# Welcome to Avnet's Third Quarter Fiscal Year 2008 Teleconference and Webcast

April 24, 2008 2:00 p.m. Eastern Time

***Please Stand By…***

***The Presentation Will Begin Momentarily***

# Welcome

- Send questions via e-mail to **investorrelations@avnet.com**
- GAAP vs. non-GAAP Results
- Safe Harbor Statement
- Management Introduction

**Vince Keenan**
Vice President, Avnet, Inc.
Director, Investor Relations

# Non-GAAP Results and Regulation G

- In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles ("GAAP"), the Company also discloses in this presentation certain non-GAAP financial information including adjusted operating income, adjusted net income and adjusted diluted earnings per share. The non-GAAP financial information is used to reflect the Company's results of operations excluding certain items that have arisen from restructuring, integration, and other items in the periods presented. The Company also discloses sales adjusted for the impact of certain acquisitions, and the change to net revenue treatment of sales of supplier services contracts (pro forma sales or organic revenue). Management believes pro forma sales is another useful measure for evaluating current period performance as compared with prior periods and understanding underlying trends.
- Management believes that operating income adjusted for restructuring, integration and other charges is useful to investors to assess and understand operating performance, especially when comparing results with previous periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of Avnet's normal operating results. Management analyzes operating income without the impact of restructuring, integration and other costs as an indicator of ongoing margin performance and underlying trends in the business. Management also uses these non-GAAP measures to establish operational goals and, in some cases, for measuring performance for compensation purposes.
- Management similarly believes net income and diluted earnings per share adjusted for the impact of the items discussed above is useful to investors because it provides a measure of the Company's net profitability on a more comparable basis to historical periods and provides a more meaningful basis for forecasting future performance. Additionally, because of management's focus on generating shareholder value, of which net profitability is a primary driver, management believes net income and diluted EPS excluding the impact of these items provides an important measure of the Company's net results of operations for the investing public.
- However, analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

# Safe Harbor Statement

- This presentation contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on management’s current expectations and are subject to uncertainty and changes in factual circumstances. The forward-looking statements herein include statements addressing future financial and operating results of Avnet and may include words such as “will,” “anticipate,” “expect,” “believe,” and “should” and other words and terms of similar meaning in connection with any discussions of future operating or financial performance or business prospects. Actual results may vary materially from the expectations contained in the forward-looking statements.

- The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the Company’s ability to retain and grow market share and to generate additional cash flow, risks associated with any acquisition activities and the successful integration of acquired companies, any significant and unanticipated sales decline, changes in business conditions and the economy in general, changes in market demand and pricing pressures, any material changes in the allocation of product or product rebates by suppliers, allocations of products by suppliers, other competitive and/or regulatory factors affecting the businesses of Avnet generally.

- More detailed information about these and other factors is set forth in Avnet’s filings with the Securities and Exchange Commission, including the Company’s reports on Form 10-K, Form 10-Q and Form 8-K. Avnet is under no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Management Introductions

**Roy Vallee**
Chairman and
Chief Executive Officer

**Harley Feldberg**
President, Electronics Marketing

**Rick Hamada**
Chief Operating Officer

**John Paget**
President, Technology Solutions

**Ray Sadowski**
Chief Financial Officer

# Business Highlights

Roy Vallee
Chairman & Chief Executive Officer

# Avnet Inc. Highlights

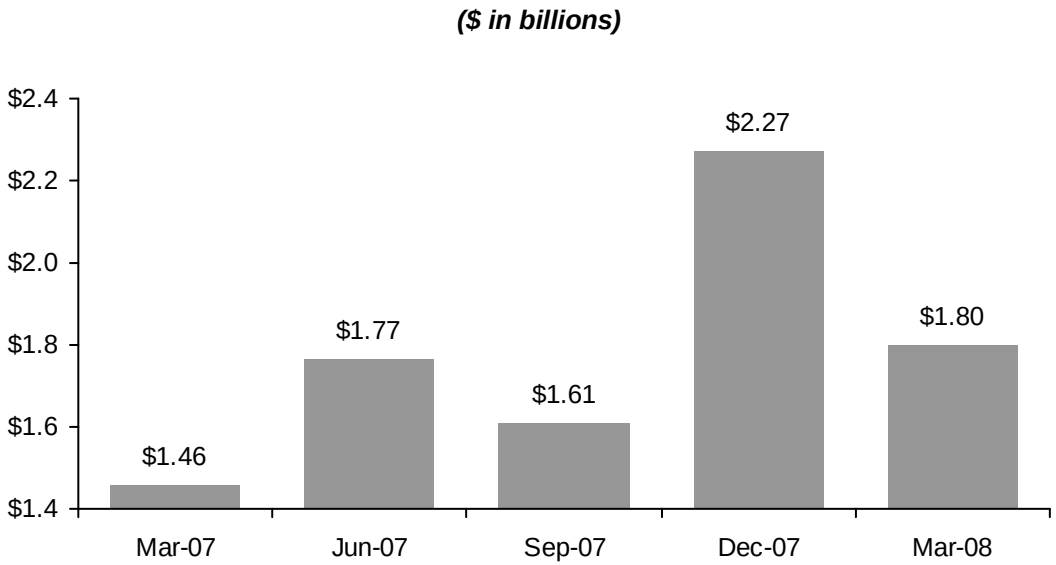
- Macroeconomic conditions having an impact on top line growth
  - 4% EPS growth* year over year
  - Organic growth slower than planned
  - Taking corrective actions to adjust cost structure at some business units
  - Committed to achieving long-term margin and return goals
- Strong cash flow and balance sheet allows for continued value-creating M&A activity
  - Announced offer to acquire U.K. distributor Horizon Technology Group
- Six consecutive quarters of economic profit*

*** Excluding restructuring, integration and other items.**

# Technology Solutions

- Weak revenue in some product areas
  - Enterprise servers particularly affected
- Gross profit negatively impacted
  - Lower volumes resulted in lower dollars and rebates
- Expense ratios deteriorated at certain business units
  - Actions have already begun and will continue through the June quarter

# Technology Solutions (TS) Revenue




| | *Mar-07* | *Jun-07* | *Sep-07* | *Dec-07* | *Mar-08* |
|---|---|---|---|---|---|
| Americas | $ 1.04 | $ 1.23 | $ 1.07 | $ 1.43 | $ 1.07 |
| EMEA | 0.36 | 0.41 | 0.43 | 0.70 | 0.62 |
| Asia | 0.06 | 0.13 | 0.11 | 0.14 | 0.11 |
| *Total* | $ 1.46 | $ 1.77 | $ 1.61 | $ 2.27 | $ 1.80 |

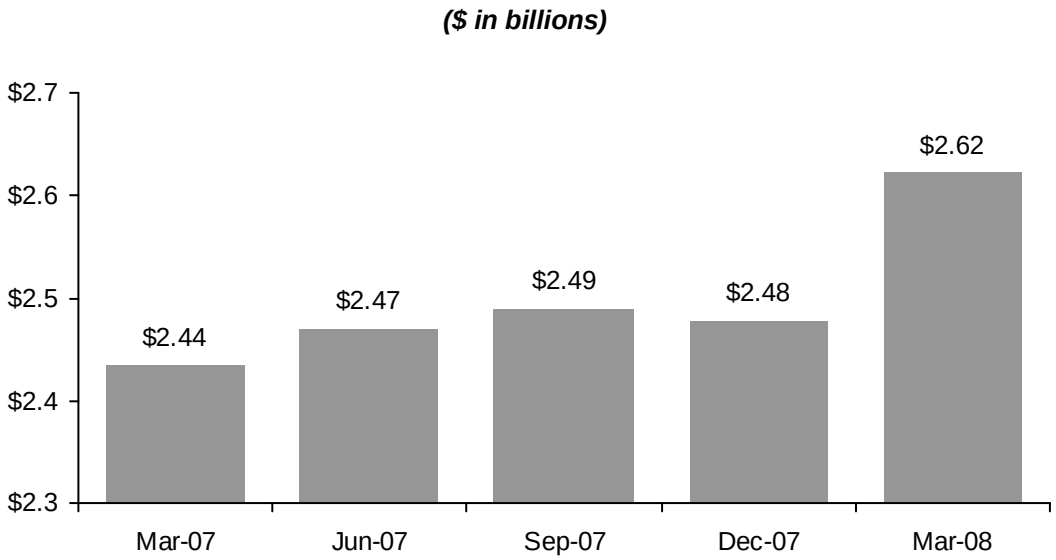
- Y/Y growth rates
  - +23.2% as reported
    +10.2% pro forma (1)
  - Americas +2.9%
  - EMEA +72.4%
    +53.9% in constant $
    +21.4% pro forma (1)
  - Asia +78.9%
    +32.4% pro forma (1)

(1) Pro forma is adjusted to include acquisitions in prior periods

# Electronics Marketing

- Improved margins and returns year over year in all three regions despite sluggish environment
- Americas
  - Operating income margin up 28 bps; ROWC up 104 bps year over year
- EMEA
  - 4th straight quarter of pro forma year over year negative growth in local currency
  - Operating income margin up 7 bps; ROWC up 102 bps year over year
- Asia
  - Completed YEL acquisition
  - Operating income margin up 7 bps; ROWC up 78 bps year over year

# Electronics Marketing (EM) Revenue



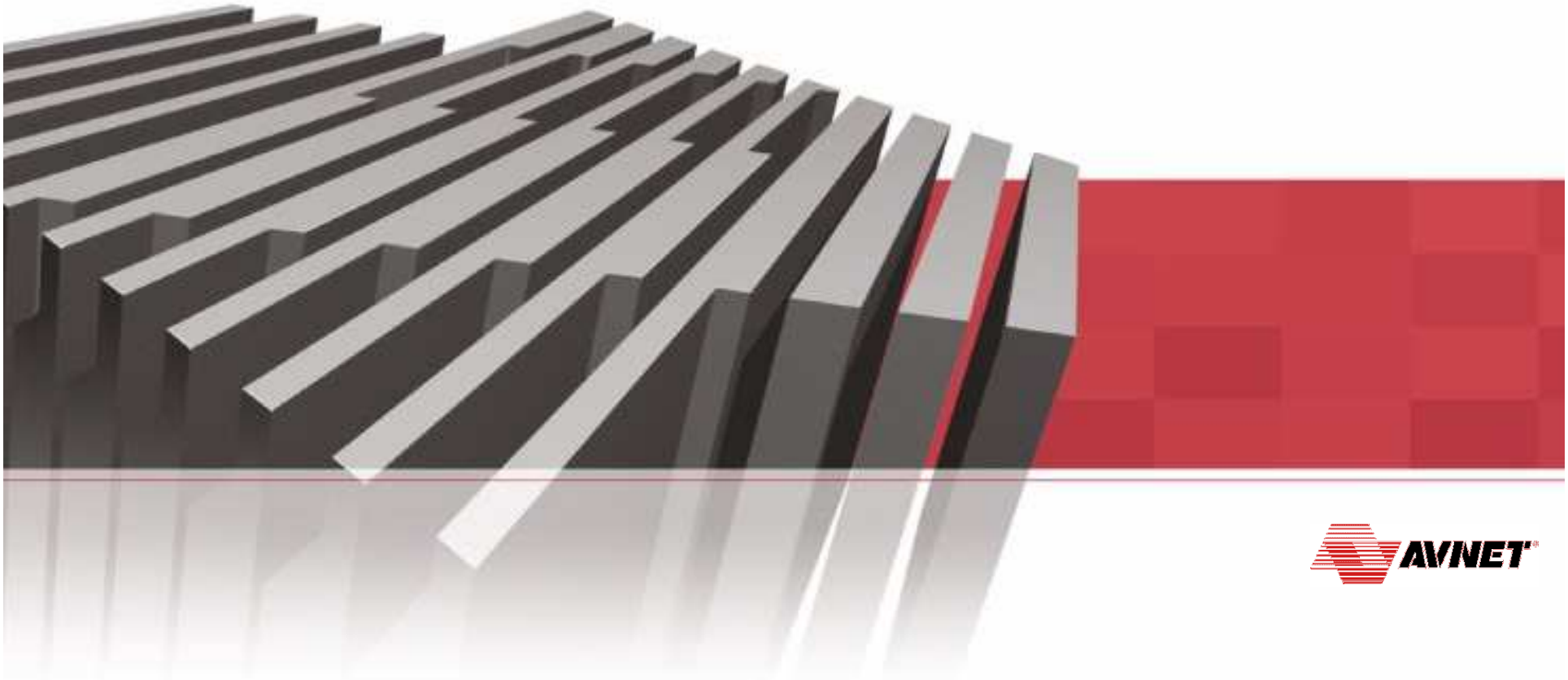

| | Mar-07 | Jun-07 | Sep-07 | Dec-07 | Mar-08 |
|---|---|---|---|---|---|
| Americas | $ 0.92 | $ 0.95 | $ 0.91 | $ 0.93 | $ 0.96 |
| EMEA | 0.91 | 0.83 | 0.83 | 0.83 | 0.97 |
| Asia | 0.61 | 0.69 | 0.75 | 0.72 | 0.69 |
| *Total* | $ 2.44 | $ 2.47 | $ 2.49 | $ 2.48 | $ 2.62 |

- Y/Y growth rates
  - +7.3% as reported
    +5% pro forma (1)
  - Americas +4.3%
  - EMEA +6.6%
    down 6.0% in constant $
    +4.6% pro forma (1)
  - Asia +13.0%,
    +6.6% pro forma (1)

(1) Pro forma is adjusted to include acquisitions in prior periods

# Financial Overview

Ray Sadowski
Chief Financial Officer



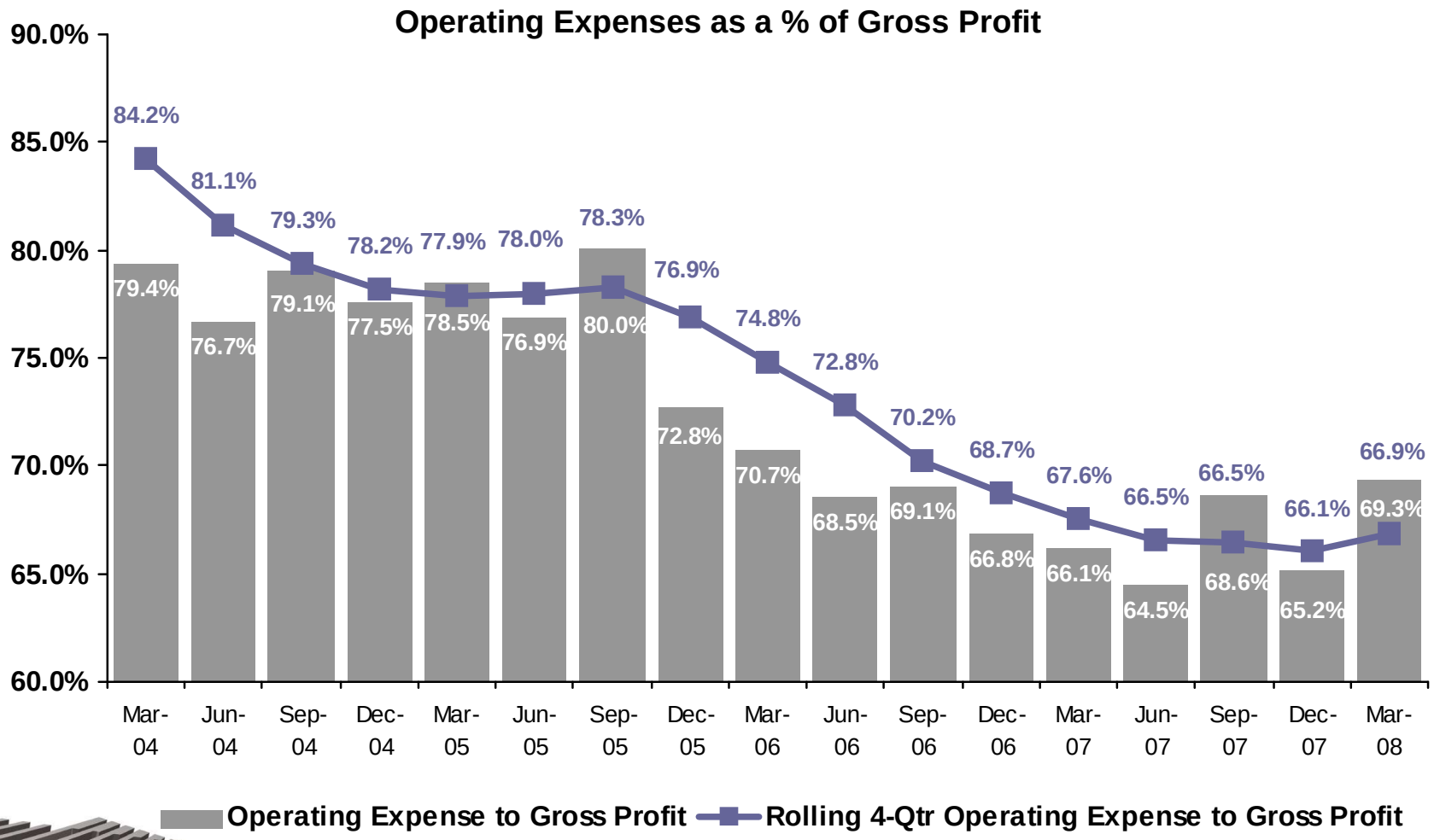
# P&L Summary: Q3 Year-over-Year

($ In Millions, Except Per Share Information)

| | Q3 FY08 | Q3 FY07 | Increase / (Decrease) $ Change | Increase / (Decrease) % Change |
|---|---|---|---|---|
| Sales | $4,421.6 | $3,904.3 | $517.3 | 13.3% |
| Gross profit | 578.7 | 534.8 | $43.9 | 8.2% |
| *Gross profit margin* | *13.1%* | *13.7%* | *0.6%* | |
| Operating expenses | 401.1 | 353.7 | 47.4 | 13.4% |
| Operating income | 177.6 | 181.1 | (3.5) | -1.9% |
| Interest expense | (18.7) | (19.9) | (1.2) | -6.1% |
| Other income | 6.2 | 2.4 | 3.8 | 158.4% |
| Income before tax | 165.1 | 163.6 | 1.5 | 0.9% |
| Taxes | 50.3 | 54.2 | (3.9) | -7.1% |
| *Effective tax rate* | *30.5%* | *33.1%* | | |
| Net income excluding certain charges | $114.8 | $109.4 | $5.4 | 4.9% |
| Diluted earnings per share excluding certain charges | $0.76 | $0.73 | $0.03 | 4.1% |
| After tax reconciliation to GAAP | | | | |
| Restructuring, integration and other | ($7.6) | ($4.2) | 3.4 | 81.0% |
| GAAP net income | $107.2 | $105.2 | $2.0 | 1.9% |
| GAAP diluted earnings per share | $0.71 | $0.70 | $0.01 | 1.4% |

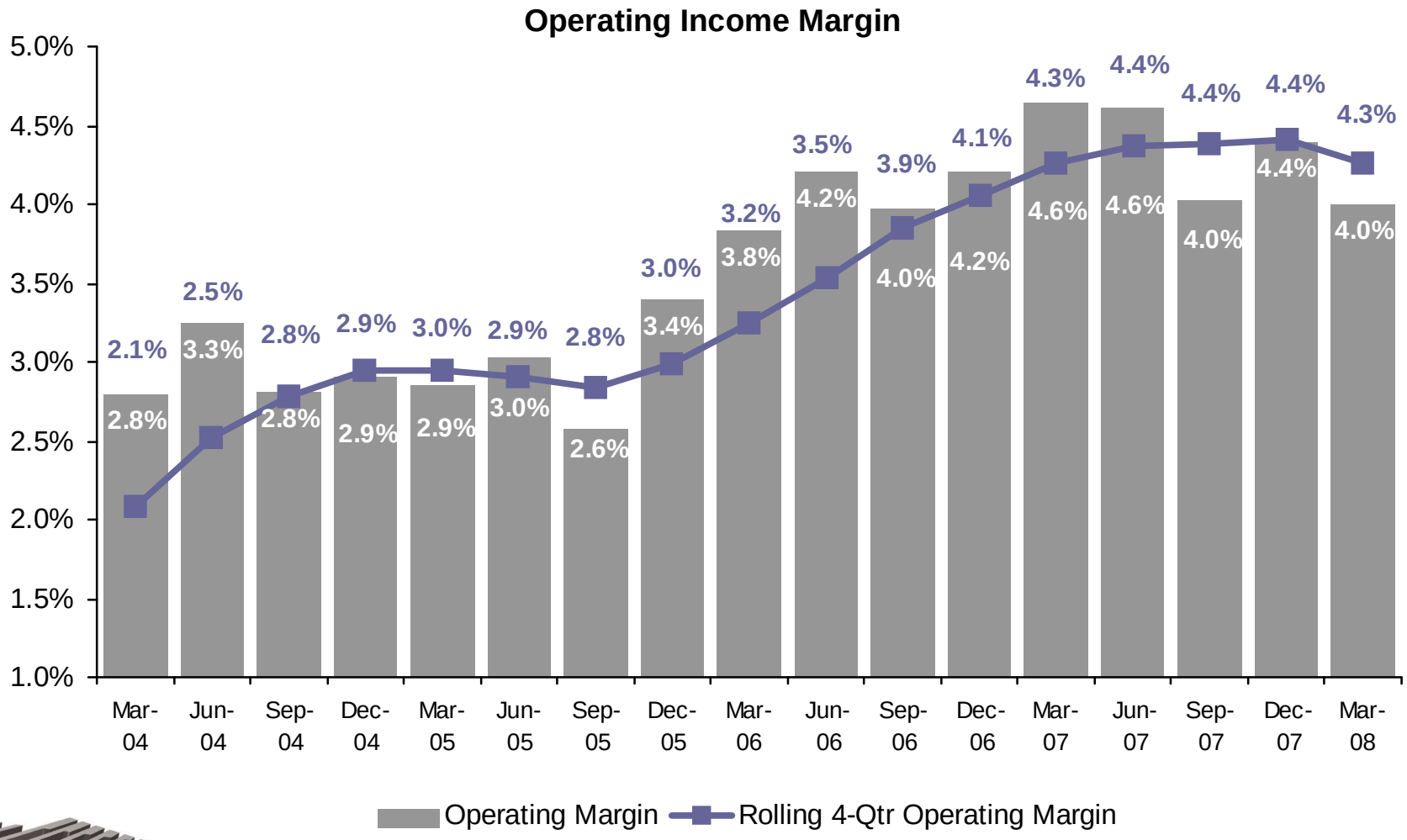
Note: Percentage change calculated based upon results rounded to thousands.

# Operational Excellence



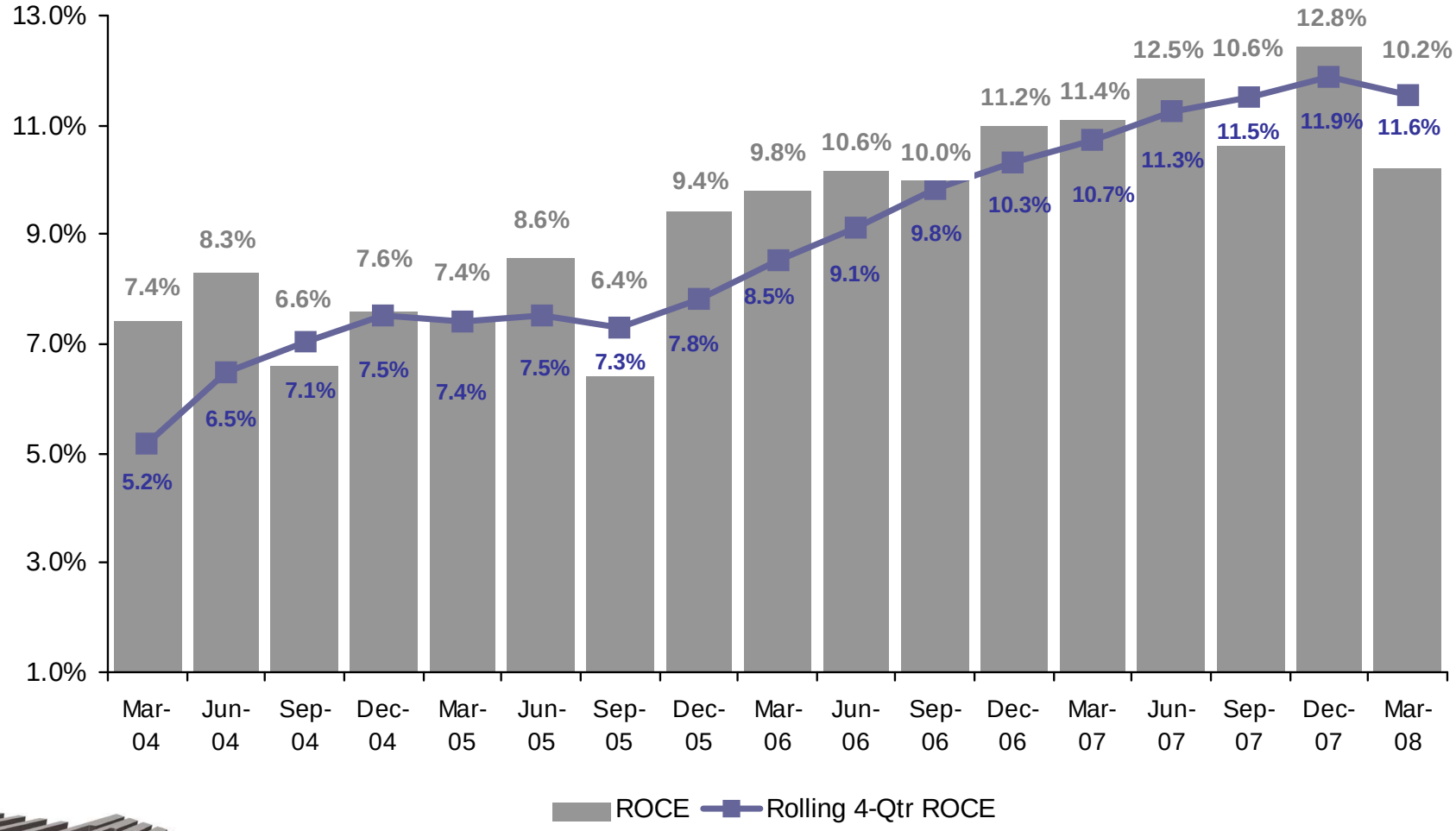

Note: Including restructuring and other charges operating expenses as a percentage of gross profit dollars were 83.3%, 79.3%, 74.2%, 69.9%, 67.7%, 64.3%, 71.2% in the September 2005, December 2005, March 2006, June 2006, March 2007, June 2007 and March 2008 quarters, respectively.

# Improved Operating Income



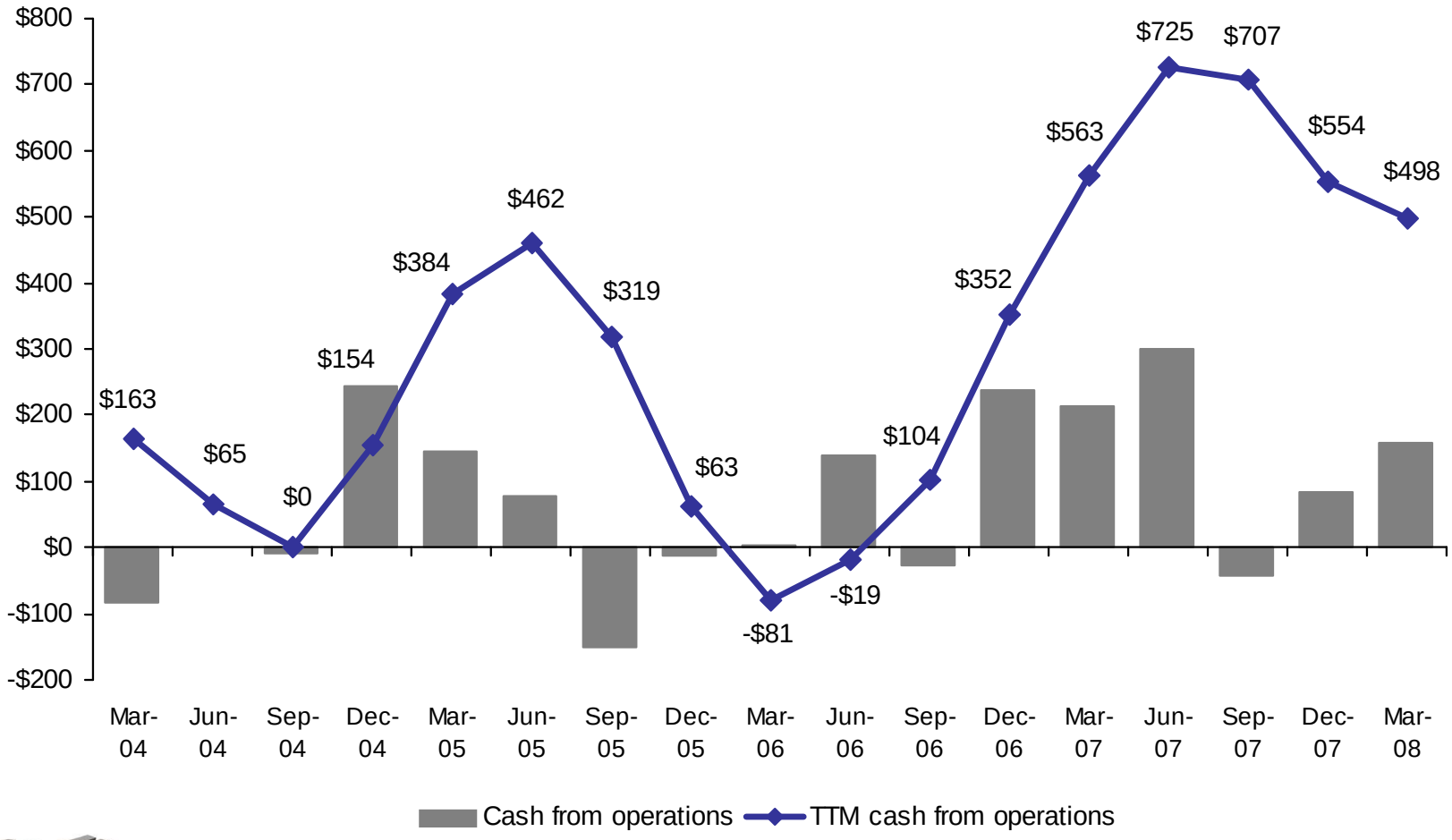

**Note: Including restructuring and other charges operating income margin was 2.2%, 2.5%, 3.4%, 4.0%, 4.4%, 4.7% and 3.8% in the September 2005, December 2005, March 2006, June 2006, March 2007, June 2007 and March 2008 quarters, respectively.**

# Creating Shareholder Value - ROCE




**Note: ROCE does not include restructuring and other charges.**

# Generating Solid Cash Flow



# June 2008 Quarter (Q4 FY08)

- Enterprise Revenue: $4.55 to $4.75 billion
- Group Revenues
  - EM: $2.60 to $2.70 billion
  - TS: $1.95 to $2.05 billion
- Non-GAAP EPS(1): $0.79 to $0.83

(1) Excludes amortization of intangibles and integration charges related to the acquisitions that have closed or will close in the June quarter.

# Question and Answer Session

*Please feel free to contact*
*Avnet's Investor Relations Personnel at:*

**480-643-7394**
**investorrelations@avnet.com**
**www.ir.avnet.com**

# Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported third quarter of fiscal 2008 and 2007 results adjusted for restructuring, integration and other items are included in the following table:

| Quarter ended March 29, 2008 | Operating Income | Pre-tax Income | Net Income | Diluted EPS |
|---|---|---|---|---|
| GAAP results | $ 166,753 | 154,275 | $ 107,244 | $ 0.71 |
| Restructuring, integration and other charges | 10,857 | - | 7,522 | 0.05 |
| Adjusted results | $ 177,610 | $ 154,275 | $ 114,766 | $ 0.76 |
| **Quarter ended March 31, 2007** | | | | |
| GAAP results | $ 172,559 | 158,067 | $ 105,179 | $ 0.70 |
| Restructuring, integration and other charges | 8,521 | 8,521 | 6,011 | 0.04 |
| Gain on sale of business | - | (3,000) | (1,814) | (0.01) |
| Total adjustments | 8,521 | 5,521 | 4,197 | 0.03 |
| Adjusted results | $ 181,080 | $ 163,588 | $ 109,376 | $ 0.73 |

# Non-GAAP Results and Regulation G

- Pro forma or Organic revenue, is defined as revenue adjusted for (i) the impact of acquisitions to include the revenue recorded by these businesses as if the acquisitions had occurred at the beginning of fiscal 2007, and (ii) the impact of the classification of sales of supplier service contracts on an agency (net) basis, which was effective beginning in the third quarter of fiscal 2007, as if the net revenue accounting was applied to periods prior to the change. Prior period revenue adjusted for these impacts is presented below:

| | Revenue as Reported | Acquisition Revenue | Gross to Net Impact | Pro forma Revenue |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| Q1 Fiscal 2008 | $ 4,098,718 | $ 226,271 | $ - | $ 4,324,989 |
| Q2 Fiscal 2008 | 4,753,145 | 93,732 | - | 4,846,877 |
| Q3 Fiscal 2008 | 4,421,645 | - | - | 4,421,645 |
| First nine months of 2008 | $ 13,273,508 | $ 320,003 | $ - | $ 13,593,511 |
| | | | | |
| Q1 Fiscal 2007 | $ 3,648,400 | $ 675,263 | $ (95,810) | $ 4,227,853 |
| Q2 Fiscal 2007 | 3,891,180 | 797,310 | (118,607) | 4,569,883 |
| Q3 Fiscal 2007 | 3,904,262 | 226,231 | - | 4,130,493 |
| Q4 Fiscal 2007 | 4,237,245 | 230,871 | - | 4,468,116 |
| Fiscal year 2007 | $ 15,681,087 | $ 1,929,675 | $ (214,417) | $ 17,396,345 |

# Non-GAAP Results and Regulation G

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

- Q3 FY08 – Restructuring, integration and other charges, amounted to $10.9 million pre-tax, $7.5 million after tax and $0.05 per share on a diluted basis. (Form 8-K filed April 24, 2008)
- Q2 FY08 – (1) Gain on a sale of a building in the EMEA region amounted to $4.5 million pre- and after tax and $0.03 per share on a diluted basis and (2) a gain of $3.0 million pre-tax, $1.8 million after-tax and $0.01 per share on a diluted basis for the receipt of contingent purchase price proceeds related to a prior sale of a business. (Form 8-K filed January 24, 2008 and Form 10-Q filed February 5, 2008)
- Q4 FY07 – Restructuring, integration and other items amounted to a pre-tax benefit in the fourth quarter of $1.2 million, which consisted of (i) a prior year acquisition-related benefit of $12.5 million, net of (ii) restructuring, integration and other charges of $11.3 million related to further cost-reduction initiatives across the Company as well as Access integration-related costs. (Form 8-K filed August 8, 2007 and Form 10-K filed August 29, 2007)
- Q3 FY07 – (1) Restructuring and other charges, including integration cost relating to the acquisition of Access as well as other cost reduction initiatives amounting to $8.5 million pre-tax, $6.0 million after tax and $0.04 per share on a diluted basis, and (2) an additional gain on sales of business in the amount of $3.0 million pre-tax, $1.8 million after tax and $0.01 per share on a diluted basis due the receipt of contingent purchase price proceeds related to the sale of TS' single tier businesses in the Americas. (Form 8-K filed April 26, 2007 and Form 10-Q filed May 9, 2007)
- Q1FY07 – Debt extinguishment costs of $27.4 million pre-tax, $16.5 million after tax and $0.11 per share on a diluted basis associated with the redemption of its outstanding 9¾% Notes due February 15, 2008. (Form 8-K filed October 26, 2006 and Form 10-Q filed November 8, 2006)
- Q4 FY06 - (1) Restructuring and other charges, including integration costs, relating to the Memec acquisition, divestitures, and other actions amounting to $6.8 million pre-tax, $7.3 million after tax and $0.05 per share on a diluted basis; (2) a one-time loss of $13.6 million pre-tax, $14.3 million after tax and $0.10 per share on a diluted basis associated with the sale of two small, non-core businesses; and (3) debt extinguishment costs of $10.9 million pre-tax, $6.6 million after tax and $0.04 per share on a diluted basis associated with the early repayment of $113.6 million of the 9 ¾% Notes due February 15, 2008. (Form 8-K filed August 9, 2006 and Form 10-K filed August 30, 2006)

# Non-GAAP Results and Regulation G

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

- Q3 FY06 – (1) Restructuring and other charges, including integration costs, relating to the Memec acquisition and other actions amounting to $17.0 million pre-tax ($1.4 million of which is included in cost of sales), $11.2 million after tax and $0.08 per share on a diluted basis; and (2) a one-time gain of $10.9 million pre-tax, $7.3 million after tax and $0.05 per share on a diluted basis associated with the divestiture of two TS businesses (Form 8-K filed April 27, 2006 and Form 10-Q filed May 8, 2006)
- Q2 FY06 – (1) Restructuring and other charges and integration costs, substantially all related to the Memec acquisition, totaling $32.4 million pre-tax ($7.5 million of which is included in cost of sales), $21.4 million after tax, and $0.14 per share on a diluted basis. (Form 8-K filed January 25, 2006 and Form 10-Q filed February 3, 2006)
- Q1 FY06 – (1) Restructuring and integration costs substantially all related to the acquisition of Memec, totaling $13.8 million pre-tax, $10.0 million after tax and $0.07 per diluted share; (2) Debt extinguishment costs associated with the repurchase of $254.1 million of the 8.00% Notes due November 15, 2006 totaling $11.7 million pre-tax, $7.1 million after tax and $0.05 per diluted share. (Form 8-K filed October 27, 2005 and Form 10-Q filed November 9, 2005)
- Q3 FY04 – Debt extinguishment costs associated with the cash tender offer completed during the quarter for $273.4 million of the 7 7/8% notes due February 15, 2005 totaling $16.4 million pre-tax, $14.2 million after-tax and $0.12 per diluted share (Form 8-K filed April 29, 2004 and Form 10-Q filed May 18, 2004)
- Q2 FY04 – Charges related to cost cutting initiatives and the previously announced combination of the Computer Marketing and Applied Computing operating groups into one operating group now called Technology Solutions. These charges include severance costs, charges for consolidation of certain owned and leased facilities, write-offs of certain capitalized IT-related initiatives and the impairment of certain owned assets in the Company's European operations totaling $23.5 million pre-tax, $16.4 million after-tax and $0.14 per diluted share (Form 8-K filed January 29, 2004 and Form 10-Q filed February 13, 2004)
- The Company occasionally refers to comparative results in both delivered dollars and constant dollars. Delivered dollars reflect the reported results while constant dollars reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.

# Closing Remarks

*Thank you for attending.*

*We look forward to hosting you next quarter!*