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

FORM 10-Q

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

For the quarterly period ended March 28, 2020

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

For the transition period from _____ to _____

Commission File #1-4224

AVNET, INC.

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	**11-1890605** (IRS Employer Identification No.)
2211 South 47th Street, Phoenix, Arizona (Address of principal executive offices)	**85034** (Zip Code)

(480) 643-2000
(Registrant's telephone number, including area code.)

N/A
(Former name, former address and former fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which registered:
Common stock, par value $1.00 per share	AVT	Nasdaq Global Select Market

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

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

Large Accelerated Filer ☑	Accelerated Filer ☐
Non-accelerated Filer ☐	Smaller Reporting Company ☐
Emerging Growth Company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 April 23, 2020, the total number of shares outstanding of the registrant's Common Stock was 98,746,669 shares, net of treasury shares.

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PART I

FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	March 28, 2020	June 29, 2019
	(Thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 402,655	$ 546,105
Receivables, less allowances of $50,874 and $53,499, respectively	2,987,791	3,168,369
Inventories	2,745,219	3,008,424
Prepaid and other current assets	180,956	153,438
Total current assets	6,316,621	6,876,336
Property, plant and equipment, net	413,371	452,171
Goodwill	760,939	876,728
Intangible assets, net	77,306	143,520
Operating lease assets (Note 5)	271,243	—
Other assets	250,248	215,801
Total assets	$ 8,089,728	$ 8,564,556
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 399,965	$ 300,538
Accounts payable	1,733,673	1,864,342
Accrued expenses and other	418,654	413,696
Short-term operating lease liabilities (Note 5)	55,496	—
Total current liabilities	2,607,788	2,578,576
Long-term debt	1,194,240	1,419,922
Long-term operating lease liabilities (Note 5)	247,539	—
Other liabilities	362,883	425,585
Total liabilities	4,412,450	4,424,083
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Common stock $1.00 par; authorized 300,000,000 shares; issued 98,760,983 shares and 104,037,769 shares, respectively	98,761	104,038
Additional paid-in capital	1,587,294	1,573,005
Retained earnings	2,390,425	2,767,469
Accumulated other comprehensive loss	(399,202)	(304,039)
Total shareholders' equity	3,677,278	4,140,473
Total liabilities and shareholders' equity	$ 8,089,728	$ 8,564,556

See notes to consolidated financial statements.

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

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
	(Thousands, except per share amounts)			
Sales	$ 4,309,818	$ 4,698,824	$ 13,474,632	$ 14,837,683
Cost of sales	3,790,885	4,074,629	11,886,247	12,946,706
Gross profit	518,933	624,195	1,588,385	1,890,977
Selling, general and administrative expenses	469,646	468,171	1,391,024	1,415,040
Goodwill and intangible asset impairment expense	145,836	—	145,836	—
Restructuring, integration and other expenses	19,211	2,939	58,073	79,986
Operating (loss) income	(115,760)	153,085	(6,548)	395,951
Other (expense) income, net	(12,608)	8,731	(8,162)	9,424
Interest and other financing expenses, net	(29,718)	(36,253)	(97,254)	(100,064)
Income (loss) from continuing operations before taxes	(158,086)	125,563	(111,964)	305,311
Income tax (benefit) expense	(29,425)	30,628	(30,270)	90,072
Income (loss) from continuing operations, net of tax	(128,661)	94,935	(81,694)	215,239
Loss from discontinued operations, net of tax	—	(6,887)	(1,548)	(7,066)
Net (loss) income	(128,661)	88,048	(83,242)	208,173
Earnings (loss) per share - basic:				
Continuing operations	$ (1.29)	$ 0.87	$ (0.81)	$ 1.93
Discontinued operations	—	(0.06)	(0.01)	(0.06)
Net (loss) income per share basic	(1.29)	0.81	(0.82)	1.87
Earnings (loss) per share - diluted:				
Continuing operations	$ (1.29)	$ 0.87	$ (0.81)	$ 1.91
Discontinued operations	—	(0.06)	(0.01)	(0.06)
Net (loss) income per share diluted	(1.29)	0.81	(0.82)	1.85
Shares used to compute earnings per share:				
Basic	99,479	108,074	101,013	111,222
Diluted	99,479	108,822	101,013	112,252
Cash dividends paid per common share	$ 0.21	$ 0.20	$ 0.63	$ 0.60

See notes to consolidated financial statements.

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

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	**March 30, 2019**	**March 28, 2020**	**March 30, 2019**
	(Thousands)			
Net (loss) income	$ (128,661)	$ 88,048	$ (83,242)	$ 208,173
Other comprehensive (loss) income, net of tax:				
Foreign currency translation and other	(96,351)	1,193	(105,311)	(55,203)
Pension adjustments, net	3,167	1,249	10,148	6,212
Total comprehensive (loss) income	$ (221,845)	$ 90,490	$ (178,405)	$ 159,182

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
	(Thousands)					
Balance, June 29, 2019	104,038	$ 104,038	$ 1,573,005	$ 2,767,469	$ (304,039)	$ 4,140,473
Net income	—	—	—	41,752	—	41,752
Translation adjustments and other	—	—	—	—	(102,146)	(102,146)
Pension liability adjustments, net	—	—	—	—	3,813	3,813
Cash dividends	—	—	—	(21,451)	—	(21,451)
Repurchases of common stock	(2,631)	(2,631)	—	(109,504)	—	(112,135)
Stock-based compensation	64	64	7,701	—	—	7,765
Balance, September 28, 2019	101,471	$ 101,471	$ 1,580,706	$ 2,678,266	$ (402,372)	$ 3,958,071
Net income	—	—	—	3,668	—	3,668
Translation adjustments and other	—	—	—	—	93,186	93,186
Pension liability adjustments, net	—	—	—	—	3,168	3,168
Cash dividends	—	—	—	(20,975)	—	(20,975)
Repurchases of common stock	(2,135)	(2,135)	—	(85,423)	—	(87,558)
Stock-based compensation	13	13	7,760	—	—	7,773
Balance, December 28, 2019	99,349	$ 99,349	$ 1,588,466	$ 2,575,536	$ (306,018)	$ 3,957,333
Net loss	—	—	—	(128,661)	—	(128,661)
Translation adjustments and other	—	—	—	—	(96,351)	(96,351)
Pension liability adjustments, net	—	—	—	—	3,167	3,167
Cash dividends	—	—	—	(20,810)	—	(20,810)
Repurchases of common stock	(1,104)	(1,104)	—	(35,640)	—	(36,744)
Stock-based compensation	516	516	(1,172)	—	—	(656)
Balance, March 28, 2020	98,761	$ 98,761	$ 1,587,294	$ 2,390,425	$ (399,202)	$ 3,677,278

	Common Stock-Shares	Common Stock-Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
	(Thousands)					
Balance, June 30, 2018	115,825	$ 115,825	$ 1,528,713	$ 3,235,894	$ (195,351)	$ 4,685,081
Net income	—	—	—	83,724	—	83,724
Translation adjustments and other	—	—	—	—	8,801	8,801
Pension liability adjustments, net	—	—	—	—	756	756
Cash dividends	—	—	—	(22,932)	—	(22,932)
Repurchases of common stock	(3,315)	(3,315)	—	(153,582)	—	(156,897)
Effects of new accounting principles	—	—	—	(3,832)	—	(3,832)
Stock-based compensation	521	521	25,851	—	—	26,372
Balance, September 29, 2018	113,031	$ 113,031	$ 1,554,564	$ 3,139,272	$ (185,794)	$ 4,621,073
Net income	—	—	—	36,401	—	36,401
Translation adjustments and other	—	—	—	—	(65,197)	(65,197)
Pension liability adjustments, net	—	—	—	—	4,207	4,207
Cash dividends	—	—	—	(21,769)	—	(21,769)
Repurchases of common stock	(4,116)	(4,116)	—	(170,967)	—	(175,083)
Stock-based compensation	36	36	9,069	—	—	9,105
Balance, December 29, 2018	108,951	$ 108,951	$ 1,563,633	$ 2,982,937	$ (246,784)	$ 4,408,737
Net income	—	—	—	88,048	—	88,048
Translation adjustments and other	—	—	—	—	1,193	1,193
Pension liability adjustments, net	—	—	—	—	1,249	1,249
Cash dividends	—	—	—	(21,487)	—	(21,487)
Repurchases of common stock	(2,816)	(2,816)	—	(114,421)	—	(117,237)
Stock-based compensation	519	519	1,450	—	—	1,969
Balance, March 30, 2019	106,654	$ 106,654	$ 1,565,083	$ 2,935,077	$ (244,342)	$ 4,362,472

See notes to consolidated financial statements.

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

	Nine Months Ended	
	March 28, 2020	March 30, 2019
	(Thousands)	
Cash flows from operating activities:		
Net (loss) income	$ (83,242)	$ 208,173
Less: Loss from discontinued operations, net of tax	(1,548)	(7,066)
Income (loss) from continuing operations	(81,694)	215,239
Non-cash and other reconciling items:		
Depreciation	75,535	72,692
Amortization	62,240	63,123
Amortization of operating lease assets	46,560	—
Deferred income taxes	(42,529)	45,286
Stock-based compensation	20,757	24,204
Goodwill and intangible asset impairment	145,836	—
Other, net	35,000	42,786
Changes in (net of effects from businesses acquired and divested):		
Receivables	150,095	436,382
Inventories	227,996	(125,410)
Accounts payable	(112,923)	(399,526)
Accrued expenses and other, net	(84,263)	(118,347)
Net cash flows provided by operating activities - continuing operations	442,610	256,429
Net cash flows used for operating activities - discontinued operations	—	(56,284)
Net cash flows provided by operating activities	442,610	200,145
Cash flows from financing activities:		
Borrowings (repayments) under accounts receivable securitization, net	(127,400)	342,000
Repayments under bank credit facilities and other debt, net	(1,639)	(11,386)
Borrowings (repayments) under senior unsecured credit facility, net	(1,194)	85,005
Repurchases of common stock	(235,830)	(447,901)
Dividends paid on common stock	(63,235)	(66,188)
Other, net	(15,132)	10,042
Net cash flows used for financing activities - continuing operations	(444,430)	(88,428)
Net cash flows used for financing activities	(444,430)	(88,428)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(61,156)	(101,383)
Acquisitions of businesses, net of cash acquired	(51,509)	(66,458)
Other, net	(12,547)	42,069
Net cash flows used for investing activities - continuing operations	(125,212)	(125,772)
Net cash flows provided by investing activities - discontinued operations	—	123,473
Net cash flows used for investing activities	(125,212)	(2,299)
Effect of currency exchange rate changes on cash and cash equivalents	(16,418)	(5,291)
Cash and cash equivalents:		
— (decrease) increase	(143,450)	104,127
— at beginning of period	546,105	621,125
— at end of period	$ 402,655	$ 725,252

See notes to consolidated financial statements.

AVNET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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. and its consolidated subsidiaries' (collectively, 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 in the United States ("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 and assumptions.

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 29, 2019.

Certain reclassifications have been made in prior periods to conform to the current period presentation.

Recently adopted accounting pronouncements

The Company adopted Accounting Standards Update ("ASU") No. 2016-02, *"Leases (Topic 842),"* and its related amendments (collectively "ASC 842") on June 30, 2019 (the first day of fiscal 2020) using the modified transition approach without restating the comparative period consolidated financial statements. The standard requires lessees to recognize a right-of-use asset and a short-term and long-term lease liability for all leases.

The adoption of ASC 842 did not have a material impact on the Company's consolidated statements of operations or retained earnings. The Company elected the package of practical expedients permitted under the transition guidance that allowed, among other things, the historical lease classification to be carried forward without reassessment and the hindsight practical expedient. The Company elected to not separate lease and non-lease components for its real estate leases. Refer to Note 5 for additional disclosures related to leases.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815) - Targeted Improvements to Accounting for Hedging Activities"* and its related amendments (collectively "ASC 815"), which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and makes certain targeted improvements to simplify the qualification and application of hedge accounting compared to historical GAAP. This update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The adoption of ASC 815 in the first quarter of fiscal 2020 did not have an impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU No. 2020-04"), which provides optional guidance to ease the potential burden in accounting for reference rate reform on financial reporting. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. The company is currently evaluating the potential effects of adopting the provisions of ASU No. 2020-04.

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

In January 2020, the FASB issued ASU No. 2020-01 - *Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)-Clarifying the Interactions between Topic 321, Topic 323, and Topic 815* ("ASU No.2020-01"), which clarifies the interaction of the accounting for certain equity securities, equity method investments, and certain derivatives. ASU No. 2020-01 will be effective for the Company in the first quarter of fiscal 2022, and early adoption is permitted. The Company is currently evaluating the potential effects of adopting the provisions of ASU No. 2020-01.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*, ("ASU No. 2019-12") which removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU No. 2019-12 will be effective for the Company in the first quarter of fiscal 2022, and early adoption is permitted. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. The Company is currently evaluating the potential effects of adopting the provisions of ASU No. 2019-12.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)* ("ASU No. 2018-15"). ASU No. 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop internal-use software. ASU No. 2018-15 is effective for the Company in the first quarter of fiscal 2021, with early adoption permitted, and is to be applied either retrospectively or prospectively. The Company is currently evaluating the potential effects of adopting the provisions of ASU No. 2018-15.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU No. 2018-14"). The new guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans, including removing certain previous disclosure requirements, adding certain new disclosure requirements, and clarifying certain other disclosure requirements. ASU No. 2018-14 will be effective for the Company in the first quarter of fiscal 2022, and early adoption is permitted. The Company's planned adoption of ASU No. 2018-14 is not expected to have an impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU No. 2016-13") and also issued subsequent amendments to the initial guidance: ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, and ASU No. 2019-11 (collectively, Topic 326). Topic 326 revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. Topic 326 is effective for the Company in the first quarter of fiscal 2021, with early adoption permitted, and is to be applied using a modified retrospective approach. The Company is currently evaluating the potential effects of adopting the provisions of Topic 326.

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

2. Acquisitions and discontinued operations

Acquisitions

In the second quarter of fiscal 2020, the Company completed two acquisitions. The impact of these acquisitions was not material to the Company's consolidated balance sheets or statements of operations and as a result, the Company has not disclosed the preliminary allocation of purchase price or the pro-forma impact of the acquisition.

See Note 3 for further discussion of impairment considerations related to goodwill and long-lived assets.

Discontinued Operations

In February 2017, the Company completed the sale of its Technology Solutions business ("TS business") to Tech Data Corporation (the "Buyer"). The TS business and the financial impacts of the divestiture are classified as discontinued operations in all periods presented. In August 2018, the Company executed a settlement agreement with the Buyer resulting in a final sales price increase of $120.0 million and a final geographic allocation of the TS business sales price for tax reporting purposes. This incremental consideration received from the sale of the TS business as well as cash settlements from the resolution of indemnification claims and other cash reimbursements have been classified as cash flows from discontinued operations investing activities. Income tax payments related to the gain on sale of the TS business have been classified as cash flows from discontinued operations operating activities.

Under the contractual terms of the sale of the TS business, the Company has indemnified the Buyer for certain liabilities including tax related matters, which may result in future indemnification expenses and indemnification payments to the Buyer depending upon the outcome of those matters subject to indemnification.

3. Goodwill and intangible assets

Goodwill

The following table presents the change in goodwill by reportable segment for the nine months ended March 28, 2020.

	Electronic Components	Farnell	Total
		(Thousands)	
Carrying value at June 29, 2019 [1]	$ 390,896	$ 485,832	$ 876,728
Additions from acquisitions	30,562	—	30,562
Impairment of goodwill	(120,475)	—	(120,475)
Foreign currency translation	(5,970)	(19,906)	(25,876)
Carrying value at March 28, 2020 [1]	$ 295,013	$ 465,926	$ 760,939

(1) Includes accumulated impairment of $1,045,110 from fiscal 2009, $181,440 from fiscal 2018 and $137,396 from fiscal 2019

The Company evaluates each quarter if facts and circumstances indicate that it is more likely than not that the fair value of its reporting units is less than their carrying value, which would require the Company to perform an interim goodwill impairment test. Indicators the Company evaluates to determine whether an interim goodwill impairment test is necessary include, but are not limited to, (i) a sustained decrease in share price or market capitalization as of any fiscal quarter end, (ii) changes in macroeconomic or industry environments, (iii) the results of and the amount of time passed since the last goodwill impairment test and (iv) the long-term expected financial performance of its reporting units.

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

Intangible Assets

The following table presents the Company's acquired intangible assets at March 28, 2020 and June 29, 2019, respectively.

	March 28, 2020			June 29, 2019		
	Acquired Amount [1]	Accumulated Amortization	Net Book Value	Acquired Amount	Accumulated Amortization	Net Book Value
	(Thousands)					
Customer related	$ 290,199	$ (247,495)	$ 42,704	$ 292,266	$ (208,329)	$ 83,937
Trade name	50,627	(29,810)	20,817	52,760	(24,752)	28,008
Technology and other	52,674	(38,889)	13,785	63,753	(32,178)	31,575
	$ 393,500	$ (316,194)	$ 77,306	$ 408,779	$ (265,259)	$ 143,520

(1) Includes intangible asset impairment of $17,494 in the third quarter of fiscal 2020

Intangible asset amortization expense from continuing operations was $21.0 million and $21.9 million for the third quarters of fiscal 2020 and 2019, respectively, and $62.2 million and $63.1 million for the first nine months of fiscal 2020 and 2019, respectively. Intangible assets have a weighted average remaining useful life of approximately 2 years. The following table presents the estimated future amortization expense for the remainder of fiscal 2020 and the next five fiscal years (in thousands):

Fiscal Year	
Remainder of fiscal 2020	$ 18,708
2021	36,410
2022	12,610
2023	4,795
2024	1,472
2025	3,311
Total	$ 77,306

Goodwill and intangible asset impairment expense

An interim goodwill impairment test was performed as of March 28, 2020. The macroeconomic impacts of the global coronavirus pandemic ("COVID-19") and the corresponding decline in the Company's share price below tangible book value, were indicators in the third quarter of fiscal 2020, that goodwill was potentially not recoverable.

The Company recorded non-cash goodwill impairment expense of $120.5 million during the third quarter of fiscal 2020, related to reporting units in the Electronic Components (EC) reportable segment including goodwill in the Americas and goodwill associated with recent acquisitions. The impairment of goodwill in such reporting units was primarily the result of COVID-19 related impacts including the significant decline in market capitalization during the quarter as well as a reduction in expected future operating results.

In assessing goodwill for impairment in the third quarter of fiscal 2020, the Company was required to make significant judgments related to the fair value of its reporting units. The Company used a combination of an income approach, specifically a discounted cash flow methodology, and a market approach to estimate the fair value of its reporting units. The discounted cash flow methodology includes market participant assumptions for, among other factors, forecasted sales, gross profit margins, operating expenses, cash flows, perpetual growth rates and long-term discount rates, all of which required judgments and estimates by management that are inherently uncertain. The market approach methodology required significant assumptions related to comparable transactions, market multiples, capital structure and control premiums. The interim goodwill impairment testing results were also reconciled with the Company's market capitalization on and around March 28, 2020, as the final step in the impairment testing.

The Company also performed asset impairment testing over long-lived assets, including intangible assets and property, plant and equipment, as of March 28, 2020 due primarily to the same indicators that led to the interim goodwill impairment testing. As a result of such long-lived asset impairment testing, the Company recorded $25.3 million in impairment expense substantially all related to intangible assets.

Other impairment expense

During the third quarter of fiscal 2020, the Company also recorded $15.3 million of equity investment impairment expense classified within other (expense) income, net in the consolidated statements of operations.

4. Debt

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

	March 28, 2020	June 29, 2019	March 28, 2020	June 29, 2019
	Interest Rate		Carrying Balance	
Bank credit facilities and other	4.76 %	1.02 %	$ 65	$ 538
Accounts receivable securitization program (due August 2020)	1.71 %	—	99,900	—
Public notes due June 2020	5.88 %	5.88 %	300,000	300,000
Short-term debt			$ 399,965	$ 300,538

Bank credit facilities and other consists primarily 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.

The Company has a trade accounts receivable securitization program (the "Securitization Program") in the United States 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 trade accounts receivable, to provide security or collateral for borrowings up to a maximum of $500 million. The Securitization Program does not qualify for off balance sheet accounting treatment and any borrowings under the Securitization Program are recorded as debt in the consolidated balance sheets. Under the Securitization Program, the Company legally sells and isolates certain U.S. trade accounts receivable into a wholly owned and consolidated bankruptcy remote special purpose entity. Such receivables, which are recorded within "Receivables" in the consolidated balance sheets, totaled $756.7 million and $857.3 million at March 28, 2020 and June 29, 2019, respectively. The Securitization Program contains certain covenants relating to the quality of the receivables sold. The Securitization Program also requires the Company to maintain certain minimum interest coverage and leverage ratios, which the Company was in compliance with as of March 28, 2020, and June 29, 2019. Interest on borrowings is calculated using a one-month LIBOR rate plus a spread of 0.75%. The facility fee on the unused balance of the facility is up to 0.35%.

On March 31, 2020, the Company notified Wells Fargo Bank, N.A., as Trustee, that it has elected to redeem on April 30, 2020, all of its outstanding 5.875% Notes due June 15, 2020 ("Notes") at a make-whole redemption price in accordance with the terms of the Notes and the indenture. On April 30, 2020, the Company redeemed $300 million in principal amount of the Notes with a combination of cash on hand and by drawing on its existing $1.25 billion senior unsecured revolving credit facility, which is scheduled to mature on June 28, 2023. The make-whole premium for the early redemption was not material.

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

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

	March 28, 2020	June 29, 2019	March 28, 2020	June 29, 2019
	Interest Rate		Carrying Balance	
Revolving credit facilities:				
Accounts receivable securitization program	—	3.15 %	$ —	$ 227,300
Credit Facility (due June 2023)	—	5.68 %	—	1,100
Public notes due:				
December 2021	3.75 %	3.75 %	300,000	300,000
December 2022	4.88 %	4.88 %	350,000	350,000
April 2026	4.63 %	4.63 %	550,000	550,000
Other long-term debt	1.18 %	1.00 %	1,559	403
Long-term debt before discount and debt issuance costs			1,201,559	1,428,803
Discount and debt issuance costs – unamortized			(7,319)	(8,881)
Long-term debt			$ 1,194,240	$ 1,419,922

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 $200.0 million of letters of credit and up to $300.0 million of loans in certain approved currencies, which expires in June 2023. Subject to certain conditions, the Credit Facility may be increased up to $1.50 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 March 28, 2020 and June 29, 2019. As of March 28, 2020 and June 29, 2019, there were $1.6 million and $4.0 million, respectively, in letters of credit issued under the Credit Facility.

As of March 28, 2020, the carrying value and fair value of the Company’s total debt was $1.59 billion and $1.60 billion, respectively. At June 29, 2019, the carrying value and fair value of the Company’s total debt was $1.72 billion and $1.78 billion, respectively. Fair value for the public notes was estimated based upon quoted market prices and for other forms of debt fair value approximates carrying value due to the market based variable nature of the interest rates on those debt facilities.

5. Leases

Substantially all the Company’s leases are classified as operating leases and are predominately related to real property for distribution centers, office space and integration facilities with a lease term of up to 18 years. The Company’s equipment leases are primarily for automobiles and equipment, and are not material to the consolidated financial statements.

The Company determines if an arrangement contains a lease at inception based on whether it conveys the right to control the use of an identified asset in exchange for consideration. Lease right-of-use assets (“operating lease assets”) and associated liabilities (“operating lease liabilities”) are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Certain lease agreements may include one or more options to extend or terminate a lease. Lease terms are inclusive of these options if it is reasonably certain that the Company will exercise such options.

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

The Company's leases generally do not provide a readily determinable implicit borrowing rate, as such, the discount rate used to calculate present value is based upon an estimate of the Company's secured borrowing rate. The estimated secured borrowing rates used at the date of adoption for each lease varies in accordance with the lease term and the currency of the lease payments. Lease cost is recognized on a straight-line basis over the lease term and is included as a component of "Selling, general, and administrative expenses" in the consolidated statements of operations. Lease payments are primarily fixed; however, certain lease agreements contain variable payments, which are expensed as incurred and not included in the measurement of operating lease assets and liabilities.

The components of lease cost related to the Company's operating leases were as follows (in thousands):

	Third Quarter Ended	Nine Months Ended
	March 28, 2020	
Operating lease cost	$ 19,257	$ 57,633
Variable lease cost	5,496	15,594
Total lease cost	$ 24,753	$ 73,227

Future minimum operating lease payments as of March 28, 2020 are as follows (in thousands):

Fiscal Year	
Remainder of fiscal 2020	$ 19,735
2021	58,995
2022	49,061
2023	42,079
2024	32,965
Thereafter	167,259
Total future operating lease payments	370,094
Total imputed interest on operating lease liabilities	(67,059)
Total operating lease liabilities	$ 303,035

Prior to the Company's adoption of ASC 842, future minimum operating lease payments as of June 29, 2019 were as follows (in thousands) on an undiscounted basis and excluding non-lease components:

Fiscal Year	
2020	$ 68,710
2021	52,225
2022	42,069
2023	32,245
2024	23,305
Thereafter	85,196
Total lease payments	$ 303,750

Other information pertaining to operating leases consists of the following:

Operating Lease Term and Discount Rate	
Weighted-average remaining lease term in years	9.6
Weighted-average discount rate	3.8 %

Supplemental cash flow information related to the Company's operating leases for the nine months ended March 28, 2020 was as follows (in thousands):

Supplemental Cash Flow Information:		
Cash paid for operating lease liabilities	$	46,418
Operating lease assets obtained from new operating lease liabilities		30,750

6. 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 (e.g., 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 60 days ("economic hedges"), but no longer than one year. The Company continues to have exposure to foreign currency risks to the extent they are not economically hedged. The Company adjusts any economic hedges to fair value through the consolidated statements of operations primarily within "Other (expense) income, net." 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 "Prepaid and other current assets" or "Accrued expenses and other," as applicable, in the accompanying consolidated balance sheets as of March 28, 2020 and June 29, 2019. The Company's master netting and other similar arrangements with various financial institutions related to derivative financial instruments allow for the right of offset. The Company'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 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.

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase from suppliers. The Company's foreign operations transactions are denominated primarily in the following currencies: U.S. Dollar, Euro, British Pound, Japanese Yen, Chinese Yuan, Taiwan Dollar, Canadian Dollar and Mexican Peso. The Company also, to a lesser extent, has foreign operations transactions in other EMEA and Asia foreign currencies.

The fair values of forward foreign currency exchange contracts not receiving hedge accounting treatment recorded in the Company's consolidated balance sheets are as follows:

	March 28, 2020	June 29, 2019
	(Thousands)	
Prepaid and other current assets	$ 15,614	$ 5,511
Accrued expenses and other	14,147	6,154

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

The amounts recorded to other (expense) income, net, related to derivative financial instruments for economic hedges are as follows:

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
	(Thousands)			
Net derivative financial instrument (loss) gain	$ (3,247)	$ (398)	$ 7,856	$ (17)

Under the Company's economic hedging policies, gains and losses on the derivative financial instruments are classified within the same line item in the consolidated statements of operations as the remeasurement of the underlying assets or liabilities being economically hedged.

7. 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 is also currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations, including import/export and environmental matters. 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 early 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 its results of operations in any one reporting period.

As of March 28, 2020 and June 29, 2019, the Company had aggregate estimated liabilities of $14.7 million classified within accrued expenses and other for such compliance-related matters that were reasonably estimable as of such dates.

8. Income taxes

The Company's effective tax rate on its loss from continuing operations before taxes was 18.6% in the third quarter of fiscal 2020. During the third quarter of fiscal 2020, the Company's effective tax rate was unfavorably impacted primarily by (i) the impairment of goodwill that is not deductible for tax purposes, partially offset by (ii) the release of unrecognized tax benefit reserves net of settlements.

During the third quarter of fiscal 2019, the Company's effective tax rate on its income from continuing operations before taxes was 24.4%. During the third quarter of fiscal 2019, the Company's effective tax rate was unfavorably impacted primarily by (i) an increase due to the impact from recently issued U.S. income tax regulations, partially offset by (ii) decreases in unrecognized tax benefits due to the expiration of the statute of limitations in various jurisdictions.

For the first nine months of fiscal 2020, the Company's effective tax rate on its loss from continuing operations before income taxes was 27.0%. The effective tax rate for the first nine months of fiscal 2020 was favorably impacted primarily by (i) the release of unrecognized tax benefit reserves net of settlements and (ii) the mix of income in lower tax jurisdictions, partially offset by (iii) goodwill impairment expense that is not deductible for tax purposes and (iv) a valuation allowance against interest deduction deferred tax assets.

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

During the first nine months of fiscal 2019, the Company's effective tax rate on its income from continuing operations before taxes was 29.5%. The effective tax rate for the first nine months of fiscal 2019 was unfavorably impacted primarily by (i) an adjustment to the transition tax on unremitted foreign earnings recorded under the requirements of recent U.S. tax law changes (the "Act") , (ii) net increases in unrecognized tax benefits, and (iii) an increase due to the impact from recently issued U.S. income tax regulations associated with the Act, partially offset by (iv) an adjustment to the deferred tax impacts of the Act, (v) the mix of income in lower tax jurisdictions, and (vi) the release of valuation allowances against deferred tax assets that were deemed to be realizable.

The Company's effective tax rate may change in future periods due to changes in tax laws and issuance of additional guidance and regulations of tax laws.

The Company has considered the expected impact of COVID-19 in evaluating the need for valuation allowances and unrecognized tax benefit reserves.

The United States enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act is an approximately $2 trillion emergency economic stimulus package in response to the COVID-19 outbreak, which among other things contains numerous income tax provisions. Some of these tax provisions are expected to be effective retroactively for years ending before the date of enactment. The Company analyzed the impact of the CARES Act and does not foresee a significant impact on its consolidated financial position, results of operations, effective tax rate and cash flows.

9. Pension plan

The Company has a noncontributory defined benefit pension plan that covers substantially all current or former U.S. employees (the "Plan"). Components of net periodic pension cost for the Plan was as follows:

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
	(Thousands)			
Service cost	$ 3,786	$ 3,582	$ 11,358	$ 11,050
Total net periodic pension cost within selling, general and administrative expenses	3,786	3,582	11,358	11,050
Interest cost	5,638	8,010	16,914	21,238
Expected return on plan assets	(12,668)	(16,003)	(38,003)	(42,605)
Amortization of prior service cost (credit)	534	(392)	1,603	(1,178)
Recognized net actuarial loss	3,658	2,091	10,972	7,161
Total net periodic pension benefit within other (expense) income, net	(2,838)	(6,294)	(8,514)	(15,384)
Net periodic pension cost (benefit)	$ 948	$ (2,712)	$ 2,844	$ (4,334)

The Company expects to make contributions to the Plan of $4.0 million during the remainder of fiscal 2020. The Company made $4.0 million of contributions during the first nine months of fiscal 2020.

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

10. Shareholders' equity

Share repurchase program

In August 2019, the Company's Board of Directors amended the Company's existing share repurchase program, increasing the cumulative total of authorized share repurchases to $2.95 billion of common stock in the open market or through privately negotiated transactions. The timing and actual number of shares repurchased will depend on a variety of factors such as share price, expected liquidity, expected compliance with financial debt convents, corporate and regulatory requirements, and prevailing market conditions. During the third quarter and nine months ended March 28, 2020, the Company repurchased 1.1 million and 5.9 million shares, respectively, under this program for a total cost of $36.7 million and $236.4 million, respectively. As of March 28, 2020, the Company had $469.0 million remaining under its share repurchase authorization.

As a result of the economic uncertainty caused by COVID-19, the Company has temporarily suspended share repurchases.

Common stock dividend

In February 2020, the Company's Board of Directors approved a dividend of $0.21 per common share and dividend payments of $20.8 million were made in March 2020. During the nine months ended March 28, 2020, the Company paid dividends of $0.63 per common share and $63.2 million in total.

11. Earnings per share

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
	(Thousands, except per share data)			
Numerator:				
Income (loss) from continuing operations	$ (128,661)	$ 94,935	$ (81,694)	$ 215,239
Loss from discontinued operations, net of tax	—	(6,887)	(1,548)	(7,066)
Net (loss) income	$ (128,661)	$ 88,048	$ (83,242)	$ 208,173
Denominator:				
Weighted average common shares for basic earnings per share	99,479	108,074	101,013	111,222
Net effect of dilutive stock based compensation awards	—	748	—	1,030
Weighted average common shares for diluted earnings per share	99,479	108,822	101,013	112,252
Basic (loss) earnings per share - continuing operations	$ (1.29)	$ 0.87	$ (0.81)	$ 1.93
Basic loss per share - discontinued operations	—	(0.06)	(0.01)	(0.06)
Basic (loss) earnings per share	$ (1.29)	$ 0.81	$ (0.82)	$ 1.87
Diluted (loss) earnings per share - continuing operations	$ (1.29)	$ 0.87	$ (0.81)	$ 1.91
Diluted loss per share - discontinued operations	—	(0.06)	(0.01)	(0.06)
Diluted (loss) earnings per share	$ (1.29)	$ 0.81	$ (0.82)	$ 1.85
Stock options excluded from earnings per share calculation due to anti-dilutive effect	1,431	528	1,018	410

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

For the three and nine months ended March 28, 2020, the diluted net loss per share is the same as basic net loss per share as the effects of 208,399 and 775,060 potential common shares, respectively, would be anti-dilutive.

12. Additional cash flow information

Non-cash investing and financing activities and supplemental cash flow information were as follows:

	Nine Months Ended	
	March 28, 2020	March 30, 2019
	(Thousands)	
Non-cash Investing Activities:		
Capital expenditures incurred but not paid	$ 5,366	$ 10,310
Non-cash Financing Activities:		
Unsettled share repurchases	—	$ 4,740
Supplemental Cash Flow Information:		
Interest	$ 88,472	$ 87,845
Income tax payments - continuing and discontinued operations	14,689	150,765

Included in cash and cash equivalents as of March 28, 2020 and June 29, 2019 was $4.1 million and $9.4 million, respectively, of cash equivalents, which was primarily comprised of investment grade money market funds and overnight time deposits.

13. Segment information

Electronic Components ("EC") and Farnell ("Farnell") are the Company's reportable segments ("operating groups"). EC markets and sells semiconductors and interconnect, passive and electromechanical devices and integrated components to a diverse customer base serving many end-markets. Farnell distributes electronic components and related products to the electronic system design community utilizing multi-channel sales and marketing resources.

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

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
	(Thousands)			
Sales:				
Electronic Components	$ 3,974,669	$ 4,331,351	$ 12,472,484	$ 13,722,890
Farnell	335,149	367,473	1,002,148	1,114,793
	4,309,818	4,698,824	13,474,632	14,837,683
Operating income (loss):				
Electronic Components	$ 84,841	$ 153,319	$ 290,271	$ 473,783
Farnell	23,350	45,651	65,109	126,088
	108,191	198,970	355,380	599,871
Corporate	(37,833)	(20,866)	(95,416)	(60,414)
Restructuring, integration and other expenses	(19,211)	(2,939)	(58,073)	(79,986)
Goodwill and intangible asset impairment expense	(145,836)	—	(145,836)	—
Amortization of acquired intangible assets and other	(21,071)	(22,080)	(62,603)	(63,520)
Operating (loss) income	$ (115,760)	$ 153,085	$ (6,548)	$ 395,951
Sales, by geographic area:				
Americas [1]	$ 1,203,605	$ 1,297,220	$ 3,605,944	$ 3,869,435
EMEA [2]	1,512,476	1,740,916	4,409,258	5,124,409
Asia/Pacific [3]	1,593,737	1,660,688	5,459,430	5,843,839
Sales	$ 4,309,818	$ 4,698,824	$ 13,474,632	$ 14,837,683

(1) Includes sales from the United States of $1.11 billion and $1.22 billion for the third quarters ended March 28, 2020 and March 30, 2019, respectively. Includes sales from the United States of $3.37 billion and $3.61 billion for the first nine months of fiscal 2020 and 2019, respectively.

(2) Includes sales from Germany and Belgium of $568.0 million and $278.3 million, respectively, for the third quarter ended March 28, 2020, and $1.69 billion and $837.7 million, respectively, for the first nine months of fiscal 2020. Includes sales from Germany and Belgium of $666.2 million and $311.9 million, respectively, for the third quarter ended March 30, 2019, and $2.00 billion and $868.2 million, respectively, for the first nine months of fiscal 2019.

(3) Includes sales from China (including Hong Kong), Taiwan and Singapore of $524.1 million, $649.7 million and $239.3 million, respectively, for the third quarter ended March 28, 2020, and $1.76 billion, $2.39 billion and $722.7 million, respectively, for the first nine months of fiscal 2020. Includes sales from China (including Hong Kong), Taiwan and Singapore of $565.5 million, $659.7 million and $237.2 million, respectively, for the third quarter ended March 30, 2019, and $1.93 billion, $2.47 billion and $779.5 million, respectively, for the first nine months of fiscal 2019.

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

	March 28, 2020	June 29, 2019
	(Thousands)	
Property, plant, and equipment, net, by geographic area:		
Americas [1]	$ 193,859	$ 213,802
EMEA [2]	183,903	200,379
Asia/Pacific	35,609	37,990
Property, plant, and equipment, net	$ 413,371	$ 452,171

(1) Includes property, plant and equipment, net, of $189.0 million and $209.9 million as of March 28, 2020 and June 29, 2019, respectively, in the United States.

(2) Includes property, plant and equipment, net, of $86.2 million, $71.5 million and $22.8 million in Germany, the United Kingdom and Belgium, respectively, as of March 28, 2020; and $95.2 million, $70.5 million and $25.2 million in Germany, the United Kingdom and Belgium, respectively, as of June 29, 2019.

14. Restructuring expenses

Fiscal 2020

During fiscal 2020, the Company undertook restructuring actions in order to improve operating efficiencies and further integrate the acquisition of Farnell. Restructuring expenses are included as a component of restructuring, integration and other expenses in the consolidated statements of operations. The activity related to the restructuring liabilities and asset impairments associated with restructuring activities established during fiscal 2020 is presented in the following table:

	Severance	Facility and Contract Exit Costs	Asset Impairments	Total
	(Thousands)			
Fiscal 2020 restructuring expenses	$ 26,895	$ 3,066	$ 7,111	$ 37,072
Cash payments	(18,141)	(798)	—	(18,939)
Non-cash amounts	—	—	(7,111)	(7,111)
Other, principally foreign currency translation	(68)	(39)	—	(107)
Balance at March 28, 2020	$ 8,686	$ 2,229	$ —	$ 10,915

Severance expense recorded in the first nine months of fiscal 2020 related to the reduction, or planned reduction, of approximately 400 employees, primarily in executive management, operations, information technology, warehouse, sales and business support functions. Asset impairments relate primarily to software long-lived assets that were impaired as a result of the restructuring of information technology operations including the re-prioritization of information technology initiatives and resources. Of the $37.1 million in restructuring expenses recorded during the first nine months of fiscal 2020, $28.9 million related to EC, $6.3 million related to Farnell and $1.9 million related to Corporate. The Company expects the majority of the remaining severance amounts to be paid by the end of fiscal 2020.

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

Fiscal 2019 and prior

During fiscal 2019 and prior, 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 nine months of fiscal 2020 related to the remaining restructuring liabilities from continuing operations established during fiscal 2019 and prior:

	Severance	Facility and Contract Exit Costs	Total
		(Thousands)	
Balance at June 29, 2019	$ 21,537	$ 5,381	$ 26,918
Cash payments	(13,465)	(3,294)	(16,759)
Changes in estimates, net	(3,448)	373	(3,075)
Other, principally foreign currency translation	(548)	(118)	(666)
Balance at March 28, 2020	$ 4,076	$ 2,342	$ 6,418

The Company expects the majority of the remaining amounts to be paid by the end of fiscal 2020.

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") 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 29, 2019, 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 scope and duration of the COVID-19 outbreak and its impact on global economic systems, access to financial markets and the Company's employees, operations, customers, and supply chain; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors; 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, divestitures 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 or pandemics and health related crisis; risks related to cyber-attacks and the Company's information systems, including related to current or future implementations; general economic and business conditions (domestic, foreign and global) affecting the Company's operations and financial performance and, indirectly, the Company's credit ratings, debt covenant compliance, and liquidity and access to financing; geopolitical events, including the uncertainty caused by the United Kingdom's planned exit from the European Union commonly referred to as "Brexit"; and legislative or regulatory changes affecting the Company'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.

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 March 28, 2020, 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 Quarterly Report on Form 10-Q, as well as the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2019.

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") and Asia/Pacific ("Asia"), are referred to as "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 adjusted for certain items that impact the year-over-year analysis, which includes the impact of certain acquisitions by adjusting Avnet's prior periods to include the sales of acquired businesses, as if the acquisitions had occurred at the beginning of the earliest period presented. Sales taking into account these adjustments are referred to as "organic sales."

- Operating income (loss) excluding (i) restructuring, integration and other expenses, (see *Restructuring, Integration and Other Expenses* in this MD&A), (ii) goodwill and intangible asset impairment expense and other and (iii) amortization of acquired intangible assets. Operating income excluding such amounts is referred to as "adjusted operating income."

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

	Third Quarters Ended		Nine Months Ended	
	March 28, 2020	**March 30, 2019**	**March 28, 2020**	**March 30, 2019**
	(Thousands)			
Operating (loss) income	$ (115,760)	$ 153,085	$ (6,548)	$ 395,951
Restructuring, integration and other expenses	19,211	2,939	58,073	79,986
Goodwill and intangible asset impairment expense	145,836	—	145,836	—
Amortization of acquired intangible assets and other	21,071	22,080	62,603	63,520
Adjusted operating income	$ 70,358	$ 178,103	$ 259,964	$ 539,456

Management believes that providing this additional information is useful to 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. and its consolidated subsidiaries' (collectively, the "Company" or "Avnet"), is a global technology solutions company with an extensive ecosystem delivering design, product, marketing and supply chain expertise for customers at every stage of the product lifecycle. Avnet transforms ideas into intelligent solutions, reducing the time, cost and complexities of bringing products to market around the world. Founded in 1921 and incorporated in New York in 1955, the Company works with over 1,400 technology suppliers to serve 2.1 million customers in more than 140 countries.

Avnet has two primary operating groups — Electronic Components ("EC") and Farnell ("Farnell"). Both operating groups have operations in each of the three major economic regions of the world: (i) the Americas, (ii) EMEA and (iii) Asia. A summary of each operating group is provided in Note 13, "Segment information" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q.

Results of Operations

Significant Risks and Uncertainties

In late 2019, there was an outbreak of a new strain of coronavirus ("COVID-19"). On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, constrained work force participation and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance, including its ability to execute its business strategies and initiatives in the expected time frames, will depend on future developments, including the duration and spread of the COVID-19 outbreak, continued restrictions on travel and transport and the continued impact on worldwide economic and geopolitical conditions, all of which are uncertain and cannot be predicted.

During the third quarter of fiscal 2020, the Company experienced softer product demand, pricing constraints, increased costs associated with its logistics operations, a reduction in global distribution center utilization, and shipping delays. The Company's suppliers and customers were also negatively impacted, including delays in the production and export of products. The impact to the Company's customers may also result in an increase in past due accounts receivable or customer bankruptcies. To mitigate the impact of COVID-19, the Company has taken a variety of measures to ensure the availability and functioning of its critical infrastructure by implementing business continuity plans and to promote the safety and security of its employees while complying with various government mandates, including work-from-home arrangements and social-distancing initiatives to reduce the transmission of COVID-19 such as splitting work-shifts on a rotating basis, providing face masks for employees at facilities significantly impacted and requiring on-site body temperature monitoring before entering certain facilities.

The COVID-19 pandemic has had a negative impact on the Company's results of operations and financial performance for the third quarter of fiscal 2020, and the Company expects it will continue to have a negative impact on its revenue, earnings and cash flows in the fourth quarter of fiscal 2020 and possibly into fiscal 2021. Accordingly, current results and financial condition discussed herein may not be indicative of future operating results and trends. See the additional Risk Factor included in Part II—Item 1A of this quarterly report regarding the impacts of the COVID-19 outbreak.

Additionally, as a result of the notification the Company received from Texas Instruments ("TI") in the second quarter of fiscal 2020 related to the termination of the Company's distribution agreement, the Company may experience lower sales and gross profit in the future if the impact of the termination is not offset by sales growth, gross margin improvements or operating cost reductions from strategic initiatives designed to mitigate such impacts. Sales from TI products represented approximately 10% of total sales in fiscal 2019.

Executive Summary

Sales of $4.31 billion were down 8.3% year over year and 7.3% in constant currency as compared to prior year sales of $4.70 billion. The year-over-year sales decline, which occurred in both operating groups and across all three regions, was primarily due to lower demand resulting from the continuation of the global industry-wide slowdown that started in the second half of fiscal 2019 and to a lesser extent due to the impacts from the COVID-19 outbreak.

Gross profit margin of 12.0% decreased 124 basis points compared to 13.3% in the third quarter of fiscal 2019 primarily due to a combination of product and customer mix, geographical market mix and overall declines in gross profit margin due to the global industry-wide slowdown and the impacts from the COVID-19 outbreak.

Operating loss of $115.8 million decreased $268.8 million or 175.6% as compared to third quarter of fiscal 2019 operating income. Operating loss margin was 2.7% in the third quarter of fiscal 2020 as compared with a 3.3% operating income margin in the third quarter of fiscal 2019. Adjusted operating income margin was 1.6% in the third quarter of fiscal 2020 as compared to 3.8% in the third quarter of fiscal 2019, a decline of 216 basis points. The decrease in adjusted operating income and adjusted operating income margin is primarily due to the decrease in sales and gross profit margin.

Sales

The following tables present reported and organic sales growth rates for the third quarter and first nine months of fiscal 2020 as compared to fiscal 2019 by region and by operating group.

	Third Quarters Ended			
	Sales as Reported and Organic Fiscal 2020	Sales as Reported and Organic Fiscal 2019	As Reported and Organic Year-Year % Change	As Reported and Organic Year-Year % Change in Constant Currency
	(Dollars in thousands)			
Avnet	$ 4,309,818	$ 4,698,824	(8.3)%	(7.3)%
Avnet by region				
Americas	$ 1,203,605	$ 1,297,220	(7.2)%	(7.2)%
EMEA	1,512,476	1,740,916	(13.1)	(10.4)
Asia	1,593,737	1,660,688	(4.0)	(4.2)
Avnet by operating group				
EC	$ 3,974,669	$ 4,331,351	(8.2)%	(7.3)%
Farnell	335,149	367,473	(8.8)	(7.6)

	Nine Months Ended			
	Sales as Reported and Organic Fiscal 2020 (1)	Sales as Reported and Organic Fiscal 2019 (1)	As Reported and Organic Year-Year % Change	As Reported and Organic Year-Year % Change in Constant Currency
	(Dollars in thousands)			
Avnet	$ 13,474,632	$ 14,837,683	(9.2)%	(8.1)%
Avnet by region				
Americas	$ 3,605,944	$ 3,869,435	(6.8)%	(6.8)%
EMEA	4,409,258	5,124,409	(14.0)	(10.7)
Asia	5,459,430	5,843,839	(6.6)	(6.7)
Avnet by operating group				
EC	$ 12,472,484	$ 13,722,890	(9.1)%	(8.1)%
Farnell	1,002,148	1,114,793	(10.1)	(8.4)

(1) Sales from acquisitions in the first nine months of fiscal 2020 and fiscal 2019 were not material.

Sales of $4.31 billion for the third quarter of fiscal 2020 were down $389.0 million, or 8.3%, from the prior year third quarter sales of $4.70 billion. Sales in constant currency decreased 7.3% over the prior year third quarter with all three regions of both operating groups contributing to the decline. These decreases are primarily due to lower demand resulting from the continuation of the global industry-wide slowdown and to a lesser extent due to the impacts from the COVID-19 outbreak.

EC sales of $3.97 billion in the third quarter of fiscal 2020 decreased $356.7 million or 8.2% from the prior year third quarter sales of $4.33 billion. EC sales in constant currency declined 7.3% year over year. Farnell sales for the third quarter of fiscal 2020 were $335.1 million, a decrease of $32.3 million or 8.8% from the prior year third quarter sales of $367.5 million. Farnell sales in constant currency declined 7.6% year over year.

On a regional basis, sales declined 7.2% in the Americas, 10.4% in EMEA in constant currency and 4.2% in Asia in constant currency. Due to the timing of the spread of COVID-19, Asia was impacted throughout the fiscal quarter, while

EMEA became impacted later in the fiscal quarter. The Company expects that all three regions will be impacted in the fiscal fourth quarter.

Sales for the first nine months of fiscal 2020 were $13.47 billion, a decline of $1.36 billion as compared to sales of $14.84 billion for the first nine months of fiscal 2019. This decrease was primarily due to the global industry-wide slowdown, which began in the second half of fiscal 2019, and to a lesser extent, the impact of the COVID-19 outbreak.

Gross Profit and Gross Profit Margins

Gross profit for the third quarter of fiscal 2020 was $518.9 million, a decrease of $105.3 million, or 16.9%, from the third quarter of fiscal 2019 gross profit of $624.2 million driven primarily by the decline in sales. Gross profit margin decreased to 12.0% or 124 basis points from the third quarter of fiscal 2019 gross profit margin of 13.3% driven by declines in gross profit margin in both operating groups. The declines in gross profit margin in both operating groups are primarily due to a combination of unfavorable changes in product and customer mix, geographical market mix and overall declines in gross profit margin due to current market conditions including the impacts of COVID-19. Sales in the higher margin western regions represented approximately 63% of sales in the third quarter of fiscal 2020 as compared to 65% during the third quarter of fiscal 2019.

Gross profit and gross profit margins were $1.59 billion and 11.8%, respectively, for the first nine months of fiscal 2020 as compared with $1.89 billion and 12.7%, respectively, for the first nine months of fiscal 2019.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A expenses") were $469.6 million in the third quarter of fiscal 2020, an increase of $1.5 million, or 0.3%, from the third quarter of fiscal 2019. The year-over-year increase in SG&A expenses was primarily due to increases in SG&A expenses from recent acquisitions, costs to fund strategic investments and initiatives and the impacts of the COVID-19 outbreak, partially offset by cost savings from restructuring activities and changes in foreign currency translation rates year over year.

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 third quarter of fiscal 2020, SG&A expenses as a percentage of sales were 10.9% and as a percentage of gross profit were 90.5%, as compared with 10.0% and 75.0%, respectively, in the third quarter of fiscal 2019. The increase in SG&A expenses as a percentage of both sales and gross profit is primarily the result of the decrease in sales and gross profit margin. Amortization expense, which is included within SG&A expenses, was relatively consistent year over year.

SG&A expenses for the first nine months of fiscal 2020 were $1.39 billion, or 10.3% of sales, as compared with $1.42 billion, or 9.5% of sales, in the first nine months of fiscal 2019. SG&A expenses were 87.6% of gross profit in the first nine months of 2020 as compared with 74.8% in the first nine months of fiscal 2019.

The Company expects increases in SG&A expenses as a result of the impact of COVID-19 including, but not limited to, increases associated with its logistics operations and related freight costs, costs for personal protective equipment and sanitation supplies, and costs from implementing work-from-home arrangements and social-distancing initiatives.

Goodwill and Intangible Asset Impairment Expense

During the third quarter of fiscal 2020, the Company incurred $145.8 million of goodwill and intangible asset impairment expense. See Note 3 "Goodwill and intangible assets" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion of impairment expenses.

A change in future business conditions and financial performance as result of COVID-19 or otherwise, may result in a need to recognize additional impairment expenses in the future.

Restructuring, Integration and Other Expenses

As a result of management's focus on improving operating efficiencies and further integrating the acquisition of Farnell, the Company has incurred certain restructuring costs. These costs also relate to the continued transformation of the Company's information technology, distribution center footprint and business operations. In addition, the Company incurred integration, accelerated depreciation and other costs. Integration costs are primarily related to the integration of acquired businesses including Farnell, the integration of certain regional and global businesses, and incremental costs incurred as part of the consolidation, relocation, sale and closure of distribution centers and office facilities. Accelerated depreciation relates to the incremental depreciation expense incurred related to the shortening of the estimated useful life for certain information technology assets. Other costs consist primarily of any other miscellaneous costs that relate to restructuring, integration and other expenses, including certain costs associated with the impact of the COVID-19 outbreak and acquisition related costs.

The Company recorded restructuring, integration and other expenses of $19.2 million during the third quarter of fiscal 2020. The Company recorded $9.2 million of restructuring costs in the third quarter of fiscal 2020, which are expected to provide approximately $12.0 million in annual operating expense savings once such restructuring actions are completed. During the third quarter of fiscal 2020, the Company also incurred integration costs of $5.6 million, accelerated depreciation expense of $2.7 million, other costs of $1.8 million and a reversal of $0.1 million for changes in estimates for costs associated with prior year restructuring actions. The after-tax impact of restructuring, integration and other expenses were $14.8 million and $0.15 per share on a diluted basis.

During the first nine months of fiscal 2020, the Company incurred restructuring costs of $37.1 million, integration costs of $10.1 million, accelerated depreciation of $8.1 million, other costs of $4.4 million and reversals of $1.6 million for changes in estimates for costs associated with prior year restructuring actions. The after tax impact of restructuring, integration and other expenses for the first nine months of fiscal 2020 was $44.1 million and $0.44 per share on a diluted basis.

See Note 14 "Restructuring expenses" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q.

Operating Income (Loss)

Operating loss for the third quarter of fiscal 2020 was $115.8 million, a decrease of $268.8 million, or 175.6%, from the third quarter of fiscal 2019 operating income of $153.1 million. The year-over-year decrease in operating income was primarily driven by the decline in sales and gross profit margin as compared to the third quarter of fiscal 2019. Adjusted operating income for the third quarter of fiscal 2020 was $70.4 million, a decrease of $107.7 million, or 60.5%, from the third quarter of fiscal 2019. The year-over-year decrease in adjusted operating income was primarily driven by the decline in sales and gross profit margin discussed further above.

EC operating income margin decreased 141 basis points year over year to 2.1% and Farnell operating income margin decreased 545 basis points year over year to 7.0%. These declines were primarily driven by the decline in sales and gross profit margin, partially offset by the reduction in SG&A expenses.

Operating loss for the first nine months of fiscal 2020 was $6.5 million, or 0.1% of consolidated sales, as compared with operating income of $396.0 million, or 2.7% of consolidated sales, in the first nine months of fiscal 2019. Adjusted operating income for the first nine months of fiscal 2020 was $260.0 million, a decrease of $279.5 million, or 51.8%, from the first nine months of fiscal 2019. The year-over-year decrease in adjusted operating income was primarily driven by the decline in sales and gross profit margin.

Interest and Other Financing Expenses, Net and Other (Expense) Income, Net

Interest and other financing expenses in the third quarter of fiscal 2020 was $29.7 million, a decrease of $6.5 million, or 18.0%, as compared with interest and other financing expenses of $36.3 million in the third quarter of fiscal 2019. Interest and other financing expenses in the first nine months of fiscal 2020 was $97.3 million, a decrease of $2.8 million, or 2.8%, as compared with interest and other financing expenses of $100.1 million in the first nine months of fiscal 2019. The decrease in interest and other financing expenses in the first nine months of fiscal 2020 compared to the first nine months of fiscal 2019 was primarily related to lower outstanding borrowings in fiscal 2020.

During the third quarter of fiscal 2020, the Company had $12.6 million of other expense as compared with $8.7 million of other income in the third quarter of fiscal 2019. Other expense included $15.3 million of equity investment impairment expense in the third quarter of fiscal 2020. During the first nine months of fiscal 2020, the Company had $8.2 million of other expense as compared with $9.4 million of other income in the first nine months of fiscal 2019. The year-over-year differences in other income was primarily due to the equity investment impairment expense in fiscal 2020 and differences in foreign currency exchange rates between fiscal 2020 and fiscal 2019.

Income Tax Expense

The Company's effective tax rate on its loss from continuing operations before taxes was 18.6% in the third quarter of fiscal 2020. During the third quarter of fiscal 2020, the Company's effective tax rate was unfavorably impacted primarily by (i) the impairment of goodwill that is not deductible for tax purposes, partially offset by (ii) the release of unrecognized tax benefit reserves net of settlements.

For the first nine months of fiscal 2020, the Company's effective tax rate on its loss from continuing operations before income taxes was 27.0%. The effective tax rate for the first nine months of fiscal 2020 was favorably impacted primarily by (i) the release of unrecognized tax benefit reserves net of settlements and (ii) the mix of income in lower tax jurisdictions, partially offset by (iii) goodwill impairment expense that is not deductible for tax purposes and (iv) a valuation allowance against interest deduction deferred tax assets.

See Note 8 "Income taxes" to the Company's consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion on the effective tax rate and COVID-19 considerations.

Loss from Discontinued Operations

Loss from discontinued operations was $1.5 million in the first nine months of fiscal 2020. Loss from discontinued operations was $6.9 million and $7.1 million in the third quarter and first nine months of fiscal 2019 primarily related to additional income tax expenses associated with the TS business.

Net Income (Loss)

As a result of the factors described in the preceding sections of this MD&A, the Company's net loss for the third quarter of fiscal 2020 was $128.7 million, or $1.29 per share on a diluted basis, as compared with $88.0 million of net income, or $0.81 per share on a diluted basis, in the third quarter of fiscal 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Cash Flow from Operating Activities

During the first nine months of fiscal 2020, the Company generated $442.6 million of cash flow from operations for continuing operations compared to $256.4 million of cash generated in the first nine months of fiscal 2019. These operating cash flows were comprised of: (i) cash flow generated from net income from continuing operations, adjusted for the impact of non-cash and other items, which includes depreciation and amortization expenses, goodwill and intangible asset impairment expense, deferred income taxes, stock-based compensation expense, amortization of operating lease assets and other non-cash items and (ii) cash flows used for, or generated from, working capital and other, excluding cash and cash equivalents. Cash generated from working capital and other was $180.9 million during the first nine months of fiscal 2020, including decreases in accounts receivable of $150.1 million and inventories of $228.0 million, offset by decreases in accounts payable of $112.9 million and accrued expenses and other of $84.3 million. Comparatively, cash used for working capital and other was $206.9 million during the first nine months of fiscal 2019, including an increase in inventories of $125.4 million and decreases in accounts payable of $399.5 million and accrued expenses and other of $118.3 million, partially offset by a decrease in accounts receivable of $436.4 million.

Cash Flow from Financing Activities

During the first nine months of fiscal 2020, the Company made net repayments of $127.4 million under the Securitization Program. During the first nine months of fiscal 2020, the Company paid dividends on common stock of $63.2 million and repurchased $235.8 million of common stock.

During the first nine months of fiscal 2019, the Company received net proceeds of $342.0 million under the Securitization Program and $85.0 million under the Credit Facility and repaid $11.4 million from borrowings of various bank credit facilities. During the first nine months of fiscal 2019, the Company paid dividends on common stock of $66.2 million and repurchased $447.9 million of common stock. Additionally, included in other, net is approximately $18.7 million of cash received from the exercises of stock options.

Cash Flow from Investing Activities

During the first nine months of fiscal 2020, the Company used $61.2 million for capital expenditures primarily related to warehouse and facilities, and information technology hardware and software costs compared to $101.4 million for capital expenditures in the first nine months of fiscal 2019. During the first nine months of fiscal 2020, the Company used $51.5 million of cash for acquisitions, which is net of the cash acquired, compared to $66.5 million of cash for acquisitions, which is net of cash acquired in the first nine months of fiscal 2019. In addition, the Company paid $12.5 million for other investing activities during the first nine months of fiscal 2020, and included in other, net is $41.0 million of cash received from the sale of real estate in EMEA during the first nine months of fiscal 2019.

During the first nine months of fiscal 2019, the Company received $123.5 million of cash from investing activities – discontinued operations from the sale of the TS business.

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 29, 2019. 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 non-cancellable commitments for capital expenditures or inventory purchases outside of the normal course of business.

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 Securitization Program, and other outstanding debt as of March 28, 2020. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of March 28, 2020 and June 29, 2019.

The Company has various lines of credit, financing arrangements 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. Outstanding borrowings under such forms of debt at the end of third quarter of fiscal 2020 was $1.6 million.

As an alternative form of financing outside of the United States, the Company sells certain of its trade accounts receivable on a non-recourse basis to third-party financial institutions pursuant to factoring agreements. The Company accounts for these transactions as sales of receivables and presents cash proceeds as cash provided by operating activities in the consolidated statements of cash flows. Factoring fees for the sales of trade accounts receivable are recorded within "Interest and other financing expenses, net" and were not material.

Liquidity

The Company held cash and cash equivalents of $402.7 million as of March 28, 2020, of which $335.5 million was held outside the United States. As of June 29, 2019, the Company held cash and cash equivalents of $546.1 million, of which $476.6 million was held outside of the United States.

As of the end of the third quarter of fiscal 2020, the Company had a combined total borrowing capacity of $1.75 billion under the Credit Facility and the Securitization Program. There were no borrowings outstanding and $1.6 million in letters of credit issued under the Credit Facility and $99.9 million in borrowings outstanding under the Securitization Program, resulting in approximately $1.63 billion of total availability as of March 28, 2020. Availability under the Securitization Program is subject to the Company having sufficient eligible trade accounts receivable in the Americas to support desired borrowings.

Borrowings under the Credit Facility and the Securitization Program require the Company to maintain certain financial and other covenants. All other forms of debt and financing do not include financial or other covenants. The Company was in compliance with all covenants under the Credit Facility and the Securitization Program as of March 28, 2020.

The Company expects to renew or replace the Securitization Program on similar terms, subject to market conditions including conditions associated with the impact of the COVID-19 outbreak, before its maturity in August 2020. If the Company cannot renew or replace on similar terms, then any outstanding borrowings will be repaid using cash on hand or availability under the Credit Facility.

As previously announced, on April 30, 2020, the Company redeemed $300.0 million in principal of the 5.875% Notes due June 2020 with a combination of cash on hand and from available borrowing capacity under the Credit Facility. The make-whole premium for the early redemption of such notes was not material.

During the third quarter and first nine months of fiscal 2020, the Company had an average daily balance outstanding of approximately $68.7 million and $53.5 million, respectively, under the Credit Facility and approximately $229.5 million and $375.5 million, respectively, under the Securitization Program.

During periods of weakening demand in the electronic components 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. The Company generated $777.2 million in cash flows from operating activities over the trailing four fiscal quarters ended March 28, 2020 from continuing operations.

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. This includes the potential impact on liquidity and related compliance with debt covenants as a result of the uncertain future impacts of the COVID-19 outbreak. To the extent the cash balances held in foreign locations cannot be remitted back to the U.S. in a tax efficient manner, those cash balances are generally used for ongoing working capital, capital expenditures and other foreign business needs. In addition, local government regulations may restrict the Company's ability to move funds among various locations under certain circumstances. Management does not believe such restrictions would limit the Company's ability to pursue its intended business strategy.

The Company continuously monitors and reviews its liquidity position and funding needs. Management believes that the Company's ability to generate operating cash flows in the future and available borrowing capacity, including capacity for the non-recourse sale of trade accounts receivable, will be sufficient to meet its future liquidity needs. The Company may also renew or replace expiring debt arrangements in the future and management believes the Company will have adequate access to the capital markets, if needed. Although the future impact of the COVID-19 outbreak on the capital markets and financial institutions is uncertain, the Company has historically and believes it will have the ability in the future to generate operating cash flows in periods of declining sales.

As a result of the evolving impacts of the COVID-19 outbreak and the related uncertain future business conditions, the Company in unlikely to make near-term strategic investments through acquisitions. As the Company implements operating cost savings restructuring plans, responds to current business environment challenges, including the impact of the COVID-19 outbreak, and pursues ways to become more efficient and cost effective, the Company also expects to use cash for restructuring, integration and other expenses.

As of March 28, 2020, the Company may repurchase up to an aggregate of $469.0 million of shares of the Company's common stock through a $2.95 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. As a result of the impacts of the COVID-19 outbreak and the corresponding need to manage liquidity and leverage, the Company has temporarily suspended share repurchases and is unlikely to engage in such repurchases in the near term.

The Company has historically paid quarterly cash dividends on shares of its common stock, and future dividends are subject to approval by the Board of Directors. During the third quarter of fiscal 2020, the Board of Directors approved a dividend of $0.21 per share, which resulted in $20.8 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 fiscal year ended June 29, 2019, 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 29, 2019, as the Company continues to economically hedge the majority of its foreign currency 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 economically hedged position. For interest rate risk, the Company continues to maintain a combination of fixed and variable rate debt to mitigate the exposure to fluctuations in market interest rates.

See *Liquidity and Capital Resources — Financing Transactions* appearing in Item 2 of this Quarterly Report on Form 10-Q for further discussion of the Company's financing transactions and capital structure. As of March 28, 2020, 94% of the Company's debt bears interest at a fixed rate and 6% 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 $0.2 million decrease in income from continuing operations before income taxes in the Company's consolidated statement of operations for the third quarter of fiscal 2020.

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 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 third quarter of fiscal 2020, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-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***

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 currently subject to various pending and potential legal matters and investigations relating to compliance with governmental laws and regulations, including import/export and environmental matters. 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 its results of operations in any one reporting period.

Item 1A. ***Risk Factors***

The discussion of the Company's business and operations should be read together with the risk factor set forth below and the risk factors contained in Item 1A of its Annual Report on Form 10-K for the fiscal year ended June 29, 2019, which describe various risks and uncertainties to which the Company is or may become subject. These risks and uncertainties have the potential to affect the Company's business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. Other than the additional risk factor set forth below, as of March 28, 2020, 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 29, 2019.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, impacted the operations of the Company's business partners and negatively impacted the Company's operations and financial results.

The COVID-19 outbreak has negatively impacted the global economy, disrupted global supply chains, constrained workforce participation due to travel restrictions and quarantine orders, disrupted logistics and distribution systems, and created significant volatility and disruption of financial markets. As a result, this pandemic has negatively impacted the operations of the Company and its customers and suppliers, and heightened the risks of customer bankruptcies, customer delayed payments, acceleration of TI's planned withdrawal as a supplier, restrictions on access to financial markets and other risk factors described in the Company's Annual Report. While the Company has not yet experienced any material disruption to its upstream supply chain and many of its distribution centers remain operational under business continuity plans, it has experienced increased logistics costs, softer product demand, price constraints, longer lead times in certain regions, reduction in global distribution center utilization, and shipping delays. To mitigate the impact of COVID-19, the Company has implemented business continuity plans, with a focus on employee safety and mitigation of business disruptions. The Company is also taking, steps to conserve cash and effectively manage its debt, including pausing its share repurchase program and its investment and acquisition activities. As the scope and duration of the COVID-19 outbreak is unknown and the extent of its economic impact continues to evolve globally, there is significant uncertainty related to the ultimate impact that it will have on the Company's business, its employees, results of operations and financial condition, and to what extent the Company's actions to mitigate such impacts will be successful and sufficient.

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

In August 2019, the Company's Board of Directors amended the Company's existing share repurchase program, increasing the cumulative total of authorized share repurchases to $2.95 billion of the Company's common stock. The following table includes the Company's monthly purchases of the Company's common stock during the third quarter of fiscal 2020 under the share repurchase program which is part of a publicly announced plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased under the Plans or Programs
December 29 – January 25	—	$ —	—	$ 505,736,000
January 26 – February 22	475,993	$ 36.67	475,993	$ 488,282,000
February 23 – March 28	628,000	$ 30.72	628,000	$ 468,992,000

Item 6. ***Exhibits***

Exhibit Number	Exhibit
10.1*	Amendment No. 1 to Fourth Amended and Restated Receivables Purchase Agreement, dated February 28, 2020, among Avnet, Inc., Avnet Receivables Corporation, the companies and financial institutions party thereto and Wells Fargo Bank, N.A., as agent.
10.2*	First Amendment to the May 8, 2018 Amended and Restated Avnet Deferred Compensation Plan, dated February 6, 2020.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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.

* 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 filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

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.

Date: May 1, 2020

AVNET, INC.

By: /s/ THOMAS LIGUORI

Thomas Liguori

Chief Financial Officer

AMENDMENT NO. 1 TO FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This Amendment No. 1 to the Fourth Amended and Restated Receivables Purchase Agreement (this "Amendment") is dated as of February 28, 2020, among Avnet Receivables Corporation, a Delaware corporation ("Seller"), Avnet, Inc., a New York corporation ("Avnet"), as initial Servicer (the Servicer together with Seller, the "Seller Parties" and each a "Seller Party"), each of the entities party hereto identified as a "Financial Institution" (together with any of their respective successors and assigns hereunder, the "Financial Institutions"), each of the entities party hereto identified as a "Company" (together with any of their respective successors and assigns hereunder, the "Companies") and Wells Fargo Bank, N.A., as agent for the Purchasers or any successor agent hereunder (together with its successors and assigns hereunder, the "Agent"), amending the Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 16, 2018 (the "Existing Agreement," and as further amended, modified or supplemented from time to time, including through the date hereof, the "Receivables Purchase Agreement").

RECITALS

The parties hereto are the current parties to the Existing Agreement and they now desire to amend the Existing Agreement, subject to the terms and conditions hereof, as more particularly described herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions Used Herein. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth for such terms in, or incorporated by reference into, the Existing Agreement.

Section 2. Amendment of Existing Agreement. Subject to the terms and conditions set forth herein, the Existing Agreement is hereby amended as follows:

(a) The following line is hereby added after the line "Exhibit XI Collateral Description" on the page of the Existing Agreement entitled "Exhibits and Schedules":

"Exhibit XIIForm of General Electric Entity Designation Notice".

(b) The definition of "Agreement" in Exhibit I of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

> "Agreement" means this Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 16, 2018, as amended by Amendment No. 1 thereto, dated as of the First Amendment Date, and as the same may be further amended, restated, supplemented or otherwise modified and in effect from time to time.

(c) The definition of "Excluded Receivable" in Exhibit I of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

"Excluded Receivable" means all indebtedness and other obligations owed to Originator or in which Originator has a security interest or other interest (including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible) arising in connection with the sale of merchandise or the rendering of services by Originator and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto:

(i) the account debtor for which is Intelbras S.A. Industria de Telecomunicacao Eletronica Brasileira and such indebtedness or other obligation was originated after December 30, 2016;

(ii) the account debtor for which is 3M Company and such indebtedness or other obligation was originated after October 31, 2017;

(iii) the account debtor for which is a General Electric Entity and such indebtedness or other obligation was originated after the applicable General Electric Exclusion Date; or

(iv) which both (a) arises in connection with the sale of merchandise or the rendering of services by the business previously conducted by any businesses acquired by Originator in an Excluded Acquisition and (b) is not recorded or maintained in Avnet's consolidated general ledger accounting records as part of general ledger category "company code US10" (other than any Receivables previously coded under "company code US10" that have been coded under any other category without the Agent's prior written consent).

Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute an Excluded Receivable separate from an Excluded Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be an Excluded Receivable regardless of whether the account debtor or Seller treats such indebtedness, rights or obligations as a separate payment obligation.

(d) Exhibit I to the Existing Agreement is hereby amended by adding thereto the following new definitions, in the proper alphabetical order:

"First Amendment Date" means February 28, 2020.

"General Electric Entity Designation Notice" means a notice substantially in the form attached hereto as Exhibit XII that has been delivered by Originator and Seller to Agent and acknowledged by Agent.

"General Electric Entity" means (i) General Electric Company; GE Aviation; GE Healthcare Japan Corporation; GE Healthcare; GE OEC Medical Systems, Inc.; GE Sensing EMEA Unlimited Company; GE Healthcare Europe GmbH; GE Medical Systems; Baker Hughes Company; GE Consumer & Industrial; GE MDS LLC; Reuter Stokes Inc.; GE Hangwei Medical Systems Company, Ltd.; Bently Nevada, Inc.; Inspection Technologies; GE Healthcare Bio-Science Corp; GE Energy Control Solutions Inc.; General Electric Co; GE Technology Infrastructure; GE Healthcare Canada; GE Commercial Materials S de RL de CV; GE Global Research; GE Ultrasound Korea Limited; General Electric International, Inc.; and GE Lighting Solutions LLC and (ii) any other direct or indirect subsidiary or affiliate of General Electric Company who has been designated as a "General Electric Entity" pursuant to a General Electric Entity Designation Notice.

"General Electric Exclusion Date" means, with respect to (i) each of the entities identified in clause (i) of the definition of "General Electric Entity," the First Amendment Date, and (ii) any direct or indirect subsidiary or affiliate of General Electric Company identified in a General Electric Entity Designation Notice, the General Electric Exclusion Date specified in such General Electric Entity Designation Notice.

(e) Exhibit XII, appended hereto as Annex A, is hereby added to the Exiting Agreement after Exhibit XI thereto.

(f) Schedule A to the Existing Agreement is hereby deleted in its entirety and replaced with Schedule A appended hereto as Annex B.

Section 3. Conditions to Effectiveness of Amendment. This Amendment shall become effective as of the date hereof, upon the satisfaction of the conditions precedent that:

(a) Amendment. The Agent and each Seller Party shall have received, on or before the date hereof, executed counterparts of this Amendment, duly executed by each of the parties hereto.

(b) Representations and Warranties. As of the date hereof, both before and after giving effect to this Amendment, all of the representations and warranties of each Seller Party contained in the Receivables Purchase Agreement and in each other Transaction Document shall be true and correct in all material respects as though made on the date hereof (and by its execution hereof, each Seller Party shall be deemed to have represented and warranted such).

(c) No Amortization Event or Potential Amortization Event. As of the date hereof, both before and after giving effect to this Amendment, no Amortization Event or Potential Amortization Event shall have occurred and be continuing (and by its execution hereof, each Seller Party shall be deemed to have represented and warranted such).

Section 4. Amendment of Receivables Sale Agreement. As of the date first set forth above, Avnet, in its capacity as Originator under the Receivables Sale Agreement, and Avnet Receivables Corporation, in its capacity as Buyer under the Receivables Sale Agreement, hereby acknowledge this Amendment and agree to be bound by the terms of this Amendment to the extent such terms amend or modify the Receivables Sale Agreement. The Agent and each Financial Institution party hereto hereby consent to any such amendment or modification to the Receivables Sale Agreement. In furtherance of the foregoing, Originator reaffirms and agrees it shall not sell and/or contribute, and Buyer reaffirms and agrees it shall not purchase and/or receive, any Excluded Receivables pursuant to the Receivables Sale Agreement.

Section 5. UCC Authorization. In furtherance of the transactions contemplated by this Amendment, the Agent, for itself and each other Purchaser, hereby authorizes, upon the effectiveness of this Amendment, the filing of amendments to the financing statement filed against Avnet with the Department of State of the State of New York with original file numbers 127178, 129624, 035098, 035089 and 201808170390411 in substantially the forms attached hereto as Annex C-1, Annex C-2, Annex C-3, Annex C-4 and Annex C-5.

Section 6. Miscellaneous.

(a) Effect; Ratification. This Amendment is effective solely for the purposes set forth herein and shall be limited precisely as written, and shall not be deemed (i) to be a consent to, or an acknowledgment of, any amendment, waiver or modification of any other term or condition of the Existing Agreement or of any other instrument or agreement referred to therein or (ii) to prejudice any right or remedy which the Agent, any Company or Financial Institution (or any of their respective assigns) may now have or may have in the future under or in connection with the Receivables Purchase Agreement or any other instrument or agreement referred to therein. Each reference in the Receivables Purchase Agreement to "this Agreement," "herein," "hereof" and words of like import and each reference in the other Transaction Documents to the Existing Agreement or to the "Receivables Purchase Agreement" shall mean the Existing Agreement as amended hereby. This Amendment shall be construed in connection with and as part of the Receivables Purchase Agreement and all terms, conditions, representations, warranties, covenants and agreements set forth in the Receivables Purchase Agreement and each other instrument or agreement referred to therein, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

(b) Transaction Documents. This Amendment is a Transaction Document executed pursuant to the Receivables Purchase Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof.

(c) Costs, Fees and Expenses. Seller agrees to reimburse the Agent and each Purchaser and its assigns upon demand for all reasonable and documented out-of-pocket costs, fees and expenses in connection with the preparation, execution and delivery of this Amendment (including the reasonable fees and expenses of counsel to the Agent).

(d) Counterparts. This Amendment may be executed in any number of counterparts, each such counterpart constituting an original and all of which when taken together shall constitute one and the same instrument.

(e) Severability. Any provision contained in this Amendment which is held to be inoperative, unenforceable or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions of this Amendment in that jurisdiction or the operation, enforceability or validity of such provision in any other jurisdiction.

(f) GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

(g) **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AMENDMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first written above.

AVNET RECEIVABLES CORPORATION,
as Buyer and as Seller

By: /s/ Ken Jacobson
Name Ken Jacobson
Title VP, Corporate Controller

AVNET, INC., as Originator and as Servicer
By: /s/ Joseph L. Burke
Name Joseph L. Burke
Title VP and Treasurer

<u>Commitment</u>: $150,000,000

WELLS FARGO BANK, N.A.,
as a Company and as a Financial Institution

By: /s/ Elizabeth R. Wagner
Name: Elizabeth R. Wagner
Title: Managing Director

WELLS FARGO BANK, N.A.,
as Agent

By: /s/ Elizabeth R. Wagner
Name: Elizabeth R. Wagner
Title: Managing Director

Commitment: $125,000,000

TRUST BANK, formerly known as Branch Banking and Trust Company,
as a Company and as a Financial Institution

By: /s/ Ileana Chu
Name: Ileana Chu
Title: SVP

Commitment: $75,000,000

PNCBANK, NATIONAL ASSOCIATION, as a Company and as a Financial Institution

By: /s/ Nina Austin
Name: Nina Austin
Title: Senior Vice President

Commitment: $75,000,000

TRUIST BANK, as successor-by-merger to SunTrust Bank,
as a Company and as a Financial Institution

By: /s/ Ileana Chu
Name: Ileana Chu
Title: SVP

LIBERTY STREET FUNDING LLC,
as a Company

By: /s/ Jill A. Russo
Name: Jill A. Russo
Title: Vice President

Commitment: $76,500,000

THE BANK OF NOVA SCOTIA,
as a Financial Institution

By: /s/ Douglas Noe
Name: Douglas Noe
Title: Managing Director

Annex A

[*see next page*]

EXHIBIT XII

GENERAL ELECTRIC ENTITY NOTICE OF DESIGNATION

[Letterhead]

[Date]

Wells Fargo Bank, N.A., as
Agent
1100 Abernathy Rd. NE, 16th Floor Atlanta,
GA 30328

GENERAL ELECTRIC ENTITY NOTICE OF DESIGNATION

This General Electric Entity Notice of Designation (this "Notice") is approved and executed by each of the undersigned as of the date set forth above.

Reference is made to (a) the Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 16, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement"), by and among Avnet Receivables Corporation, a Delaware corporation (the "Seller"), Avnet, Inc., as Servicer, and the Financial Institutions and the Companies from time to time party thereto, and Wells Fargo Bank, N.A., as Agent and (b) the Second Amended and Restated Receivables Sale Agreement, dated as of August 16, 2018 (as amended, restated, supplemented or otherwise modified from time to time the "Receivables Sale Agreement"), between Avnet, Inc., as Originator, and Seller, as buyer. Unless defined in this Notice, capitalized terms used in this Notice shall have the meanings assigned to such terms in the Receivables Purchase Agreement, and if not defined therein, in the Receivables Sale Agreement.

Each of the undersigned hereby notifies you that each entity identified below shall be a General Electric Entity for all purposes under the Transaction Documents on and after the specified General Electric Exclusion Date, and accordingly, any Receivables owed by such General Electric Entity originated after such General Electric Exclusion Date shall not be sold under the Receivables Sale Agreement and shall not constitute Collateral under the Receivables Purchase Agreement.

General Electric Entity	**Originator**	**General Electric Exclusion Date**
[__]	[Avnet, Inc.]	[__]

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Notice has been approved and executed by the undersigned as of the date first above written.

AVNET RECEIVABLES CORPORATION
As Seller and Buyer

By: ______________________________
Name
Title

AVNET, INC., as Servicer and Originator

By: ______________________________
Name
Title

[SIGNATURES OF ADDITIONAL ORIGINATORS
TO BE ADDED, AS AND IF APPLICABLE]

ACKNOWLEDGED:

WELLS FARGO BANK, N.A., as Agent

By:______________________________
Name:
Title:

**FIRST AMENDMENT TO THE
MAY 8, 2018 AMENDED AND RESTATED AVNET DEFERRED
COMPENSATION PLAN**

This First Amendment ("Amendment") to the Amended and Restated Avnet Deferred Compensation Plan as of May 8, 2018 ("Plan") is dated as of February 6, 2020. Avnet, Inc. (the "Company") first established the Avnet Deferred Compensation Plan effective as of February 1, 1997 and amended and restated it on January 1, 2009 and most recently on May 8, 2018. By this Amendment, the Company primarily intends to freeze future participation in the Plan by not permitting new participants to enter the Plan and not permitting existing participants to make new contributions to the Plan effective for Plan years beginning on or after March 1, 2020.

1. Except as set forth below, this Amendment shall be effective as of February 6, 2020.

2. This Amendment amends only those provisions of the Plan as set forth herein, and those provisions not expressly amended by this Amendment shall continue in full force and effect. Notwithstanding the foregoing, this Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions and the intent of this Amendment.

3. The Preamble to the Plan is hereby amended by the addition of the following new paragraph to the end thereof to read as follows:

> "Effective for Plan Years beginning on or after March 1, 2020, the Plan is closed to new Participants and is frozen with respect to new contributions attributable to Plan Years beginning on or after March 1, 2020. Notwithstanding the foregoing, Accounts will continue to be adjusted for earnings and losses pursuant to the terms of the Plan."

4. Section 1.9 "Committee" is hereby amended and restated in its entirety to read as follows:

> "1.9 Committee" means, effective as of January 1, 2020, the Committee appointed by the Company's Chief Executive Officer to administer the Plan in accordance with Article 7."

5. Section 1.25 "Plan" is hereby amended and restated in its entirety to read as follows:

> "1.25 "Plan" means this Avnet Deferred Compensation Plan (as amended and restated effective as of May 8, 2018) set forth herein, now in effect, and as amended from time to time."

6. Section 2.1 Participation is hereby amended by the addition of the following new paragraph to the end thereof to read as follows:

> "Notwithstanding the foregoing or any other provision of the Plan to the contrary, participation in the Plan has been frozen for Plan Years beginning on or after March 1, 2020, whereby no person may become a new Participant in the Plan after that date and no Participant will be able to make a Compensation Deferral Election, and no Compensation Deferral Election shall be given effect, for any Plan Year beginning on or after March 1, 2020."

7. Section 3.1(e) Duration of Compensation Deferral Election is hereby amended by the addition of the following new sentence to the end thereof to read as follows:

> "Notwithstanding the foregoing and for the avoidance of doubt, all Compensation Deferral Elections shall be terminated and no Compensation Deferral Elections shall be permitted during the Election Periods for the Plan Years beginning on or after March 1, 2020."

8. Section 3.1 Elections to Defer Compensation is hereby amended by the addition of the following new subsection (h) to the end thereof to read as follows:

> "(h) No New Contributions. Notwithstanding the foregoing or any other provision of the Plan to the contrary, the Plan has been frozen with respect to Compensation deferrals for any Plan Year beginning on or after March 1, 2020. Any Compensation deferrals that are attributable to a Plan Year beginning prior to March 1, 2020 shall remain in effect in accordance with the Section 409A Rules. Any Accounts will continue to be adjusted for earnings and losses, as described by Section 4.1(d) of the Plan."

9. Section 7.1 Committee is hereby amended and restated in its entirety to read as follows:

> "7.1 Committee. The Company's Chief Executive Officer shall appoint members of the Committee who shall serve until such time as the member either resigns or is removed by the Company's Chief Executive Officer. The number of members comprising the Committee shall be determined by the Chief Executive Officer who may, from time to time, vary the number of members. Upon his or her termination of employment with the Company, a person shall automatically cease being a Committee member."

I, Darrel S. Jackson, being the duly elected and qualified Secretary of Avnet, Inc., hereby certify that the foregoing is a true and complete copy of the First Amendment to the Amended and Restated Avnet Deferred Compensation Plan as of May 8, 2018, as approved by the Board of Directors on February 6, 2020. I have executed this document as of February 11, 2020.

/s/ Darrel S. Jackson
Darrel S. Jackson
Secretary

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, William J. Amelio, 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 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: May 1, 2020

/s/ WILLIAM J. AMELIO

William J. Amelio

Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Thomas Liguori, 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 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: May 1, 2020

/s/ THOMAS LIGUORI

Thomas Liguori

Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer 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 March 28, 2020 (the “Report”), I, William J. Amelio, 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: May 1, 2020

/s/ WILLIAM J. AMELIO
William J. Amelio
Chief Executive Officer

Exhibit 32.2

Certification of Chief Financial Officer 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 March 28, 2020 (the "Report"), I, Thomas Liguori, 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: May 1, 2020

/s/ THOMAS LIGUORI
Thomas Liguori
Chief Financial Officer