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## **Avnet, Inc. Announces Transactions to Increase Focus and Strengthen Leadership Position in Enterprise Computing Distribution**

- | Sale of US-Based Hewlett Packard (HP) End-User Business to Logicalis, Inc.
- | Creation of Calence LLC, a Combination of Avnet Enterprise Solutions and Calence, Inc.
- | Multi-Year Exclusive Distribution Agreement with Logicalis, Inc.

PHOENIX -- Avnet, Inc. (NYSE:AVT) ('Avnet') announced three transactions today that will increase Avnet Technology Solutions' focus on its core two-tier distribution business and strengthen its leadership position in the distribution of enterprise computing solutions.

Avnet has agreed to sell its US-based HP enterprise end-user business to Logicalis, Inc. The business being sold, which had revenues in the last fiscal year of approximately \$100 million, is an HP Premier Partner focused on selling HP's enterprise computing products directly to end-users. Logicalis, Inc., a wholly owned subsidiary of U.K. based Logicalis Group, is a leading systems integrator focused on providing high-performance technology solutions to corporate and public sector customers in the United States. Avnet expects this transaction to close in early 2006.

Separately, Avnet has also agreed to combine Avnet Enterprise Solutions, a division of Avnet that specializes in selling network lifecycle management solutions directly to end-users, with the employees and resources of Calence, Inc., a leader in client-centric networks, to form a new company, Calence LLC. Avnet Enterprise Solutions had annual sales of approximately \$190 million in the fiscal year ended July 2, 2005. Calence LLC, which will be headquartered in Tempe Arizona, will be one of the largest solutions providers in the United States focused exclusively on networking solutions. The new company will consist of approximately 400 networking professionals located across the United States in 20 offices, generating combined annual revenue of approximately \$300 million. The transaction, which is subject to regulatory approval, is also expected to close in early 2006. Avnet's investment will be accounted for using the equity method. Concurrent with this transaction, Avnet and Calence LLC. have entered into a five-year network business process outsource agreement for Avnet's data and voice networks, and telecommunications expense management support.

'Avnet's decision to divest these two businesses will allow the Technology Solutions Group to focus on its core competency in two-tier distribution,' said Roy Vallee, Avnet's chairman and CEO. 'These transactions will allow Avnet's non-distribution businesses to join companies focused exclusively on end-user customers where they can enjoy additional scale advantages and build on their success in delivering superior value to their customers.'

Avnet Partner Solutions, a division of Avnet and value-added distributor of enterprise solutions, and Logicalis, Inc. also announced an exclusive distribution agreement whereby Logicalis will procure all of its HP and IBM enterprise computing products from Avnet. This multi-year agreement will allow Logicalis to benefit from more efficient fulfillment through Avnet's investment in taking cost out of the supply chain and in enabling faster-than-market growth for its partners. The total value of the agreement during the five-year contract period is expected to be more than \$1 billion.

Mr. Vallee added, 'Avnet Partner Solutions has built a leadership position in enterprise computing distribution by focusing on the success of our partners. Due to our substantial investments in systems and resources, Avnet's partners have been able to accelerate their growth and profitability. We welcome Logicalis to the Avnet family and look forward to a very successful relationship.'

Avnet expects the combined effect of these transactions will result in no material impact to revenue or operating income in its fiscal year ending June 2006. However, the sale of Avnet's US-based HP enterprise end-user business to Logicalis will result in a pre-tax gain to be recorded in Avnet's third quarter of fiscal 2006 ending April 1, 2006.

### **About Avnet, Inc.**

Avnet enables success from the center of the technology industry, providing cost-effective services and solutions vital to a broad base of more than 100,000 customers and 300 suppliers. The company markets, distributes and adds value to a wide variety of electronic components, enterprise computer products and embedded subsystems. Through its premier market position, Avnet brings a breadth and depth of capabilities that help its trading partners accelerate growth and realize cost efficiencies. For the fiscal year ended, July 2, 2005, Avnet and the recently acquired Memec (closed July 5, 2005) generated combined revenue in excess of \$13 billion in the past year through sales in 70 countries. Visit [www.avnet.com](http://www.avnet.com).

## **About Logicalis**

Logicalis is a global provider of high-performance technology solutions. Logicalis and its affiliated companies employ 1,000 people worldwide, including highly-trained service specialists who specify, design, deploy and manage IT infrastructure to meet the needs of over 5,000 corporate and public sector customers. Logicalis maintains strong partnerships with technology leaders such as HP, IBM, Cisco and EMC.

Logicalis is a part of Logicalis Group, a division of Datatec Limited, a \$3 billion business listed on the Johannesburg Stock Exchange. With its international headquarters in the UK, Logicalis Group's global revenue exceeds \$600 million from operations in the US, UK, Germany and South America. In North America, Logicalis currently contributes nearly \$450 million in revenue and has nearly 400 employees in the U.S. For more information, visit [www.us.logicalis.com](http://www.us.logicalis.com).

## **About Calence, Inc.**

Calence, Inc. ([www.calence.com](http://www.calence.com)) plans, provisions, builds and manages customized network solutions and IT infrastructures designed to improve operational efficiency, increase productivity and boost customer satisfaction. Founded in 1993, Calence has helped Fortune 50 companies and some of the world's most prominent organizations leverage advanced network technologies to address specific business goals and priorities, improve internal processes and communications, and reduce IT costs. The company offers strategic services and expertise in a wide range of specialty areas, including wireless; information security assessment and incident response; voice, video and contact center solutions; and application performance. Calence is a Cisco Gold Partner and an AVVID Partner, as well as a Cisco Advanced Technology Partner for IP Contact Centers. Named one of the fastest growing privately held companies in the country by Inc magazine for four years in a row, Calence is headquartered in Tempe, Ariz.

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