



Non-GAAP Financial Information

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

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

Management believes net income and EPS adjusted for the impact of the items described above is useful to investors because it provides a measure of the Company’s net profitability on a more comparable basis to historical periods and provides a more meaningful basis for forecasting future performance. Additionally, because of management’s focus on generating shareholder value, of which net profitability is a primary driver, management believes net income and EPS excluding the impact of these items provides an important measure of the Company’s net results of operations for the investing public. However, analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

Second Quarter Fiscal 2010

	Second Quarter Ended Fiscal 2010			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 162,287	\$ 151,685	\$ 103,851	\$ 0.68
Gain on sale of assets.....	-	(5,549)	(3,383)	(0.02)
Adjusted results	\$ 162,287	\$ 146,136	\$ 100,468	0.66

During the second quarter of fiscal 2010, the Company recognized a gain on the sale of assets of \$5.5 million pre-tax as a result of certain earn-out provisions associated with the earlier sale of the Company’s equity investment in Calence LLC.

Second Quarter Fiscal 2009

	Second Quarter Ended Fiscal 2009			
	Op Income	Net Income		EPS
	(loss)	Pre-tax	(loss)	
	<i>\$ in thousands, except per share data</i>			
GAAP results (1)	\$ (1,208,656)	\$ (1,229,564)	\$ (1,204,969)	\$ (7.99)
Impairment charges.....	1,348,845	1,348,845	1,314,701	8.72
Restructuring, integration and other charges	13,149	13,149	9,995	0.06
Net reduction in income tax reserves.....	-	-	(27,330)	(0.18)
Retrospective application of accounting standard.....	(97)	4,193	2,556	0.02
Total adjustments.....	1,361,897	1,366,187	1,299,922	8.62
Adjusted results	\$ 153,241	\$ 136,623	\$ 94,953	\$ 0.63

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

Items impacting second quarter fiscal year 2009 consisted of the following:

- A non-cash goodwill impairment charge of \$1.317 billion pre-tax and a non-cash intangible asset impairment charge of \$31.4 million pre-tax due to an interim impairment test performed as a result of the global economic downturn during fiscal 2009.
- Restructuring, integration and other charges of \$11.1 million pre-tax which included severance, costs to exit certain facilities and integration charges related to acquired businesses. Other charges also included \$2.0 million pre-tax related to a loss on investments.
- A net reduction in income tax reserves of \$27.3 million primarily due to the settlement of income tax audits in Europe.
- Adoption of a new accounting standard during fiscal 2010 which changed the accounting for convertible debt that may be settled in cash. Although the \$300.0 million 2% Convertible Senior Debentures to which this standard applies had been extinguished in March 2009, the Company was required to retrospectively apply the standard to prior periods. As a result, the Company recorded incremental pre-tax non-cash interest expense of \$4.3 million.

Pro Forma (Organic) Revenue

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

	<u>Revenue as Reported</u>	<u>Acquisition Revenue</u> <i>(in thousands)</i>	<u>Pro forma Revenue</u>
Q1 Fiscal 2010.....	\$ 4,355,036	\$ 15,464	\$ 4,370,500
Q2 Fiscal 2010.....	4,834,524	4,820	4,839,344
YTD Fiscal year 2010.....	<u>\$ 9,189,560</u>	<u>\$ 20,284</u>	<u>\$ 9,209,844</u>
Q1 Fiscal 2009.....	\$ 4,494,450	\$ 180,494	\$ 4,674,944
Q2 Fiscal 2009.....	4,269,178	146,057	4,415,235
Q3 Fiscal 2009.....	3,700,836	12,778	3,713,614
Q4 Fiscal 2009.....	<u>3,765,432</u>	<u>11,623</u>	<u>3,777,055</u>
Fiscal year 2009.....	<u>\$ 16,229,896</u>	<u>\$ 350,952</u>	<u>\$ 16,580,848</u>

“Acquisition Revenue” as presented in the preceding table includes the following acquisitions:

<u>Acquired Business</u>	<u>Operating Group</u>	<u>Acquisition Date</u>
Ontrack Solutions Pvt. Ltd.	TS	July 2008
Nippon Denso Industry Co., Ltd.	EM	December 2008
Abacus Group plc	EM	January 2009
Vanda Group	TS	October 2009
Sunshine Joint Stock Company	TS	November 2009

Quarterly Reconciliations

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

Q2 FY10 – The Company recognized a gain on the sale of assets amounting to \$5.5 million pre-tax, \$3.4 million after tax and \$0.02 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company’s prior equity investment in Calence.
(Form 8-K filed January 28, 2010)

Q1 FY10 – Restructuring, integration and other charges totaled \$18.1 million pre-tax, \$13.2 million after tax and \$0.09 per share on a diluted basis. The Company also recognized a net increase in taxes of \$3.1 million, or \$0.02 per share on a diluted basis, related to an adjustment for a prior year tax return and additional tax reserves, net of a benefit from a favorable income tax audit settlement.
(Form 8-K filed October 29, 2009 and Form 10-Q filed October 30, 2009)

Q4 FY09 – Non-cash goodwill impairment charges totaled \$62.3 million pre- and after tax and \$0.41 per share. Restructuring, integration and other charges totaled \$43.5 million pre-tax, \$25.3 million after tax and \$0.17 per share, which included income of \$3.2 million pre-tax related to acquisition adjustments. Company also recognized a gain of \$14.3 million pre-tax, \$8.7 million after tax and \$0.06 per share related to the prior sale of an equity investment.
(Form 8-K filed August 5, 2009 and Form 10-K filed August 25, 2009)

Q3 FY09 – Restructuring, integration and other charges totaled \$32.7 million pre-tax, \$22.3 million after tax and \$0.15 per share, consisting of restructuring and integration

charges of \$30.7 million pre-tax, other charges related to acquisition adjustments of \$2.0 million pre-tax and additional tax reserves of \$4.5 million pre-tax or \$0.03 per share. (Form 8-K filed April 23, 2009 and Form 10-Q filed May 5, 2009)

Q2 FY09 – Restructuring, integration and other charges totaled \$13.1 million pre-tax, \$10.0 million after tax and a \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$11.1 million pre-tax and a loss on a liquidated investment of \$2.0 million pre-tax. The Company also recognized a net tax benefit of \$27.3 million, or \$0.18 per share on a diluted basis, primarily related to the settlement of income tax audits in Europe. The Company also recorded an impairment charge of \$1.349 billion pre-tax, \$1.315 billion after tax and \$8.72 per share. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to retrospective application to prior periods, it resulted in incremental pre-tax non-cash interest expense of \$4.3 million. The Company also recognized a reduction in pre-tax deferred financing amortization cost of \$97k. Total impact of the retrospective application on second quarter fiscal 2009 was incremental charges of \$4.2 million pre-tax, \$2.6 million after tax and \$0.02 per share. (Form 8-K filed January 23, 2009, Form 10-Q filed February 10, 2009 and Form 8-K filed January 28, 2010)

Q1 FY09 – Restructuring, integration and other charges, amounted to \$10.0 million pre-tax, \$8.9 million after tax and \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$5.1 million pre-tax, intangible asset amortization of \$3.8 million pre-tax and a decline in market value of an investment of \$1.1 million pre-tax. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to retrospective application to prior periods, it resulted in incremental pre-tax non-cash interest expense of \$4.1 million. The Company also recognized a reduction in pre-tax deferred financing amortization cost of \$97k. Total impact of the retrospective application on first quarter fiscal 2009 was incremental charges of \$4.0 million pre-tax, \$2.5 million after tax and \$0.02 per share on a diluted basis. (Form 8-K filed October 23, 2008, Form 10-Q filed November 4, 2008 and Form 8-K filed October 29, 2009)

Q4 FY08 – (1) Restructuring, integration and other charges, amounted to \$28.1 million pre-tax, \$23.9 million after tax and \$0.16 per share on a diluted basis; (2) gain on sale of an investment amounted to \$42.4 million pre-tax, \$25.9 million after tax and \$0.17 per share on a diluted basis; and (3) net reduction of tax reserves amounted to \$13.9 million, \$0.09 per share on a diluted basis. (Form 8-K filed August 6, 2008 and Form 10-K filed August 27, 2008)

Q3 FY08 – Restructuring, integration and other charges amounted to \$10.9 million pre-tax, \$7.5 million after tax and \$0.05 per share on a diluted basis. (Form 8-K filed April 24, 2008 and Form 10-Q filed May 7, 2008)

Q2 FY08 – (1) Gain on a sale of a building in the EMEA region amounted to \$4.5 million pre- and after tax and \$0.03 per share on a diluted basis and (2) a gain of \$3.0 million pre-tax, \$1.8 million after-tax and \$0.01 per share on a diluted basis for the receipt of contingent purchase price proceeds related to a prior sale of a business. (Form 8-K filed January 24, 2008 and Form 10-Q filed February 5, 2008)

The Company occasionally refers to comparative results in both reported dollars and constant dollars. Reported dollars reflect the GAAP results while constant dollars reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.

Return on Capital Employed (ROCE) is defined as annualized tax effected operating income, excluding restructuring, integration, impairment charges and other items, divided by the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, impairment charges and other items) less cash and cash equivalents.

Return on Working Capital (ROWC) is defined as annualized sales divided by the monthly average balances of receivables plus inventory less accounts payable. Operating income drop through is defined as the portion of gross profit dollar growth that drops through to the operating income line.

Working capital is defined as accounts receivable plus inventory less accounts payable.