ 11,603</u>

As of October 3, 2015, the Company expects the majority of the remaining severance and facility exit cost liabilities to be paid by the end of fiscal 2016.

*Fiscal 2014 and prior*

As of June 27, 2015, there were \$11.8 million of restructuring liabilities remaining related to restructuring actions taken in fiscal years 2014 and prior, the majority of which relates to facility exit costs. The remaining balance for such historical restructuring actions as of October 3, 2015, was \$8.3 million, which is expected to be paid by the end of fiscal 2016.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

For a description of the Company’s critical accounting policies and an understanding of the significant factors that influenced the Company’s performance during the quarter ended October 3, 2015, this *Management’s Discussion and Analysis of Financial Condition and Results of Operations* (“MD&A”) should be read in conjunction with the consolidated financial statements, including the related notes, appearing in Item 1 of this Report, as well as the Company’s Annual Report on Form 10-K for the fiscal year ended June 27, 2015. The Company operates on a “52/53 week” fiscal year and fiscal 2016 contains 53 weeks compared to 52 weeks in fiscal 2015. As a result, the first quarter of fiscal 2016 ended October 3, 2015, contained 14 weeks and the first quarter of fiscal 2015 ended September 27, 2014 contained 13 weeks. This extra week in the first quarter of fiscal 2016 impacts the year-over-year analysis in this MD&A.

There are references to the impact of foreign currency translation in the discussion of the Company’s results of operations. When the U.S. Dollar strengthens and the stronger exchange rates of the current year are used to translate the results of operations of Avnet’s subsidiaries denominated in foreign currencies, the resulting impact is a decrease in U.S. Dollars of reported results. Conversely, when the U.S. Dollar weakens and the weaker exchange rates of the current year are used to translate the results of operations of Avnet’s subsidiaries denominated in foreign currencies, the resulting impact is an increase in U.S. Dollars of reported results. In the discussion that follows, results excluding this impact, primarily for subsidiaries in Europe, the Middle East and Africa (“EMEA”), are referred to as “excluding the translation impact of changes in foreign currency exchange rates” or “constant currency.”

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the U.S. (“GAAP”), the Company also discloses certain non-GAAP financial information, including:

- Sales, income or expense items excluding the translation impact of changes in foreign currency exchange rates by adjusting the exchange rates used in current periods to be consistent with the exchange rates in effect during prior comparable year-over-year periods, as discussed above.
- Sales adjusted for certain items that impact the year-over-year analysis, which includes the impact of acquisitions or divestitures by adjusting Avnet’s prior periods to include the sales of acquired businesses or exclude the sales of divested businesses as if the acquisitions or divestitures had occurred at the beginning of the earliest period presented. In addition, fiscal 2016 sales are adjusted for the estimated impact of the extra week of sales in the first quarter of fiscal 2016 due to it being a 14-week quarter, as discussed above. Sales taking into account these adjustments are referred to as “organic sales.”
- Operating income excluding (i) restructuring, integration and other expenses (see *Restructuring, Integration and Other Expenses* in this MD&A) and (ii) amortization of acquired intangible assets and other. Operating income excluding such amounts is referred to as “adjusted operating income.”

The reconciliation of operating income to adjusted operating income is presented in the following table:

	<b>First Quarters Ended</b>	
	<b>October 3, 2015</b>	<b>September 27, 2014</b>
	<b>(Thousands)</b>	
Operating income	\$ 206,962	\$ 193,197
Restructuring, integration and other expenses	25,958	18,320
Amortization of acquired intangible assets and other	7,491	12,208
Adjusted operating income	<u>\$ 240,411</u>	<u>\$ 223,725</u>

Management believes that providing this additional information is useful to financial statement readers to better assess and understand operating performance, especially when comparing results with prior periods or forecasting performance for future periods, primarily because management typically monitors the business both including and excluding these adjustments to GAAP results. Management also uses these non-GAAP measures to establish operational

goals and, in many cases, for measuring performance for compensation purposes. However, any analysis of results on a non-GAAP basis should be used as a complement to, and in conjunction with, results presented in accordance with GAAP.

## OVERVIEW

### ***Organization***

Avnet, Inc., incorporated in New York in 1955, together with its consolidated subsidiaries (the “Company” or “Avnet”), is a global value-added distributor of electronic components, enterprise computer and storage products, IT solutions and services and embedded subsystems. Avnet creates a vital link in the technology supply chain that connects the world’s leading electronic component and computer product manufacturers and software developers with a global customer base of original equipment manufacturers, electronic manufacturing services providers, original design manufacturers, systems integrators, independent software vendors and value-added resellers. Avnet distributes electronic components, computer products and software, as received from its suppliers or through a customized solution, and offers assembly and other value-added services. In addition, Avnet provides engineering design, materials management and logistics services, system integration and configuration and supply chain services customized to meet specific requirements of both customers and suppliers.

Avnet’s two operating groups, — EM and TS, have operations in each of the three major economic regions of the world: the Americas; EMEA; and Asia/Pacific, consisting of Asia, Australia and New Zealand (“Asia”). A summary of each operating group is provided in Note 12, “Segment information” to the Company’s consolidated financial statements included in this Quarterly Report on Form 10-Q.

### **Results of Operations**

#### ***Executive Summary***

Sales for the first quarter of fiscal 2016 were \$6.97 billion, as compared to the first quarter of fiscal 2015 sales of \$6.84 billion. Sales increased 8.4% year over year in constant currency primarily due to the impact of an extra week of sales in the first quarter of fiscal 2016. EM and TS sales in constant currency increased 8.7% and 7.8% year over year, respectively, primarily due to sales growth in EMEA and from the benefit of the extra week of sales in the first quarter of fiscal 2016. The increase in year-over-year reported sales of \$130.1 million was primarily the result of a \$97.3 million increase at EM and a \$32.8 million increase at TS.

Gross profit margin of 11.4% decreased 27 basis points compared to the first quarter of fiscal 2015 as a result of gross profit margin declines at both EM and TS.

Operating income margin was 3.0% in the first quarter of fiscal 2016 as compared with 2.8% in the first quarter of fiscal 2015. Excluding restructuring, integration and other expenses, as well as amortization expense from acquired intangible assets from both periods, adjusted operating income margin was 3.5% in the first quarter of fiscal 2016 as compared to 3.3% in the first quarter of fiscal 2015 resulting from improvements at both EM and TS. EM operating income margin increased 13 basis points year over year to 4.8%. The increase in EM operating income margin was primarily due to an increase in sales and reductions in operating expenses from the impact of restructuring actions, partially offset by a decrease in gross profit margin. TS operating income margin increased 45 basis points year over year to 3.0% primarily due to an increase in sales and the impact of restructuring actions, partially offset by a decrease in gross profit margin.

During the first quarter of fiscal 2016, the Company used \$33.7 million of cash for operating activities compared to \$40.7 million used for operating activities in the first quarter of 2015.

## Sales

The following table presents the reconciliation of reported sales to organic sales for the first quarter of fiscal 2016.

<b>Q1 Fiscal 2016</b>	<b>As Reported</b>	<b>Estimated Extra Week in Fiscal 2016 <sup>(1)</sup></b>	<b>Organic Sales</b>
<b>(Dollars in thousands)</b>			
<b>Avnet, Inc.</b>	\$ 6,969,694	\$ (525,000)	\$ 6,444,694
EM	4,471,402	(300,000)	4,171,402
TS	2,498,292	(225,000)	2,273,292
<b>EM</b>			
Americas	\$ 1,265,208	\$ (82,000)	\$ 1,183,208
EMEA	1,326,436	(92,000)	1,234,436
Asia	1,879,758	(126,000)	1,753,758
<b>TS</b>			
Americas	\$ 1,508,735	\$ (137,000)	\$ 1,371,735
EMEA	688,783	(65,000)	623,783
Asia	300,774	(23,000)	277,774

<sup>(1)</sup> The impact of the additional week of sales in the first quarter of fiscal 2016 is estimated.

The table below provides the year-over-year comparison of reported first quarter sales for Avnet and the EM and TS operating groups to organic sales to allow readers to better understand and assess the Company's sales performance by operating group and region.

	<b>Sales</b>			<b>Organic Sales</b>		
	<b>As Reported</b>	<b>As Reported</b>	<b>As Reported</b>	<b>Organic Sales</b>	<b>Organic Sales</b>	
	<b>Q1-Fiscal</b>	<b>Year-Year</b>	<b>Change in</b>	<b>Q1-Fiscal</b>	<b>Year-Year</b>	
	<b>2016</b>	<b>% Change</b>	<b>Constant</b>	<b>2016</b>	<b>% Change</b>	
<b>(Dollars in thousands)</b>						
<b>Avnet, Inc.</b>	\$ 6,969,694	1.9 %	8.4 %	\$ 6,444,694	(5.8)%	0.7 %
EM	4,471,402	2.2	8.7	4,171,402	(4.6)	1.8
TS	2,498,292	1.3	7.8	2,273,292	(7.8)	(1.4)
<b>EM</b>						
Americas	\$ 1,265,208	4.2 %	—	\$ 1,183,208	(2.5)%	—
EMEA	1,326,436	1.8	20.8 %	1,234,436	(5.2)	13.8 %
Asia/Pacific	1,879,758	1.2	—	1,753,758	(5.6)	—
<b>TS</b>						
Americas	\$ 1,508,735	5.3 %	—	\$ 1,371,735	(4.3)%	—
EMEA	688,783	2.4	16.1 %	623,783	(7.3)	6.4 %
Asia/Pacific	300,774	(16.3)	—	277,774	(22.7)	—

Avnet sales for the first quarter of fiscal 2016 were \$6.97 billion, an increase of 1.9%, or \$130.1 million, from the first quarter of fiscal 2015 sales of \$6.84 billion with both EM and TS contributing toward this growth. The increase was primarily from the benefit of an additional week of sales partially offset by the strengthening of the U.S. Dollar year over year. Avnet sales in constant currency increased 8.4% year over year. Avnet organic sales in constant currency increased approximately 1.0% year over year.

EM sales of \$4.47 billion in the first quarter of fiscal 2016 increased 2.2% from the first quarter of fiscal 2015 sales of \$4.37 billion. EM sales in constant currency increased 8.7% year over year. EM organic sales in constant currency increased 1.8% year over year. On a regional basis, sales in constant currency increased 20.8% in EMEA primarily due to sales growth in the region and to a lesser extent due to the benefit of the extra week in sales. Sales also increased 4.2% in the Americas and 1.2% in Asia year over year primarily due to the benefit of the extra week of sales.

TS sales of \$2.50 billion in the first quarter of fiscal 2016 increased 1.3% from the first quarter of fiscal 2015 sales of \$2.47 billion. TS sales in constant currency increased 7.8% year over year. TS organic sales in constant currency declined 1.4%. On a regional basis, sales in constant currency increased 16.1% in EMEA, primarily driven by the benefit of an extra week of sales and from organic sales growth in the region. Sales in the Americas increased 5.3% primarily as a result of an extra week of sales. These increases were partially offset by a 16.3% decline in Asia primarily related to sales declines in the computing components business and due to the strengthening U.S. Dollar year over year. At a product level, year-over-year growth in networking and security, software, and services was offset by a decline in computing components.

### **Gross Profit and Gross Profit Margins**

Avnet gross profit for the first quarter of fiscal 2016 was \$791.5 million, a decrease of \$4.0 million, or 0.5%, from the first quarter of fiscal 2015 gross profit of \$795.5 million, primarily due to a decline in gross profit margin, partially offset by the increase in sales as described further above. Avnet gross profit margin of 11.4% decreased 27 basis points from the first quarter of fiscal 2015. EM gross profit margin decreased year over year primarily as a result of declines in EMEA and Asia, which had a higher mix of high volume supply chain engagements compared to the year ago quarter. TS gross profit margin decreased year over year primarily as a result of declines in EMEA and the Americas, partially offset by an increase in Asia.

### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses (“SG&A expenses”) were \$558.6 million in the first quarter of fiscal 2016, a decrease of \$25.4 million, or 4.3%, from the first quarter of fiscal 2015, primarily due to the impact of changes in foreign currency exchange rates between the periods. The remaining decrease was due to net decreases in SG&A expenses resulting from the realization of cost savings from prior restructuring actions, partially offset by increases in SG&A expenses to fund organic growth and due to an additional week of operating expenses in the first quarter of fiscal 2016.

Metrics that management monitors with respect to its operating expenses are SG&A expenses as a percentage of sales and as a percentage of gross profit. In the first quarter of fiscal 2016, SG&A expenses as a percentage of sales were 8.0% and as a percentage of gross profit were 70.6% as compared with 8.5% and 73.4%, respectively, in the first quarter of fiscal 2015. SG&A expense as a percentage of gross profit at EM and TS decreased approximately 200 and 500 basis points year over year, respectively, primarily as a result of sales growth and savings realized from prior year restructuring actions, partially offset by a decrease in gross profit margin.

### **Restructuring, Integration and Other Expenses**

During the first quarter of fiscal 2016, the Company incurred restructuring expenses related to certain actions intended to reduce future operating expenses. In addition, the Company incurred integration and other costs primarily associated with the integration of certain global and regional businesses and the closure or divestiture of certain businesses. As a result, the Company recorded restructuring, integration and other expenses of \$26.0 million during the first quarter of fiscal 2016. The Company recorded \$14.5 million of restructuring costs and expects to realize approximately \$18.0 million in incremental annualized operating cost savings once such restructuring actions are completed. The incremental annualized cost savings are expected to benefit EM by approximately \$6.0 million and TS by approximately \$12.0 million. The Company expects to incur additional restructuring expenses of approximately \$15.0 million through the end of fiscal 2016 related to the restructuring actions initiated in the first quarter of fiscal 2016 in order to achieve the annualized cost savings. The Company also incurred integration costs of \$1.5 million, other costs of \$11.2 million and a reversal of \$1.3 million for changes in estimates for costs associated with prior year restructuring actions. The after tax impact of restructuring, integration, and other expenses was \$17.1 million and \$0.12 per share on a diluted basis for the first quarter of fiscal 2016.

Comparatively, in the first quarter of fiscal 2015, restructuring, integration and other expenses were \$18.3 million. The after tax impact of restructuring, integration, and other expenses was \$13.2 million and \$0.09 per share on a diluted basis.

See Note 13, “Restructuring, integration and other expenses” to the Company’s consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information related to restructuring, integration and other expenses.

### **Operating Income**

During the first quarter of fiscal 2016, the Company generated operating income of \$207.0 million, representing a 7.1% increase compared to the first quarter of fiscal 2015 operating income of \$193.2 million. Both periods included restructuring, integration and other expenses as described further above. Both periods also included amortization expense and other associated with acquired intangible assets. Excluding these amounts from both periods, adjusted operating income was \$240.4 million, or 3.5% of sales, in the first quarter of fiscal 2016 as compared with \$223.7 million, or 3.3% of sales, in the first quarter of fiscal 2015. EM operating income of \$213.0 million increased 5.1% year over year and operating income margin increased to 4.8% from 4.6%. TS operating income of \$74.5 million increased 19.5% year over year and operating income margin increased 45 basis points to 3.0%. The increase in operating income margin at both EM and TS was primarily due to increases in sales and benefits from prior year restructuring actions, partially offset by a decrease in gross profit margin.

### **Interest Expense and Other Income (Expense), Net**

Interest expense in the first quarter of fiscal 2016 was \$23.6 million, a decrease of \$0.2 million or 0.9%, as compared with interest expense of \$23.4 million in the first quarter of fiscal 2015. The decrease was primarily related to the repayment at maturity of the \$250.0 million Notes and a corresponding lower average borrowing rate, partially offset by an additional week of interest expense in the first quarter of fiscal 2016.

During the first quarter of fiscal 2016, the Company incurred \$5.9 million of other expense as compared with \$1.5 million of other expense in the first quarter of fiscal 2015. The increase in other expense in the first quarter of fiscal 2016 is primarily attributable to the strengthening of the U.S. Dollar relative to foreign currencies year over year and the corresponding higher costs incurred to purchase forward foreign currency exchange contracts in order to economically hedge such foreign currency exposures.

### **Income Tax Expense**

The Company’s effective tax rate on its income before income taxes was 26.6% in the first quarter of fiscal 2016 as compared with 24.0% in the first quarter of fiscal 2015. During the first quarter of fiscal 2016, the Company’s effective tax rate was favorably impacted primarily by the mix of income in lower tax rate jurisdictions. During the first quarter of fiscal 2015, the Company’s effective tax rate was favorably impacted by the mix of income in lower tax jurisdictions and the release of reserves, primarily related to the formal deregistration of a foreign branch.

See Note 7, “Income taxes” to the Company’s consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on the Company’s effective tax rate.

### **Net Income**

As a result of the factors described in the preceding sections of this MD&A, the Company’s net income for the first quarter of fiscal 2016 was \$130.3 million, or \$0.96 per share on a diluted basis, as compared with \$127.9 million, or \$0.91 per share on a diluted basis, in the first quarter of fiscal 2015.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow

#### *Cash Flow from Operating Activities*

During the first quarter of fiscal 2016, the Company used \$33.7 million of cash for its operating activities compared to a use of \$40.7 million in the first quarter of fiscal 2015. These operating cash flows are comprised of: (i) cash flow generated from net income, adjusted for the impact of non-cash and other items, which includes depreciation and amortization expenses, deferred income taxes, stock-based compensation expense and other non-cash items (including provisions for doubtful accounts and periodic pension costs) and (ii) cash flows used for, or generated from, working capital and other, excluding cash and cash equivalents. Cash used for working capital and other was \$238.8 million during the first quarter of fiscal 2016, including increases in inventories of \$324.5 million and accounts payable of \$18.1 million, partially offset by decreases in accounts receivable of \$105.2 million and accrued expenses and other of \$37.7 million. Comparatively, cash used for working capital and other was \$253.0 million during the first quarter of fiscal 2015, including an increase in inventories of \$165.9 million and decreases in accounts payable of \$28.8 million and accrued expenses and other of \$99.8 million, partially offset by a decrease in accounts receivable of \$41.5 million.

#### *Cash Flow from Financing Activities*

During the first quarter of fiscal 2016, the Company repaid upon maturity the \$250 million of 6.00% Notes due September 2015. Additionally, the Company made net repayments of \$33.0 million under the Company's accounts receivable securitization program and received net proceeds of \$418.6 million from borrowings of bank and other debt. During the first quarter of fiscal 2016, the Company paid dividends on common stock of \$22.6 million and repurchased \$143.7 million of common stock.

During the first quarter of fiscal 2015, the Company received net proceeds of \$60.0 million under the Company's accounts receivable securitization program and made net repayments of \$42.0 million for bank and other debt. During the first quarter of fiscal 2015, the Company paid dividends on common stock of \$22.1 million and repurchased \$12.3 million of common stock.

#### *Cash Flow from Investing Activities*

During the first quarter of fiscal 2016, the Company used \$32.0 million for capital expenditures primarily related to information system development costs, computer hardware and software purchases and facilities costs compared to \$36.6 million for capital expenditures and \$2.2 million for other investing activities in the first quarter of fiscal 2015.

### Contractual Obligations

For a detailed description of the Company's long-term debt and lease commitments for the next five years and thereafter, see *Long-Term Contractual Obligations* appearing in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2015. With the exception of the Company's debt transactions discussed herein, there are no material changes to this information outside of normal borrowings and repayments of long-term debt and operating lease payments. The Company does not currently have any material uncancellable commitments for capital expenditures or inventory purchases.

### Financing Transactions

See Note 4, "Debt" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on financing transactions including the Credit Facility, the Program and the outstanding Notes as of October 3, 2015. The Company was in compliance with all covenants under the Credit Facility and the Program as of October 3, 2015.

The Company has several lines of credit and other forms of bank debt in the U.S. and various foreign locations to fund the short-term working capital, foreign exchange, overdraft and letter of credit needs of its wholly owned subsidiaries primarily in EMEA and Asia. Avnet generally guarantees its subsidiaries' obligations under such debt facilities.

## **Liquidity**

The Company held cash and cash equivalents of \$824.7 million as of October 3, 2015, of which \$719.2 million was held outside the United States. As of June 27, 2015, the Company held cash and cash equivalents of \$932.6 million, of which \$855.8 million was held outside of the United States.

As of the end of the first quarter of fiscal 2016, the Company had a combined total borrowing capacity of \$2.15 billion under the Credit Facility and the Program. There were \$429.7 million in borrowings outstanding and \$1.9 million in letters of credit issued under the Credit Facility and \$617.0 million in borrowings outstanding under the Program, resulting in approximately \$1.07 billion of total availability as of October 3, 2015. Availability under the Program is subject to the Company having sufficient eligible receivables to support desired borrowings. During the first quarter of fiscal 2016, the Company had an average daily balance outstanding of approximately \$205.5 million under the Credit Facility and approximately \$729.2 million under the Program. During the first quarter of fiscal 2015, the Company had an average daily balance outstanding of approximately \$5.0 million under the Credit Facility and approximately \$716.0 million under the Program. The Company expects to use cash on hand, available borrowing capacity or engage in a capital markets transaction in order to repay the \$300.0 million of Notes due September 2016. The Company expects to renew or replace the Program on similar terms, subject to market conditions, before its maturity in August 2016.

During periods of weakening demand in the electronic components and enterprise computer solutions industry, the Company typically generates cash from operating activities. Conversely, the Company is more likely to use operating cash flows for working capital requirements during periods of higher growth. During the first quarter of fiscal 2016, the Company used \$33.7 million for operating activities. The Company generated \$590.8 million from operating activities over the trailing four fiscal quarters ended October 3, 2015.

Liquidity is subject to many factors, such as normal business operations as well as general economic, financial, competitive, legislative, and regulatory factors that are beyond the Company's control. Cash balances generated and held in foreign locations are used for ongoing working capital, capital expenditure needs and to support acquisitions. These balances are currently expected to be permanently reinvested outside the United States. If these funds were needed for general corporate use in the United States, the Company would incur significant income taxes to repatriate cash held in foreign locations. In addition, local government regulations may restrict the Company's ability to move funds among various locations under certain circumstances. Management believes that Avnet's available borrowing capacity, its current cash on hand and the Company's expected ability to generate operating cash flows in the future will be sufficient to meet its future liquidity needs. The Company also may issue debt or equity securities in the future and management believes the Company will have adequate access to the capital markets, if needed.

The Company has made, and expects to continue to make, strategic investments through acquisition activity to the extent the investments strengthen Avnet's competitive position and meet management's return on capital thresholds. In addition to continuing to make investments in acquisitions, as of October 3, 2015, the Company may repurchase up to an aggregate of \$407.4 million of shares of the Company's common stock through a \$1.25 billion share repurchase program approved by the Board of Directors. The Company may repurchase stock from time to time at the discretion of management, subject to strategic considerations, market conditions and other factors. The Company may terminate or limit the share repurchase program at any time without prior notice. The timing and actual number of shares repurchased will depend on a variety of factors such as share price, corporate and regulatory requirements, and prevailing market conditions. Since the beginning of the repurchase program through the end of the first quarter of fiscal 2016, the Company has repurchased 25.6 million shares of stock at an aggregate cost of \$842.6 million. Shares repurchased were retired. Additionally, the Company currently expects to pay quarterly cash dividends on shares of its common stock, subject to approval of the Board of Directors. During the first quarter of fiscal 2016, the Board of Directors approved a dividend of \$0.17 per share, which resulted in \$22.6 million of dividend payments during the quarter.



### **Recently Issued Accounting Pronouncements**

See Note 1, “Basis of presentation and new accounting pronouncements” to the Company’s consolidated financial statements included in this Quarterly Report on Form 10-Q for a description of recently issued accounting pronouncements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company seeks to reduce earnings and cash flow volatility associated with changes in foreign currency exchange rates by entering into financial arrangements that are intended to provide an economic hedge against all or a portion of the risks associated with such volatility. The Company continues to have exposure to such risks to the extent they are not economically hedged.

See Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in the Company’s Annual Report on Form 10-K for the year ended June 27, 2015, for further discussion of market risks associated with foreign currency exchange rates and interest rates. Avnet’s exposure to such risks has not changed materially since June 27, 2015 as the Company continues to economically hedge the majority of its foreign exchange exposures. Thus, any increase or decrease in fair value of the Company’s forward foreign currency exchange contracts is generally offset by an opposite effect on the related hedged position. For interest rate risk, the Company continues to maintain a combination of fixed and variable rate debts to mitigate the exposure to fluctuation in market interest rates.

See *Liquidity and Capital Resources — Financing Transactions* appearing in Item 2 of this Form 10-Q for further discussion of the Company’s financing transactions and capital structure. As of October 3, 2015, 74% of the Company’s debt bears interest at a fixed rate and 26% of the Company’s debt bears interest at variable rates. Therefore, a hypothetical 1.0% (100 basis points) increase in interest rates would result in a \$1.4 million decrease in income before income taxes in the Company’s consolidated statement of operations for the first quarter of fiscal 2016.

### **Item 4. Controls and Procedures**

The Company’s management, including its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of the end of the reporting period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company’s disclosure controls and procedures are effective such that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to management, including the Company’s principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

During the first quarter of fiscal 2016, there were no changes to the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## **PART II**

### **OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

As a result primarily of certain former manufacturing operations, Avnet has incurred and may have future liability under various federal, state and local environmental laws and regulations, including those governing pollution and exposure to, and the handling, storage and disposal of, hazardous substances. For example, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”) and similar state laws, Avnet is and may be liable for the costs of cleaning up environmental contamination on or from certain of its current or former

properties, and at off-site locations where the Company disposed of wastes in the past. Such laws may impose joint and several liability. Typically, however, the costs for clean up at such sites are allocated among potentially responsible parties based upon each party's relative contribution to the contamination, and other factors.

Pursuant to SEC regulations, including but not limited to Item 103 of Regulation S-K, the Company regularly assesses the status of and developments in pending environmental and other compliance related legal proceedings to determine whether any such proceedings should be identified specifically in this discussion of legal proceedings, and has concluded that no particular pending legal proceeding requires public disclosure. Based on the information known to date, management believes that the Company has appropriately accrued in its consolidated financial statements for its share of the estimable costs of environmental and other compliance related matters.

The Company is also party to various other lawsuits, claims, investigations and other legal proceedings arising from time to time in the normal course of business. While litigation is subject to inherent uncertainties, management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position, liquidity or results of operations.

**Item 1A. Risk Factors**

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, results of operations and business of the Company. You can find many of these statements by looking for words like "believes," "plans," "expects," "anticipates," "should," "will," "may," "estimates" or similar expressions in this Quarterly Report or in documents incorporated by reference in this Quarterly Report. These forward-looking statements are subject to numerous assumptions, risks and uncertainties. You should understand that the following important factors, in addition to those discussed elsewhere in this Quarterly Report and in the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2015, could affect the Company's future results of operations, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements:

- the effect of global economic conditions, including the current global economic uncertainty;
- competitive pressures among distributors of electronic components and computer products;
- cyclicalities in the technology industry, particularly in the semiconductor sector;
- relationships with key suppliers and allocations of products by suppliers;
- risks relating to the Company's international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, duties and taxes, and compliance with international and U.S. laws;
- risks relating to acquisitions and investments;
- adverse effects on the Company's supply chain, shipping costs, third-party service providers, customers and suppliers, including as a result of issues caused by natural and weather-related disasters;
- risks related to cyber attacks and the Company's information systems;
- general economic and business conditions (domestic and foreign) affecting Avnet's financial performance and, indirectly, Avnet's credit ratings, debt covenant compliance, and liquidity and access to financing; and
- legislative or regulatory changes affecting Avnet's businesses.

Any forward-looking statement speaks only as of the date on which that statement is made. Except as required by law, the Company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

The discussion of Avnet's business and operations should be read together with the risk factors contained in Item 1A of its Annual Report on Form 10-K for the fiscal year ended June 27, 2015, which describe various risks and uncertainties to which the Company is or may become subject. These risks and uncertainties have the potential to affect Avnet's business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. As of October 3, 2015, there have been no material changes to the risk factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2015.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

In August 2011, the Company's Board of Directors approved the repurchase of up to \$500.0 million of the Company's common stock through a share repurchase program. During each of August 2012, November 2014 and August 2015, the Board of Directors approved an additional \$250.0 million for the share repurchase program. In total, the Company may repurchase up to \$1.25 billion of the Company's common stock under the share repurchase program. The following table includes the Company's monthly purchases of Avnet's common stock during the first quarter of fiscal 2016, under the share repurchase program, which is part of a publicly announced plan.

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs</b>
July	1,579,307	\$ 40.62	1,579,307	\$ 238,312,000
August	844,264	\$ 41.28	844,264	\$ 453,458,000
September	1,100,654	\$ 41.87	1,100,654	\$ 407,371,000

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit</b>
10.1*	Avnet, Inc. Stock Compensation and Incentive Plan: (a) Form of nonqualified stock option agreement (b) Form of performance stock unit term sheet (c) Form of restricted stock unit term sheet
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

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\* Filed herewith.

\*\* Furnished herewith. The information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

**SIGNATURE**

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/ KEVIN MORIARTY  
Kevin Moriarty  
*Senior Vice President and Chief Financial Officer*

Date: October 29, 2015

**AVNET, INC.**  
**STANDARD TERMS AND CONDITIONS FOR**  
**NONQUALIFIED STOCK OPTIONS**

These Standard Terms and Conditions for Nonqualified Stock Options (the “Standard Terms and Conditions”) apply to any Options granted under the Avnet, Inc. 2013 Stock Compensation and Incentive Plan (the “Plan”) that are identified as nonqualified stock options and evidenced by a Term Sheet or an action of the Administrator that refers to these Standard Terms and Conditions.

**1. TERMS OF OPTION**

Avnet, Inc. (“Avnet” or the “Company”) has granted to the Participant named in the attached Term Sheet a nonqualified stock option (the “Option”) to purchase up to the number of shares of Avnet's common stock (the “Stock”) set forth in the Term Sheet, at the purchase price per share and upon the other terms and subject to the conditions set forth in the Term Sheet, these Standard Terms and Conditions, and the Plan. For purposes of these Standard Terms and Conditions and the Term Sheet, the “Company” refers to Avnet and its Subsidiaries.

**2. NON-QUALIFIED STOCK OPTION**

The Option is not intended to be an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

**3. EXERCISE OF OPTION**

The Option shall not be exercisable as of the grant date set forth in the Term Sheet (the “Grant Date”). After the Grant Date, the Option shall be exercisable only to the extent that it becomes vested in accordance with the vesting schedule set forth in the Term Sheet, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan. If the Participant's employment with the Company terminates, the Option shall cease to be exercisable, except to the extent set forth in Section 4, below.

The vesting period and/or exercisability of an Option may be adjusted by the Administrator to reflect the decreased level of employment during any period in which the Participant is on an approved leave of absence or is employed on a less than full time basis, provided that the Administrator may take into consideration any accounting consequences to the Company.

To exercise the Option (or any part thereof), the Participant shall provide notice to Avnet, in a form approved by Avnet, specifying the number of whole shares of Stock Participant wishes to purchase, and shall pay the Exercise Price for such shares.

The exercise price of the Option (the “Exercise Price”) is set forth in the Term Sheet. The Exercise Price and/or any required tax withholding may be paid in cash or by certified or cashiers' check, by “cashless” exercise methods such as direct share withholding, or by such other method (including transfer of Stock previously owned by the Participant, or broker-assisted Regulation T simultaneous exercise and sale), as the Administrator permits in its sole discretion. Fractional shares may not be exercised.

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Shares of Stock will be issued as soon as practical after exercise; provided, however, that Avnet shall not be obligated to deliver shares of Stock if (a) the Participant has not satisfied all applicable tax withholding obligations, (b) the Stock is not properly registered or subject to an applicable exemption therefrom, (c) the Stock is not listed on the stock exchanges on which Avnet's Stock is otherwise listed, or (d) Avnet determines that the exercisability of the Option or the delivery of shares hereunder would violate any federal or state securities or other applicable laws. The Option may be rescinded if necessary to ensure compliance with federal, state or other applicable laws. The Participant shall not acquire or have any rights as a shareholder of Avnet until shares of Stock issuable upon exercise of the Option are actually issued and delivered to the Participant in accordance herewith.

#### **4. EXPIRATION OF OPTION**

Except as provided in this Section 4, the Option shall expire and cease to be exercisable as of the Expiration Date set forth in the Term Sheet.

- A. If the Participant's employment or service with the Company terminates for any reason other than death, disability, or Retirement (as defined below), the Option shall immediately expire and cease to be exercisable.
  - B. If the Participant's employment or service with the Company terminates by reason of Retirement (as defined below), the Option shall continue to vest as set forth in the Term Sheet and these Standard Terms and Conditions and, subject to the special rules that apply in the event of death (as set forth in Paragraph D, below), shall remain exercisable until the earlier of (i) the fifth anniversary of the termination event or (ii) the Expiration Date (unless such Option shall sooner be surrendered for termination or expire). For purposes hereof, a cessation of employment will be treated as a "Retirement" if (and only if) (a) the cessation of employment occurs after (I) the Participant has attained at least age 55 and been credited with at least five years of service with the Company and (II) the combination of the Participant's age plus years of service is no less than 65; and (b) the Participant has signed a non-competition agreement in a form acceptable to the Company.
  - C. If the Participant's employment with or service to the Company terminates or ceases by reason of disability (as determined by the Administrator in its sole discretion), the Option shall remain exercisable only to the extent vested as of such cessation of employment or service and shall cease to be exercisable upon the earlier of (i) three months after the date of the termination event or (ii) the Expiration Date (unless such Option shall sooner be surrendered for termination or expire). Unless the provisions of Section 4.B apply, the provisions of this Section 4.C shall apply to a Participant who has not provided services to the Company for twelve consecutive months due to long-term disability leave.
  - D. If the Participant's employment or service with the Company terminates by reason of death or the Participant dies within five years after Retirement from the Company (as defined above), the Option shall be exercisable only to the extent vested as of the date of death and shall cease to be exercisable upon the earliest of (i) the first anniversary of the Participant's death, (ii) the Expiration Date, or (iii) the fifth anniversary of the Participant's termination date, as set forth in Paragraph B, above.
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## **5. RESTRICTIONS ON REALES OF OPTION SHARES**

The Company may impose such restrictions, conditions, and limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Stock issued as a result of the exercise of the Option, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other optionholders, (c) requiring that you acknowledge and accept these Standard Terms and Conditions and the Term Sheet, and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

## **6. TAXES**

The Participant acknowledges that the delivery of shares of Stock following exercise of the Option will generally give rise to a withholding tax obligation, and that the issuance of shares of Stock hereunder is conditioned on timely satisfying such withholding obligation. The Participant shall make arrangements satisfactory to the Company for satisfying such withholding obligations. The Administrator, in its sole discretion, may allow the Participant to satisfy all or part of such tax obligation through withholding of shares of Stock otherwise issuable to the Participant; the Participant transferring to Avnet nonrestricted shares of Stock previously owned by the Participant; and/or allowing the Participant to engage in a broker-assisted Regulation T simultaneous exercise and sale. No provision of the Plan, the Term Sheet, or these Standard Terms and Conditions shall be construed to transfer to the Company or any of its affiliates any responsibility of the Participant to pay any income, employment, excise, or other taxes attributable to the grant or exercise of the Option or the disposition of the underlying shares.

## **7. NON-TRANSFERABILITY OF OPTION**

Except to the extent permitted by Section 4.D and this Section 7, the Option shall be exercisable during the Participant's lifetime only by the Participant. The Option may not be sold, transferred, pledged, assigned, exchanged, encumbered, or otherwise alienated or hypothecated, except (i) by testamentary disposition by the Participant or the laws of descent and distribution, or (ii) to the extent otherwise permitted by the Plan, if (and only if) approved by the Administrator in its sole discretion.

## **8. THE PLAN; DEFINED TERMS; ENTIRE AGREEMENT**

In addition to these Standard Terms and Conditions, the Option shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan, and the rules of construction set forth in the Plan shall also apply to these Standard Terms and Conditions.

The Term Sheet, these Standard Terms and Conditions, and the Plan constitute the entire understanding between the Participant and the Company regarding the Option. Any prior agreements, commitments, or negotiations concerning the Option are superseded.

## **9. LIMITATION OF INTEREST IN SHARES SUBJECT TO OPTION**

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to

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any shares of Stock allocated or reserved for the purpose of the Plan or subject to the Term Sheet or these Standard Terms and Conditions, except as to such shares of Stock, if any, that have been issued to such person upon exercise of the Option or any part of it. Nothing in the Plan, the Term Sheet, these Standard Terms and Conditions, or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service or limit in any way the Company's right to terminate the Participant's employment or service at any time and for any reason. As this grant was made in the absolute discretion of management and the Administrator, receipt of these Options does not confer upon the Participant any right to future awards or participation in any equity compensation program.

Neither the Award of this Option nor any shares of Stock issuable pursuant thereto shall be included in compensation for purposes of determining the amount payable to or on behalf of the Participant under any pension, savings, retirement, life insurance, or other employee or director benefits arrangement of the Company, unless otherwise determined by the plan sponsor.

## **10. GENERAL**

If any provision of these Standard Terms and Conditions is declared to be illegal, invalid, or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid, and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid, or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction, or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors, and assigns.

The Participant acknowledges that a copy of the Plan, the Plan prospectus, and Avnet's most recent annual report to its shareholders has been delivered to the Participant.

The Plan, the Term Sheet, and these Standard Terms and Conditions shall be governed, construed, interpreted, and administered solely in accordance with the laws of the state of New York, without regard to principles of conflicts of law.

All questions arising under the Plan, the Term Sheet, and these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion. It is expressly understood that the Administrator is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan, the Term Sheet, and these Standard Terms and Conditions; all such determinations shall be binding upon the Participant.

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**AVNET, INC.**  
**2013 STOCK COMPENSATION AND INCENTIVE PLAN**  
**STANDARD TERMS AND CONDITIONS FOR**  
**PERFORMANCE STOCK UNITS**

**FISCAL 2016 - FISCAL 2018 PERFORMANCE PERIOD**

These Standard Terms and Conditions for Performance Stock Units (the “Standard Terms and Conditions”) apply to any Performance Stock Units granted under the Avnet, Inc. 2013 Stock Compensation and Incentive Plan (the “Plan”) for the Fiscal 2016 through Fiscal 2018 Performance Period (as defined below) that are identified as performance stock units and evidenced by a Term Sheet or an action of the Administrator that refers to these Standard Terms and Conditions.

**1. TERMS OF PERFORMANCE STOCK UNITS**

Avnet, Inc. (“Avnet” or the “Company”) has granted to the Participant named in the attached Term Sheet performance stock units (the “Performance Stock Units” or “PSUs”), subject to the conditions set forth in the Term Sheet, these Standard Terms and Conditions, and the Plan. For purposes of these Standard Terms and Conditions and the Term Sheet, the “Company” refers to Avnet and its subsidiaries.

**2. VESTING AND PERFORMANCE**

The number of PSUs that become vested shall be determined based upon performance over a 3-year performance cycle, beginning as of June 28, 2015, and ending on June 30, 2018 (the “Performance Period”). Except as set forth elsewhere in these Standard Terms and Conditions, the vesting of the PSUs is subject to (a) the Participant remaining continuously employed by, or in the service of, the Company from the Grant Date through the last day of the 3-year Performance Period (as described in Section 3, below), and (b) Avnet achieving the Annual Relative Economic Profit Performance (“Annual Relative EP”) and Relative Total Shareholder Return Performance (“Relative TSR”) goals set forth below. For purposes hereof:

·“Annual Relative EP” means, with respect to each fiscal year in the Performance Period, Avnet’s economic profit per dollar of average capital for such fiscal year as compared to the economic profit per dollar of average capital of the companies in the S&P SuperComposite Technology Distributors Index--Sub-Industry Index, excluding Avnet (see Exhibit A) (the “Distributors Index”).

·“Economic profit” for a business means operating income after tax (assuming an effective tax rate of 35%), less a capital charge of 10% on the amount of capital invested in the business. For purposes hereof, “operating income” excludes certain items as determined by the Administrator, such as restructuring charges, asset writedowns, impairments, and financial impacts of accounting, tax, and regulatory changes, etc.

·“Relative TSR” means the percentile rank (from 0%ile for the lowest to 100%ile for the highest) of Avnet’s Total Shareholder Return compared to the individual total shareholder return of each company in the S&P MidCap 400 Information Technology Index, including Avnet, over the 3-year Performance Period (the “Technology Index”).

·“Total Shareholder Return” means, for each company in the Technology Index, the percentage calculated using the following formula:

$$\frac{\text{Average stock price at end of period} - \text{average stock price at start of period} + \text{dividends}}{\text{Average stock price at start of period}}$$


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Average stock price at start of period

A company's average stock price at the start of the relevant period shall equal its 30-trading day average immediately before and including the start day, and a company's average stock price at the end of the relevant period shall equal its 30-trading day average immediately before and including the end day of the applicable period.

**Performance Goals.** The number of PSUs that become vested under this award (subject to satisfying the service conditions) shall equal the sum of (i) the Annual Relative EP portion, plus (ii) the Relative TSR portion, each as described below.

(i) **Annual Relative EP Portion.** The Annual Relative EP portion equals one-third of the annual Earned EP Percentage (described below) for each fiscal year, multiplied by the Target Number of Shares set forth in the Term Sheet, multiplied by 50%. The calculation includes the following elements:

The annual Earned EP Percentage for each year shall be a percentage ranging from 0% to 200%, according to the following matrix:

Annual Relative EP	-10%	-5%	0%	+5%	+10%
Annual Earned EP Percentage	0%	50%	100%	150%	200%

If Avnet's Annual Relative EP for a year is between two achievement levels set forth in the table above, the annual Earned EP Percentage for the fiscal year shall be determined by linear interpolation.

The Participant's total Earned EP Percentage will be one-third of the annual Earned EP Percentages for each fiscal year, as follows:

$$\text{Total Earned EP Percentage} = \frac{\text{Fiscal 2016 Earned EP Percentage} + \text{Fiscal 2017 Earned EP Percentage} + \text{Fiscal 2018 Earned EP Percentage}}{3}$$

The Participant's Annual Relative EP portion equals the Participant's total Earned EP Percentage times the Target Number of Shares times 50%.

(ii) **Relative TSR Portion.** The Relative TSR Portion equals the Earned TSR Percentage (described below) for the three-year Performance Period, multiplied by the Target Number of Shares set forth in the Term Sheet, multiplied by 50%. The Earned TSR Percentage shall be a percentage ranging from 0% to 200%, according to the following matrix:

Relative TSR (Percentile Rank)	<30%ile	30%ile	50%ile	75%ile+
Earned TSR Percentage	0%	50%	100%	200%

If Avnet's actual Relative TSR percentile rank is between two achievement levels set forth in the table above, the Earned TSR Percentage shall be determined by linear interpolation.

(iii) **Administrator's Determination.** The Administrator shall determine the Earned EP Percentage, Earned TSR Percentage, and number of PSUs that become vested in its sole discretion; provided that if the Participant is a "covered employee" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the level of achievement shall be determined in a manner that

satisfies the requirements under Section 162(m) of the Code for performance-based compensation and shall be evidenced by written certification of the Compensation Committee of Avnet's Board of Directors.

Except as expressly provided otherwise in Sections 4 and 5 herein below, any PSUs that do not vest in accordance with the foregoing shall be forfeited without consideration.

**Payout.** Following the vesting of all or a portion of the PSUs, one share of Avnet common stock ("Stock") shall be issuable for each PSU that vests (the "PSU Shares"). Thereafter, Avnet shall transfer such PSU Shares to the Participant. Such transfer shall occur as soon as practicable after the end of the 3-year Performance Period and satisfaction of all required tax withholding obligations, securities law registration, and other requirements, and applicable stock exchange listing, and in any event no later than December 31st of the calendar year in which the 3-year Performance Period ends.

No fractional shares shall be issued with respect to vesting of PSUs.

The Participant shall not acquire or have any rights as a shareholder of Avnet by virtue of these Standard Terms and Conditions (or the Award evidenced thereby) until the PSU Shares issuable pursuant to this Award are actually issued and delivered to the Participant in accordance with the terms of the Plan and these Standard Terms and Conditions.

### **3. TERMINATION OF EMPLOYMENT OR SERVICE**

Except as provided below with respect to death, disability, or Retirement, if the Participant ceases to be employed by or in the service of the Company for any reason before the end of the 3-year Performance Period, the Participant shall immediately forfeit all of the PSUs without consideration.

### **4. DEATH OR DISABILITY OF PARTICIPANT**

If the Participant's employment with or service to the Company terminates or ceases by reason of the Participant's death or disability (as determined by the Administrator in its sole discretion), the Participant shall vest in a pro-rata share of the PSUs equal to the number of PSUs that would have become vested had the Participant remained continuously employed by, or provided services to, the Company through the end of the 3-year Performance Period (based on Avnet's performance through the end of the 3-year Performance Period), multiplied by a fraction, the numerator of which is the number of full calendar quarters in the Performance Period that have been completed as of the date of death or disability, and the denominator of which is 12. Unless the provisions of Section 5, below, apply, this Section 4 shall apply to a Participant who has not provided services to the Company for twelve consecutive months by reason of long-term disability leave. The number of PSU Shares payable (before application of the pro-ration rule set forth in this Section 4) and the timing of the transfer of such PSU Shares shall be determined in accordance with Section 2, above (without regard to the service requirement set forth therein). All non-vested PSUs shall be forfeited.

### **5. RETIREMENT**

If the Participant's employment or service with the Company terminates by reason of Retirement (as defined herein), the Participant shall vest in the PSUs equal to the number of PSUs that would have become vested had the Participant remained continuously employed by the Company through the end of the 3-year Performance Period (based on Avnet's relative performance through the end of the 3-year Performance Period). For purposes hereof, a cessation of employment will be treated as a "Retirement" if (and only if) (a) the cessation of employment occurs after (I) the Participant has attained at least age 55 and been credited with at least five years of service with the Company and (II) the combination of the Participant's age plus years of service is no less than 65; and (b) the Participant has signed a non-competition agreement in a form

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acceptable to the Company. The number of PSU Shares payable and the timing of the transfer of such PSU Shares shall be determined in accordance with Section 2, above (without regard to the service requirement set forth therein). All non-vested PSUs shall be forfeited.

**6. TAXES**

The Participant acknowledges that the delivery of PSU Shares will generally give rise to a withholding tax obligation, and that the issuance of shares of Stock hereunder is conditioned on timely satisfying such withholding obligation. The Participant shall make arrangements satisfactory to the Company for satisfying such withholding obligations. For Participants residing in the United States, Canada, Austria, Ireland, Germany, and the United Kingdom, Avnet will issue "net shares," meaning that shares will be withheld to cover the estimated withholding tax liability. Participants residing in other countries are subject to the laws of the appropriate tax jurisdiction.

These Standard Terms and Conditions shall be interpreted consistent with the intent to comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, such that there are no adverse tax consequences, interest, or penalties as a result of any amount paid or payable as a result of the award of the PSUs. Any ambiguity or inconsistency in the provisions of these Standard Terms and Conditions shall be resolved consistent with such intent.

No provision of the Plan, the Term Sheet, or these Standard Terms and Conditions shall be construed to transfer to the Company or any of its affiliates any responsibility of the Participant to pay any income, employment, excise, or other taxes attributable to a PSU.

**7. THE PLAN; DEFINED TERMS; ENTIRE AGREEMENT**

In addition to these Standard Terms and Conditions, the Performance Stock Units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan, and the rules of construction set forth in the Plan shall also apply to these Standard Terms and Conditions.

The Term Sheet, these Standard Terms and Conditions, and the Plan constitute the entire understanding between the Participant and the Company regarding the PSUs. Any prior agreements, commitments, or negotiations concerning the PSUs are superseded.

**8. RESTRICTIONS ON RESALES**

The Company may impose such restrictions, conditions, and limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Stock issued pursuant to the PSUs, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders of awards granted under the Plan, (c) requiring that you acknowledge and accept these Standard Terms and Conditions and the Term Sheet, and (d) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

**9. NO ASSIGNMENT**

Performance Stock Units granted under the Plan may not be sold, transferred, pledged, assigned, exchanged, encumbered, or otherwise alienated or hypothecated until after the PSUs have vested and the corresponding shares of Stock have been issued, except to the limited extent permitted by the Plan and approved by the Administrator in its sole discretion.

**10. GENERAL**

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If any provision of these Standard Terms and Conditions is declared to be illegal, invalid, or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid, and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid, or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction, or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors, and assigns.

The Participant acknowledges that a copy of the Plan, the Plan prospectus, and Avnet's most recent annual report to its shareholders has been delivered to the Participant.

Nothing in the Plan, the Term Sheet, these Standard Terms and Conditions, or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service or limit in any way the Company's right to terminate the Participant's employment or service at any time and for any reason. As this grant was made in the absolute discretion of management and the Administrator, receipt of this Award does not confer upon the Participant any right to future awards or participation in any equity compensation program.

Neither this Award nor any shares of Stock issuable hereunder shall be included in compensation for purposes of determining the amount payable to or on behalf of the Participant under any pension, savings, retirement, life insurance, severance, or other employee or director benefits arrangement of the Company, unless otherwise determined by the plan sponsor.

The Plan, the Term Sheet, and these Standard Terms and Conditions shall be governed, construed, interpreted, and administered solely in accordance with the laws of the state of New York, without regard to principles of conflicts of law.

All questions arising under the Plan, the Term Sheet, and these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion. It is expressly understood that the Administrator is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan, the Term Sheet, and these Standard Terms and Conditions; all such determinations shall be binding upon the Participant.

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## EXHIBIT A

The S&P SuperComposite Technology Distributors Index Sub-Industry (excluding Avnet) currently consists of:

- Agilysys, Inc.
- Anixter International Inc.
- Arrow Electronics, Inc.
- Ingram Micro Inc.
- Insight Enterprises, Inc.
- ScanSource, Inc.
- SYNEX Corporation
- Tech Data Corporation

Note that the companies that make up this index may be revised prior to vesting of the PSUs depending upon, among other items, mergers, acquisitions, and failure to publicly provide financial information.

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**AVNET, INC.  
STANDARD TERMS AND CONDITIONS  
FOR RESTRICTED STOCK UNITS**

These Standard Terms and Conditions for Restricted Stock Units (the “Standard Terms and Conditions”) apply to any restricted stock units granted under the Avnet, Inc. 2013 Stock Compensation and Incentive Plan (the “Plan”) that are identified as incentive or restricted stock units.

**1. TERMS OF STOCK UNITS**

Avnet, Inc. (“Avnet”) has granted to the Participant named in the attached award letter restricted stock units (the “Incentive Stock Units”) covering the number of shares of its common stock (the “Stock”) set forth in the award letter, subject to the conditions set forth in these Standard Terms and Conditions, and the Plan. For purposes of these Standard Terms and Conditions and the award letter, the “Company” refers to Avnet and its subsidiaries.

**2. VESTING AND PERFORMANCE**

Subject to the provisions of these Standard Terms and Conditions, 25% of the Incentive Stock Units will vest on the first business day of January in each of 2016 through 2019. Upon the vesting, one share of Stock shall be issuable for each Incentive Stock Unit that vests. Thereafter, Avnet shall transfer such Stock to the Participant. Such transfer shall occur during the Participant’s tax year in which vesting occurs, as soon as practicable after the satisfaction of all required tax withholding obligations, securities law registration and other requirements, and applicable stock exchange listing.

The Participant shall not acquire or have any rights as a shareholder of Avnet by virtue of these Standard Terms and Conditions (or the Award evidenced thereby) until the shares of Stock issuable pursuant to this Award are actually issued and delivered to the Participant in accordance with the terms of the Plan and these Standard Terms and Conditions.

**3. TERMINATION OF EMPLOYMENT OR SERVICE**

Except as provided below with respect to death or Retirement (as such term is defined below), if the Participant ceases to be employed by, or ceases providing services to, the Company for any reason before the Incentive Stock Units have vested pursuant to Paragraph 2, the Participant shall immediately forfeit all of the Incentive Stock Units without consideration therefor. This Section 3 shall apply to a Participant who has not provided services to the Company for twelve consecutive months due to long-term disability leave.

**4. DEATH**

If the Participant’s employment with the Company terminates by reason of the Participant’s death, the Incentive Stock Units shall become immediately and fully vested and payable, and one share of Stock shall be issued for each Incentive Stock Unit on a date determined by the Company, which date shall be no later than 90 days after the Participant’s death.

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**5. RETIREMENT**

If the Participant's employment or service with the Company terminates by reason of Retirement, the Incentive Stock Unit shall continue to vest in accordance with the schedule prescribed by Paragraph 2 (subject to acceleration in the event of death pursuant to Paragraph 4). One share of Stock shall be delivered with respect to each vested Incentive Stock Unit at the time prescribed by Paragraph 2 or Paragraph 4, as applicable. For purposes hereof, a cessation of employment will be treated as a "Retirement" if (and only if) (a) the cessation of employment occurs after (I) the Participant has attained at least age 55 and been credited with at least five years of service with the Company and (II) the combination of the Participant's age plus years of service is no less than 65; and (b) the Participant has signed a non-competition agreement in a form acceptable to the Company.

**6. TAXES**

The Participant acknowledges that Incentive Stock Units and shares of Stock provided under this Agreement are subject to income and employment tax withholding obligations and that, in some cases, withholding obligations will arise before shares are deliverable. The Participant shall make arrangements satisfactory to the Company for satisfying such withholding obligations. For Participants residing in the United States, Canada, Austria, Ireland, Germany, and the United Kingdom, Avnet will issue "net shares," meaning that shares will be withheld to cover estimated withholding tax liability. Participants residing in other countries are subject to the laws of the appropriate tax jurisdiction. No provision of the Plan, the award letter, or these Standard Terms and Conditions shall be construed to transfer to the Company or any of its affiliates any responsibility of the Participant to pay any income, employment, excise, or other taxes attributable to an Incentive Stock Unit.

**7. THE PLAN; DEFINED TERMS; ENTIRE AGREEMENT**

In addition to these Standard Terms and Conditions, the Incentive Stock Units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan, and the rules of construction set forth in the Plan shall also apply to these Standard Terms and Conditions.

The award letter, these Standard Terms and Conditions, and the Plan constitute the entire understanding between the Participant and the Company regarding the Incentive Stock Units. Any prior agreements, commitments, or negotiations concerning the Incentive Stock Units are superseded.

**8. RESTRICTIONS ON REALES**

The Company may impose such restrictions, conditions, and limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Stock issued pursuant to the Incentive Stock Units, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders of awards granted

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under the Plan, requiring that you acknowledge and accept these Standard Terms and Conditions, and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

**9. SECTION 409A**

These Standard Terms and Conditions shall be interpreted consistent with the intent to comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), such that there are no adverse tax consequences, interest, or penalties as a result of any amount paid or payable as a result of the award of the Incentive Stock Units. Any ambiguity or inconsistency in the provisions of these Standard Terms and Conditions shall be resolved consistent with such intent.

If, as of the Participant's "separation from service" within the meaning of Section 409A(a)(2)(A)(i) of the Code, as determined by the Company, the Participant is a "specified employee" (as determined by the Company in accordance with its guidelines established pursuant to Treas. Reg. § 1.409A-1(i)), any amount payable to the Participant upon such separation from service shall be subject to the six (6) month delay required by Section 409A(a)(2)(B)(i) of the Code; provided however, that such six (6) month delay shall not be required with respect to any payment for which the payment event is not such separation from service or with respect to any payment that is not subject to Section 409A by reason of the "short-term deferral" rule described in Treas. Reg. § 1.409A-1(b)(4) or otherwise.

**10. NO ASSIGNMENT**

Incentive Stock Units granted under the Plan may not be sold, transferred, pledged, assigned, exchanged, encumbered, or otherwise alienated or hypothecated until the Incentive Stock Units have vested and the corresponding shares of Stock have been issued, except to the limited extent permitted by the Plan and approved by the Administrator in its sole discretion.

**11. GENERAL**

If any provision of these Standard Terms and Conditions is declared to be illegal, invalid, or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid, and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid, or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction, or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors, and assigns.

The Participant acknowledges that a copy of the Plan, the Plan prospectus, and Avnet's most recent annual report to its shareholders has been delivered or made available to the Participant.

Nothing in the Plan, the award letter, these Standard Terms and Conditions, or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service or limit in any way the Company's right to terminate the

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Participant's employment or service at any time and for any reason. As this grant was made in the absolute discretion of management and the Administrator, receipt of this Award does not confer upon the Participant any right to future awards or participation in any equity compensation program.

Neither this Award nor any shares of Stock issuable hereunder shall be included in compensation for purposes of determining the amount payable to or on behalf of the Participant under any pension, savings, retirement, life insurance, severance, or other employee or director benefits arrangement of the Company, unless otherwise determined by the plan sponsor.

The Plan, the award letter, and these Standard Terms and Conditions shall be governed, construed, interpreted, and administered solely in accordance with the laws of the state of New York, without regard to principles of conflicts of law.

All questions arising under the Plan, the award letter, and these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion. It is expressly understood that the Administrator is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan, the award letter, and these Standard Terms and Conditions; all such determinations shall be binding upon the Participant.



## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Richard Hamada, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2015

/s/ RICHARD HAMADA

Richard Hamada

Chief Executive Officer

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## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kevin Moriarty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2015

/s/ KEVIN MORIARTY

Kevin Moriarty

Chief Financial Officer

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**Certification Pursuant to 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Quarterly Report on Form 10-Q for the period ended October 3, 2015 (the "Report"), I, Richard Hamada, Chief Executive Officer of Avnet, Inc., (the "Company") hereby certify that:

- 1.The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- 2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2015

/s/ RICHARD HAMADA

Richard Hamada

Chief Executive Officer

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**Certification Pursuant to 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Quarterly Report on Form 10-Q for the period ended October 3, 2015 (the "Report"), I, Kevin Moriarty, Chief Financial Officer of Avnet, Inc., (the "Company") hereby certify that:

- 1.The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- 2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2015

/s/ KEVIN MORIARTY

Kevin Moriarty

Chief Financial Officer

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