AVNET INC
Form 10-Q
April 29, 2011

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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 April 2, 2011

Commission File #1-4224
AVNET, INC.
Incorporated in New York

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ
As of April 22, 2011, the total number of shares outstanding of the registrant s Common Stock was 152,776,425 shares, net of treasury shares.

AVNET, INC. AND SUBSIDIARIES
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PART I
FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	April 2, 2011	July 3, 2010
	(Thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 781,749	$ 1,092,102
Receivables, less allowances of $106,397 and $81,197, respectively	4,706,561	3,574,541
Inventories	2,514,163	1,812,766
Prepaid and other current assets	213,266	150,759
Total current assets	8,215,739	6,630,168
Property, plant and equipment, net	395,558	302,583
Goodwill (Notes 2 and 3)	908,275	566,309
Other assets	320,405	283,322
Total assets	$ 9,839,977	$ 7,782,382
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Borrowings due within one year (Note 4)	$ 632,435	$ 36,549
Accounts payable	3,412,849	2,862,290
Accrued expenses and other	679,733	540,776
Total current liabilities	4,725,017	3,439,615
Long-term debt (Note 4)	1,250,516	1,243,681
Other long-term liabilities	129,970	89,969
Total liabilities	6,105,503	4,773,265
Commitments and contingencies (Note 6)		
Shareholders equity (Notes 8 and 9):		
Common stock $1.00 par; authorized 300,000,000 shares; issued 152,803,000 shares and 151,874,000 shares, respectively	152,803	151,874
Additional paid-in capital	1,228,649	1,206,132
Retained earnings	2,054,680	1,624,441
Accumulated other comprehensive income (Note 8)	299,039	27,362
Treasury stock at cost, 37,747 shares and 37,769 shares, respectively	(697)	(692)
Total shareholders equity	3,734,474	3,009,117

Total liabilities and shareholders equity	$ 9,839,977	$ 7,782,382

See notes to consolidated financial statements.

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

	Third Quarters Ended		Nine Months Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
	(Thousands, except per share data)			
Sales	$ 6,672,404	$ 4,756,786	$ 19,622,287	$ 13,946,346
Cost of sales	5,885,789	4,173,999	17,339,333	12,311,931
Gross profit	786,615	582,787	2,282,954	1,634,415
Selling, general and administrative expenses	529,605	408,220	1,546,701	1,190,489
Restructuring, integration and other charges (Note 12)	16,273	7,347	73,452	25,419
Operating income	240,737	167,220	662,801	418,507
Other income, net	2,289	1,499	5,268	3,581
Interest expense	(23,557)	(15,327)	(69,830)	(45,925)
Gain on sale of assets (Note 2)		3,202		8,751
Gain on bargain purchase and other (Note 2)	(6,308)		22,715	
Income before income taxes	213,161	156,594	620,954	384,914
Income tax provision	62,130	42,089	190,715	115,663
Net income	$ 151,031	$ 114,505	$ 430,239	$ 269,251
Net earnings per share (Note 9):				
Basic	$ 0.99	$ 0.75	$ 2.82	$ 1.78
Diluted	$ 0.98	$ 0.75	$ 2.79	$ 1.76
Shares used to compute earnings per share (Note 9):				
Basic	152,859	151,890	152,333	151,519
Diluted	154,611	153,215	154,172	152,932

See notes to consolidated financial statements.

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

	Nine Months Ended	
	April 2, 2011	April 3, 2010
	(Thousands)	
Cash flows from operating activities:		
Net income	$ 430,239	$ 269,251
Non-cash and other reconciling items:		
Depreciation and amortization	59,100	46,084
Deferred income taxes	(12,284)	35,234
Stock-based compensation	25,015	24,007
Gain on sale of assets (Note 2)		(8,751)
Gain on bargain purchase and other (Note 2)	(22,715)	
Other, net	45,348	11,793
Changes in (net of effects from businesses acquired):		
Receivables	(391,624)	(732,466)
Inventories	(262,696)	(356,434)
Accounts payable	45,038	583,878
Accrued expenses and other, net	81,209	(27,305)
Net cash flows used for operating activities	(3,370)	(154,709)
Cash flows from financing activities:		
Borrowings under accounts receivable securitization program, net (Note 4)	485,000	
Repayments of notes (Note 4)	(109,600)	
Proceeds from bank debt, net (Note 4)	42,238	14,909
Proceeds from (repayment of) other debt, net (Note 4)	13,572	(1,440)
Other, net	3,231	3,998
Net cash flows provided by financing activities	434,441	17,467
Cash flows from investing activities:		
Purchases of property, plant and equipment	(105,221)	(42,905)
Cash proceeds from sales of property, plant and equipment	2,356	6,334
Acquisitions of operations, net of cash acquired (Note 2)	(690,997)	(36,361)
Cash proceeds from divestitures (Note 2)	10,458	11,785
Net cash flows used for investing activities	(783,404)	(61,147)
Effect of exchange rate changes on cash and cash equivalents	41,980	9,042
Cash and cash equivalents:		

decrease	(310,353)	(189,347)
at beginning of period	1,092,102	943,921
at end of period	$ 781,749	$ 754,574

Additional cash flow information (Note 10)

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly the Company s financial position, results of operations and cash flows. All such adjustments are of a normal recurring nature, except for (i) the gain on bargain purchase discussed in Note 2 and (ii) the restructuring, integration and other charges discussed in Note 12.

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

The Company operates on a 52/53 week fiscal year, and as a result, the nine months ended April 2, 2011 contained thirty nine weeks while the nine months ended April 3, 2010 contained forty weeks. 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 July 3, 2010.

2. Acquisitions and divestitures

During the first quarter of fiscal 2011, the Company acquired three businesses: Bell Microproducts Inc. (Bell), which is described further below; Tallard Technologies, a value-added distributor of IT solutions in Latin America with annualized revenues of approximately $250 million, which is reported as part of the TS Americas region; and Unidux, Inc., (Unidux) an electronics component distributor in Japan with annualized revenues of approximately $370 million, which is reported as part of the EM Asia region.

Unidux, a Japanese publicly traded company, was acquired through a tender offer in which the Company obtained over 95% controlling interest. The non-controlling interest was recorded at fair value but was not material. The acquisition of the non-controlling interest in Unidux was completed during the second quarter of fiscal 2011. As mentioned, Unidux was a publicly traded company which shares were trading below its book value for a period of time. In a tender offer, Avnet offered a purchase price per share for Unidux that was above the prevailing trading price thereby representing a premium to the then recent trading levels. Even though the purchase price was below book value, 95% of the Unidux shareholders tendered their shares. As a result, the Company acquired Unidux net assets of $163,770,000 for a net purchase price of $132,780,000, and recognized a gain on bargain purchase of $30,990,000 pre- and after tax and $0.20 per share on a diluted basis. Prior to recognizing the gain, the Company reassessed the assets acquired and liabilities assumed in the acquisition.

During the second and third quarter of fiscal 2011, the Company acquired four businesses with annualized revenues of approximately $190 million for an aggregate purchase price of $107,534,000, net of cash acquired. Of the four businesses acquired, two are reported as part of the EM Americas region, one is reported as part of the TS Asia region and one is reported as part of the EM Asia region.

During fiscal 2011, the Company recognized restructuring and integration charges, and transaction and other costs associated with the acquisitions, all of which were recognized in the consolidated statement of operations and are described further in Note 12.

Bell

On July 6, 2010, subsequent to fiscal year 2010, the Company completed its previously announced acquisition of Bell, a value-added distributor of storage and server products and solutions and computer components products, providing integration and support services to OEMs, VARs, system builders and end users in the US, Canada, EMEA and Latin America. Bell operated both a distribution and single tier reseller business and generated sales of approximately $3.0 billion in calendar 2009, of which 42%, 41% and 17% was generated in North America, EMEA and Latin America, respectively. The consideration for the transaction totaled $255,691,000 for the equity of Bell which consisted of $7.00 cash per share of Bell common stock, cash payment for Bell equity awards, and cash payments required under existing Bell change of control agreements plus the assumption of $323,321,000 of Bell net debt. Of the debt acquired, Avnet repaid approximately $209,651,000 of debt (including associated fees) immediately after closing. As of the end of March 2011, the Company substantially completed the integration of Bell into both the EM and TS operating groups and expects the full impact of the cost synergies to be realized in the first quarter of fiscal 2012.

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

Preliminary allocation of purchase price

The Bell acquisition is accounted for as a purchase business combination. Assets acquired and liabilities assumed are recorded in the accompanying consolidated balance sheet at their estimated fair values, using management s estimates and assumptions, as of July 6, 2010 (see following table). As of the end of the third quarter, the Company had not yet completed its evaluation of the fair value of certain assets and liabilities acquired, primarily (i) the final valuation of certain income tax accounts, and (ii) certain contingent liabilities associated with the former Bell Latin America business.

During the second quarter of fiscal 2011, the Company completed its valuation of the identifiable amortizable intangible assets and recognized a final valuation of $60,000,000 (see Note 3).

During the second quarter of fiscal 2011, the Company recognized a contingent liability of $18,000,000 for potential unpaid import duties associated with the former Bell Latin America business. Prior to the acquisition of Bell by Avnet, the US Customs and Border Protection (CBP) initiated a review of the importing process at one of Bell s subsidiaries and identified compliance deficiencies. Subsequent to the acquisition of Bell by Avnet, CBP began a compliance audit to identify any duty owed as a result of the prior non-compliance. Depending on the ultimate resolution of the matter with CBP, there may be additional exposure in excess of the recorded amount. During the third quarter of fiscal 2011, the Company continued to evaluate the potential exposure based upon further activities associated with the audit and the Company s ability to obtain appropriate documentation for certain transactions under audit. The Company has evaluated the projected duties, interest and penalties that potentially may be imposed as a result of the audit and, as further information has become available during the third quarter of fiscal 2011, the Company estimates the range of potential exposure associated with this liability may be up to $73 million. However, considering the Company s ability to obtain additional documentation and other activities, the Company believes the contingent liability recorded is a reasonable estimate of the liability at this time.

The Company expects remaining final evaluations for certain income tax accounts to be completed in fiscal 2011 which may result in additional adjustments to the preliminary values presented in the following table.

The Company acquired accounts receivable which were recorded at the estimated fair value amounts; however, adjustments to acquired amounts were not significant as book value approximated fair value due to the short term nature of accounts receivables. The gross amount of accounts receivable acquired was $381,805,000 and the fair value recorded was $363,589,000, which is expected to be collected.

	July 6, 2010 (Thousands)
Current assets	$ 705,987
Property, plant and equipment	12,916
Goodwill	224,267
Identifiable intangible asset	60,000
Other assets	37,964
Total assets acquired	1,041,134
Current liabilities, excluding current portion of long-term debt	396,772
Long-term liabilities	30,218
Total debt	358,453
Total liabilities assumed	785,443
Net assets acquired	$ 255,691

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

Approximately $22,000,000 of goodwill associated with the Bell acquisition is expected to be deductible for tax purposes.

Management expects synergies to be realized which will allow for operating cost reductions upon completion of the integration of Bell; the expected expense synergy savings were a primary driver of the excess of purchase price paid over the value of assets and liabilities acquired.

Pro forma results

Unaudited pro forma financial information is presented below as if the acquisition of Bell occurred at the beginning of fiscal 2010. The pro forma information presented below does not purport to present what actual results would have been had the acquisition in fact occurred at the beginning of fiscal 2010, nor does the information project results for any future period.

	Pro Forma Results Third Quarter Ended April 3, 2010	Pro Forma Results Nine Months Ended April 3, 2010
	(Thousands, except per share data)	
Pro forma sales	$ 5,557,346	$ 16,349,029
Pro forma operating income	171,880	441,333
Pro forma net income	108,242	271,811
Pro forma diluted earnings per share	$ 0.71	$ 1.77

The combined results for Avnet and Bell for the third quarter and nine months ended fiscal 2010 were adjusted for the following in order to create the pro forma results in the table above:

$2,143,000 pre-tax, $1,310,000 after tax, or $0.01 per diluted share for the third quarter of fiscal 2010 and $6,429,000 pre-tax, $3,930,000 after-tax, or $0.03 per diluted share for the first nine months of fiscal 2010, related to the intangible asset amortization associated with the Bell acquisition; and

$5,181,000 pre-tax, $3,168,000 after tax, or $0.02 per diluted share for the first nine months of fiscal 2010 for Bell transaction costs that were expensed upon closing.

Pro forma results above exclude the impact of synergies that may be realized upon completion of the integration activity.

Pro forma financial information is not presented for fiscal 2011 because the Bell acquisition occurred on July 6, 2010, which is three days after the beginning of the Company s fiscal year 2011. The accompanying consolidated statement of operations for the first quarter of fiscal 2011 included sales of $781,135,000 related to the acquired Bell business. The Company has substantially completed the process of integrating the Bell business into the Avnet existing business, which includes IT systems integration, and administrative, sales and logistics operations integrations. As a result, after the first quarter of fiscal 2011, the Company is no longer able to identify the acquired Bell business separately from the on-going Avnet business.

Prior year acquisition-related exit activity accounted for in purchase accounting

Prior to fiscal 2010, certain restructuring charges were recognized as part of purchase accounting under previous accounting standards. During fiscal 2007 and 2006, the Company recorded certain exit-related liabilities through purchase accounting which consisted of severance for workforce reductions, non-cancelable lease commitments and lease termination charges for leased facilities, and other contract termination costs associated with the exit activities. During the first nine months of fiscal 2011, the Company paid $348,000 in cash associated with these reserves. In addition, the Company released $1,402,000 of lease reserves that were determined no longer necessary and recorded a credit through restructuring, integration and other charges. As of April 2, 2011, the total remaining reserve was $3,797,000 related primarily to facility exit costs and other contractual lease obligations which management expects to be substantially utilized by fiscal 2013.

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

Divestitures

During the third quarter of fiscal 2011, the Company completed the divestiture of New ProSys Corp. (ProSys), a value-added reseller and provider of IT infrastructure solutions. Avnet acquired ProSys as part of the Bell acquisition on July 6, 2010, and announced its intention to sell this business at that time. Total consideration included a cash payment at closing, a short-term receivable and a three-year earn-out based upon ProSys anticipated results. As a result of the divestiture, the Company received initial net cash proceeds of $10,458,000 and wrote off goodwill associated with the ProSys business (see Note 3). No gain or loss was recorded as a result of the divestiture.

During the second quarter and first nine months of fiscal 2010, the Company recognized a gain on the sale of assets amounting to $5,549,000 pre-tax, $3,383,000 after tax and $0.02 per share on a diluted basis, as a result of certain earn-out provisions associated with the prior sale of the Company s equity investment in Calence LLC. In addition, the Company sold a cost method investment and received proceeds of approximately $3,034,000. As a result, the Company received a total of $11,785,000 in cash proceeds from divestitures for the first nine months of fiscal 2010.

3. Goodwill and intangible assets

The following table presents the carrying amount of goodwill, by reportable segment, for the nine months ended April 2, 2011:

	Electronics Marketing	Technology Solutions	Total
		(Thousands)	
Carrying value at July 3, 2010	$ 242,626	$ 323,683	$ 566,309
Additions	100,496	242,923	343,419
Adjustments		(22,838)	(22,838)
Foreign currency translation	9,037	12,348	21,385
Carrying value at April 2, 2011	$ 352,159	$ 556,116	$ 908,275

The goodwill additions are a result of the Bell and Tallard acquisitions that occurred in the first quarter of fiscal 2011 (see Note 2) and four acquisitions that occurred in the second and third quarters of fiscal 2011. The Unidux acquisition resulted in $30,990,000 of negative goodwill which was included in Gain on bargain purchase and other on the consolidated statement of operations. The goodwill adjustments consist of the goodwill that was written off as a result of the sale of ProSys (see Note 2).

The following table presents the gross amount of goodwill and accumulated impairment since fiscal 2009 as of July 3, 2010 and April 2, 2011. All of the accumulated impairment was recognized in fiscal 2009.

	Electronics Marketing	Technology Solutions	Total
		(Thousands)	
Gross goodwill at July 3, 2010	$ 1,287,736	$ 658,307	$ 1,946,043
Accumulated impairment	(1,045,110)	(334,624)	(1,379,734)
Carrying value at July 3, 2010	$ 242,626	$ 323,683	$ 566,309
Gross goodwill at April 2, 2011	$ 1,397,269	$ 890,740	$ 2,288,009
Accumulated impairment	(1,045,110)	(334,624)	(1,379,734)
Carrying value at April 2, 2011	$ 352,159	$ 556,116	$ 908,275

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

In the first quarter of fiscal 2011, the Company recognized a preliminary estimate for a customer relationship intangible asset. During the second quarter of fiscal 2011, the Company completed its evaluation of the intangible asset and recognized a final valuation of $60,000,000, which has an estimated life of seven years.

As of April 2, 2011, Other assets included customer relationship intangible assets with a carrying value of $104,170,000; consisting of $141,468,000 in original cost value and $37,297,000 of accumulated amortization and foreign currency translation. These assets are being amortized over a weighted average life of 8 years. Intangible asset amortization expense was $4,620,000 and $2,154,000 for the third quarter of fiscal 2011 and 2010, respectively, and $14,390,000 and $6,488,000 for the first nine months of fiscal 2011 and 2010, respectively. Amortization expense for fiscal 2012 through 2015 is expected to be approximately $17,000,000 each year and $13,000,000 for fiscal 2016.

4. External financing

Short-term debt consists of the following:

	April 2, 2011	July 3, 2010
	(Thousands)	
Bank credit facilities	$ 140,277	$ 35,617
Borrowings under the accounts receivable securitization program	485,000	
Other debt due within one year	7,158	932
Short-term debt	$ 632,435	$ 36,549

Bank credit facilities consist of various committed and uncommitted lines of credit with financial institutions utilized primarily to support the working capital requirements of foreign operations. The weighted average interest rate on the outstanding bank credit facilities was 4.2% at April 2, 2011 and 4.0% at July 3, 2010. In connection with the acquisitions completed during fiscal 2011 (see Note 2), the Company acquired debt of $420,259,000, of which $211,933,000 was repaid (including associated fees) at the acquisition dates. As of the end of the third quarter of fiscal 2011, the outstanding balances associated with the acquired debt and credit facilities consisted of $60,021,000 in bank credit facilities.

In August 2010, the Company amended its accounts receivable securitization program (the Program) with a group of financial institutions to allow the Company to sell, on a revolving basis, an undivided interest of up to $600,000,000 ($450,000,000 prior to the amendment) in eligible receivables while retaining a subordinated interest in a portion of the receivables. The Program does not qualify for sale treatment and, as a result, any borrowings under the Program are recorded as debt on the consolidated balance sheet. The Program contains certain covenants, all of which the Company was in compliance with as of April 2, 2011. The Program has a one year term that expires in August 2011. There were $485,000,000 in borrowings outstanding under the Program at April 2, 2011 and no borrowings outstanding at July 3, 2010.

Long-term debt consists of the following:

	April 2, 2011	July 3, 2010
	(Thousands)	
5.875% Notes due March 15, 2014	$ 300,000	$ 300,000
6.00% Notes due September 1, 2015	250,000	250,000
6.625% Notes due September 15, 2016	300,000	300,000
5.875% Notes due June 15, 2020	300,000	300,000
Other long-term debt	103,653	97,217

Subtotal	1,253,653	1,247,217
Discount on notes	(3,137)	(3,536)
Long-term debt	$ 1,250,516	$ 1,243,681

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

The Company has a five-year $500,000,000 unsecured revolving credit facility (the Credit Agreement) with a syndicate of banks that expires in September 2012. Under the Credit Agreement, the Company may elect from various interest rate options, currencies and maturities. The Credit Agreement contains certain covenants, all of which the Company was in compliance with as of April 2, 2011. At April 2, 2011, there were $100,281,000 in borrowings outstanding under the Credit Agreement included in other long-term debt in the preceding table. In addition, there were $14,089,000 in letters of credit issued under the Credit Agreement which represent a utilization of the Credit Agreement capacity but are not recorded in the consolidated balance sheet as the letters of credit are not debt. At July 3, 2010, there were $93,682,000 in borrowings outstanding under the Credit Agreement and $8,597,000 in letters of credit issued under the Credit Agreement.

As a result of the acquisition of Bell, the Company assumed $104,795,000 of 3.75% Notes due March 2024 which were convertible into Bell common stock; however, as of the acquisition completion date, the debt was no longer convertible into shares. Under the terms of the 3.75% Notes, the Company may redeem some or all of the 3.75% Notes for cash anytime on or after March 5, 2011 and the note holders may require the Company to purchase for cash some or all of the 3.75% Notes on March 5, 2011, March 5, 2014 or March 5, 2019 at a redemption price equal to 100% of the principal amount plus interest. During the first quarter of fiscal 2011, the Company issued a tender offer for the 3.75% Notes for which $5,205,000 was tendered and paid in September 2010. During the third quarter of fiscal 2011, the note holders tendered substantially all of the notes under the terms of the agreement, for which $104,395,000 was paid in March 2011. The remaining $400,000 that was not tendered were included in other long-term debt in the preceeding table.

At April 2, 2011, the carrying value and fair value of the Company s debt was $1,882,951,000 and $1,978,586,000, respectively. Fair value was estimated primarily based upon quoted market prices.

5. Derivative financial instruments

Many of the Company s subsidiaries, on occasion, purchase and sell products in currencies other than their functional currencies. This subjects the Company to the risks associated with fluctuations in foreign currency exchange rates. The Company reduces this risk by utilizing natural hedging (i.e. offsetting receivables and payables) as well as by creating offsetting positions through the use of derivative financial instruments, primarily forward foreign exchange contracts with maturities of less than sixty days. The Company continues to have exposure to foreign currency risks to the extent they are not hedged. The Company adjusts all foreign denominated balances and any outstanding foreign exchange contracts to fair market value through the consolidated statements of operations. Therefore, the market risk related to the foreign exchange contracts is offset by the changes in valuation of the underlying items being hedged. The asset or liability representing the fair value of foreign exchange contracts, based upon level 2 criteria under the fair value measurements standard, is classified in the captions other current assets or accrued expenses and other, as applicable, in the accompanying consolidated balance sheets and were not material. In addition, the Company did not have material gains or losses related to the forward contracts which are recorded in other income (expense), net in the accompanying consolidated statements of operations.

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

6. Commitments and contingencies

From time to time, the Company may become a party to, or otherwise involved in pending and threatened litigation, tax, environmental and other matters arising in the ordinary course of conducting its business. Management does not anticipate that any contingent matters will have a material adverse effect on the Company s financial condition, liquidity or results of operations.

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

7. Pension plan

The Company s noncontributory defined benefit pension plan (the Plan) covers substantially all domestic employees. Components of net periodic pension costs during the quarters and nine months ended April 2, 2011 and April 3, 2010 were as follows:

	Third Quarters Ended		Nine Months Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
	(Thousands)			
Service cost	$ 3,356	$	$ 17,906	$
Interest cost	3,240	3,937	10,440	11,811
Expected return on plan assets	(6,720)	(7,534)	(20,670)	(22,602)
Recognized net actuarial loss	2,054	1,422	6,704	4,266
Amortization of prior service credit	(457)	(1,221)	(1,407)	(3,663)
Net periodic pension cost (income)	$ 1,473	$ (3,396)	$ 12,973	$ (10,188)

There were no contributions made to the Plan during the first nine months of fiscal 2011. The significant increase in pension cost as compared with last year was primarily due to the resumption of benefits at the beginning of fiscal 2011 (reflected in Service cost in the above table) which had been temporarily suspended during fiscal 2010.

8. Comprehensive income

	Third Quarters Ended		Nine Months Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
	(Thousands)			
Net income	$ 151,031	$ 114,505	$ 430,239	$ 269,251
Foreign currency translation adjustments and other	138,124	(76,127)	271,677	(32,835)
Total comprehensive income	$ 289,155	$ 38,378	$ 701,916	$ 236,416

9. Earnings per share

	Third Quarters Ended		Nine Months Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
	(Thousands, except per share data)			
Numerator:				
Net income	$ 151,031	$ 114,505	$ 430,239	$ 269,251
Denominator:				
Weighted average common shares for basic earnings per share	152,859	151,890	152,333	151,519
Net effect of dilutive stock options and performance share awards	1,752	1,325	1,839	1,413
	154,611	153,215	154,172	152,932

Weighted average common shares for diluted earnings per share								
Basic earnings per share	$	0.99	$	0.75	$	2.82	$	1.78
Diluted earnings per share	$	0.98	$	0.75	$	2.79	$	1.76

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

Options to purchase 919,000 shares of the Company s stock were excluded from the calculations of diluted earnings per share for the quarter ended April 3, 2010 and 238,000 and 921,000 shares were excluded for the nine months ended April 2, 2011 and April 2, 2010, respectively, because the exercise price for those options was above the average market price of the Company s stock. Therefore, inclusion of these options in the diluted earnings per share calculation would have had an anti-dilutive effect. For the quarter ended April 2, 2011, none of the outstanding options were excluded from the calculation of diluted earnings per share because all of the outstanding options were dilutive.

10. Additional cash flow information

Interest and income taxes paid in the nine months ended April 2, 2011 and April 3, 2010 were as follows:

	Nine Months Ended	
	April 2, 2011	April 3, 2010
	(Thousands)	
Interest	$ 77,839	$ 58,229
Income taxes	118,326	67,017

11. Segment information

	Third Quarters Ended		Nine Months Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
	(Thousands)			
Sales:				
Electronics Marketing	$ 3,925,236	$ 2,886,547	$ 11,104,454	$ 7,841,828
Technology Solutions	2,747,168	1,870,239	8,517,833	6,104,518
	$ 6,672,404	$ 4,756,786	$ 19,622,287	$ 13,946,346
Operating income (loss):				
Electronics Marketing	$ 224,764	$ 144,187	$ 600,296	$ 317,792
Technology Solutions	57,325	49,937	219,182	189,484
Corporate	(25,079)	(19,557)	(83,225)	(63,350)
	257,010	174,567	736,253	443,926
Restructuring, integration and other charges (Note 12)	(16,273)	(7,347)	(73,452)	(25,419)
	$ 240,737	$ 167,220	$ 662,801	$ 418,507
Sales, by geographic area:				
Americas (1)	$ 2,822,834	$ 1,982,313	$ 8,587,700	$ 6,090,921
EMEA (2)	2,175,494	1,550,700	6,187,594	4,374,201
Asia/Pacific (3)	1,674,076	1,223,773	4,846,993	3,481,224

$ 6,672,404	$ 4,756,786	$ 19,622,287	$ 13,946,346

(1) Includes sales in the United States of $2.43 billion and $1.78 billion for the third quarters ended April 2, 2011 and April 3, 2010, respectively. Includes sales in the United States of $7.47 billion and $5.51 billion for the first nine months of fiscal 2011 and 2010, respectively.

(2) Includes sales in Germany and the United Kingdom of $816.0 million and $414.3 million, respectively, for the third quarter of fiscal 2011, and $2.30 billion and $1.29 billion, respectively, for the first nine months of fiscal 2011. Includes sales in Germany and the United Kingdom of $574.5 million and $260.7 million, respectively, for the third quarter of fiscal 2010, and $1.56 billion and $835.4 million, respectively, for the first nine months of fiscal 2010.

(3) Includes sales in Taiwan, Singapore and China (including Hong Kong) of $452.3 million, $314.1 million and $599.0 million, respectively, for the third quarter of fiscal 2011, and $1.32 billion, $896.0 million and $1.77 billion, respectively, for the first nine months of fiscal 2011. Includes sales in Taiwan, Singapore and China (including Hong Kong) of $319.1 million, $245.0 million and $537.0 million, respectively, for the third quarter of fiscal 2010, and $945.3 million, $714.8 million and $1.44 billion, respectively, for the nine months of fiscal 2010.

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

	April 2, 2011	July 3, 2010
	(Thousands)	
Assets:		
Electronics Marketing	$ 5,832,842	$ 4,441,758
Technology Solutions	3,685,008	2,553,844
Corporate	322,127	786,780
	$ 9,839,977	$ 7,782,382
Property, plant, and equipment, net, by geographic area:		
Americas [4]	$ 228,323	$ 182,231
EMEA [5]	141,254	98,460
Asia/Pacific	25,981	21,892
	$ 395,558	$ 302,583

(4) Includes property, plant and equipment, net, of $218.0 million and $178.2 million as of April 2, 2011 and July 3, 2010, respectively, in the United States.

(5) Includes property, plant and equipment, net, of $82.5 million, $22.8 million and $17.1 million in Germany, Belgium and the United Kingdom, respectively, as of April 2, 2011 and $48.0 million, $20.4 million and $13.4 million, respectively, as of July 3, 2010.

12. Restructuring, integration and other charges

Fiscal 2011

During the third quarter and first nine months of fiscal 2011, the Company incurred charges related primarily to the acquisition and integration activities associated with acquired businesses.

	Quarter ended April 2, 2011	Nine Months ended April 2, 2011
	(Thousands)	
Restructuring charges	$ 8,621	$ 41,468
Transaction costs	3,529	15,597
Integration costs	7,969	24,066
Reversal of excess prior year purchase accounting and restructuring reserves	(3,846)	(7,679)
Total restructuring, integration and other charges	$ 16,273	$ 73,452

The activity related to the restructuring reserves established during the first nine months of fiscal 2011 is presented in the following table:

	Severance Reserves	Facility Exit Costs	Other	Total
		(Thousands)		
Fiscal 2011 pre-tax charges	$ 23,361	$ 16,259	$ 1,848	$ 41,468
Amounts utilized	(14,305)	(6,523)	(599)	(21,427)
Other, principally foreign currency translation	476	177	231	884
Balance at April 2, 2011	$ 9,532	$ 9,913	$ 1,480	$ 20,925

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AVNET, INC. AND SUBSIDIARIES
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Severance charges recorded in the first nine months of fiscal 2011 related to personnel reductions of over 450 employees in administrative, finance and sales functions primarily in connection with the integration of the acquired Bell business into the existing EM Americas, TS Americas and TS EMEA regions and, to a lesser extent, other cost reduction actions. Facility exit costs consisted of lease liabilities, fixed asset write-downs and other related charges associated with 47 vacated facilities: 24 in the Americas, 21 in EMEA and two in the Asia/Pac region. Of the $41,468,000 pre-tax charges, $16,336,000 related to EM and $24,442,000 related to TS and the remainder related to the Company s corporate operations. Cash payments of $18,418,000 are reflected in the amounts utilized during the first nine months of fiscal 2011 and the remaining amounts were related to non-cash asset write downs. As of April 2, 2011, management expects the majority of the remaining severance reserves to be utilized by the end of fiscal 2012 and the remaining facility exit cost reserves to be utilized by the end of fiscal 2015.

Transaction costs incurred during the first nine months of fiscal 2011 related primarily to professional fees for advisory and broker services and legal and accounting due diligence procedures and other legal costs associated with acquisitions.

Integration costs included certain professional fees, facility moving costs, travel, meeting, marketing and communication costs that were incrementally incurred as a result of the integration efforts of acquired businesses. Also included in integration costs are incremental salary and employee benefit costs, primarily of the acquired businesses personnel who were retained by Avnet for extended periods following the close of the acquisitions solely to assist in the integration of the acquired business IT systems, and administrative and logistics operations into those of Avnet. These identified personnel have no other meaningful day-to-day operational responsibilities outside of the integration effort.

Fiscal 2010

During fiscal 2010, the Company incurred restructuring, integration and other charges related to the remaining cost reduction actions announced in fiscal 2009, which were taken in response to market conditions, as well as integration costs associated with acquired businesses. The following table presents the activity during the first nine months of fiscal 2011 related to the remaining restructuring reserves established during fiscal 2010.

	Severance Reserves	Facility Exit Costs	Other	Total
		(Thousands)		
Balance at July 3, 2010	$ 539	$ 1,405	$ 1,836	$ 3,780
Amounts utilized	(400)	(244)	(443)	(1,087)
Adjustments	(143)	(903)	420	(626)
Other, principally foreign currency translation	22	8	127	157
Balance at April 2, 2011	$ 18	$ 266	$ 1,940	$ 2,224

The amounts utilized during the first nine months of fiscal 2011 represent cash payments. As of April 2, 2011, management expects the majority of the remaining severance reserves to be utilized by the end of fiscal 2011 and the remaining facility exit cost and other reserves to be utilized by the end of fiscal 2013.

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AVNET, INC. AND SUBSIDIARIES
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Fiscal 2009

During fiscal 2009, the Company incurred restructuring, integration and other charges related to cost reduction actions, costs for integration activity for acquired businesses and other items. The following table presents the activity during the first nine months of fiscal 2011 related to the remaining restructuring reserves established during fiscal 2009.

	Severance Reserves	Facility Exit Costs	Other	Total
		(Thousands)		
Balance at July 3, 2010	$ 1,920	$ 17,136	$ 1,634	$ 20,690
Amounts utilized	(1,315)	(6,589)	(414)	(8,318)
Adjustments	(182)	(2,994)	(1,703)	(4,879)
Other, principally foreign currency translation	122	166	483	771
Balance at April 2, 2011	$ 545	$ 7,719	$	$ 8,264

The amounts utilized during the first nine months of fiscal 2011 represent cash payments. Management expects the majority of the remaining severance reserves to be utilized by the end of fiscal 2012 and the remaining facility exit cost reserves to be utilized by the end of fiscal 2015.

Fiscal 2008 and prior restructuring reserves

In fiscal year 2008 and prior, the Company incurred restructuring charges under five separate restructuring plans. As of April 2, 2011, the remaining reserves associated with these actions totaled $1,000,000 which are expected to be fully utilized by the end of fiscal 2012.

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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 third quarter and first nine months ended April 2, 2011, this *Management s Discussion and Analysis of Financial Condition and Results of Operations* (MD&A) should be read in conjunction with the consolidated financial statements, including the related notes, appearing in Item 1 of this Report, as well as the Company s Annual Report on Form 10-K for the year ended July 3, 2010. The Company operates on a 52/53 week fiscal year, and as a result, the first nine months of fiscal 2011 contained 39 weeks while the first nine months of fiscal 2010 contained 40 weeks. This extra week impacts the year-over-year analysis for the first nine months of fiscal 2011 in this MD&A.

There are references to the impact of foreign currency translation in the discussion of the Company s results of operations. Over the past several years, the exchange rates between the US Dollar and many foreign currencies, especially the Euro, have fluctuated significantly year over year; however, the impact for the third quarter of fiscal 2011 was not significant. For example, the US Dollar has strengthened against the Euro by approximately 1% when comparing the third quarter of fiscal 2011 with the third quarter of fiscal 2010; therefore, a small part of the fluctuation between the third quarter of fiscal 2011 results of operations and the prior year third quarter are a result of changes in foreign currency exchange rates. When the stronger US Dollar 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 US Dollars of reported results. In the discussion that follows, this is referred to as the translation impact of changes in foreign currency exchange rates.

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

- Income or expense items as adjusted for the translation impact of changes in foreign currency exchange rates, as discussed above.
- Sales adjusted for certain items that impact the year-over-year analysis, which included (i) the impact of acquisitions by adjusting Avnet s prior periods to include the sales of businesses acquired as if the acquisitions had occurred at the beginning of the period presented; (ii) the impact of a divestiture by adjusting Avnet s prior periods to exclude the sales of the business divested as if the divestiture had occurred at the beginning of the period presented; and (iii) the impact of the transfer of the existing embedded business from TS Americas to EM Americas which occurred in the first quarter of fiscal 2011 in conjunction with the Bell acquisition so that substantially all embedded business in the Americas resides in the EM operating group. Sales taking into account the combination of these three adjustments are referred to as pro forma sales or organic sales.
- Operating income excluding restructuring, integration and other charges incurred in the third quarters and first nine months of fiscal 2011 and fiscal 2010 (see *Restructuring, Integration and Other Charges* in this MD&A). The reconciliation to GAAP is presented in the following table.

	Third Quarters Ended		Nine Months Ended	
	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
	(Thousands)			
GAAP operating income	$ 240,737	$ 167,220	$ 662,801	$ 418,507
Restructuring, integration and other charges	16,273	7,347	73,452	25,419
Adjusted operating income	$ 257,010	$ 174,567	$ 736,253	$ 443,926

Management believes that providing this additional information is useful to the reader to better assess and understand operating performance, especially when comparing results with previous 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 some cases, for measuring performance for compensation purposes. However, analysis of results on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

OVERVIEW

Organization

Avnet, Inc., incorporated in New York in 1955, together with its consolidated subsidiaries (the Company or Avnet), is one of the world s largest industrial distributors, based on sales, of electronic components, enterprise computer and storage products and embedded subsystems. Avnet creates a vital link in the technology supply chain that connects more than 300 of the world s leading electronic component and computer product manufacturers and software developers with a global customer base of more than 100,000 original equipment manufacturers (OEMs), electronic manufacturing services (EMS) providers, original design manufacturers (ODMs), and value-added resellers (VARs) Avnet distributes electronic components, computer products and software as received from its suppliers or with assembly or other value added by Avnet. Additionally, Avnet provides engineering design, materials management and logistics services, system integration and configuration, and supply chain services.

Avnet has two primary operating groups Electronics Marketing (EM) and Technology Solutions (TS). Both operating groups have operations in each of the three major economic regions of the world: the Americas; Europe, the Middle East and Africa (EMEA); and Asia/Pacific, consisting of Asia, Australia and New Zealand (Asia or Asia/Pac). A brie summary of each operating group is provided below:

EM markets and sells semiconductors and interconnect, passive and electromechanical devices (IP&E) for more than 300 of the world s leading electronic component manufacturers. EM markets and sells its products and services to a diverse customer base serving many end-markets including automotive, communications, computer hardware and peripheral, industrial and manufacturing, medical equipment, military and aerospace. EM also offers an array of value-added services that help customers evaluate, design-in and procure electronic components throughout the lifecycle of their technology products and systems. By working with EM from the design phase through new product introduction and through the product lifecycle, customers and suppliers can accelerate their time to market and realize cost efficiencies in both the design and manufacturing process.

TS markets and sells mid- to high-end servers, data storage, software, and the services required to implement these products and solutions to the VAR channel. TS also focuses on the worldwide OEM market for computing technology, system integrators and non-PC OEMs that require embedded systems and solutions including engineering, product prototyping, integration and other value-added services. As a global technology sales and marketing organization, TS has dedicated sales and marketing divisions focused on specific customer segments including OEMs, independent software vendors, system builders, system integrators and VARs.

The Company completed the acquisition of Bell, a value-added distributor of storage, server products, and solutions and computer components product, providing integration and support services to OEMs, VARs, system builders and end users in the US, Canada, EMEA and Latin America, in July 2010. Bell operated both a distribution and single tier reseller business and generated sales of approximately $3.0 billion in calendar 2009, of which 42%, 41% and 17% was generated in North America, EMEA and Latin America, respectively. The Company is substantially complete with the integration of Bell into the EM Americas, TS Americas and TS EMEA regions and expects the full realization of at least $60 million in annualized cost saving synergies in the first quarter of fiscal 2012. Also during the first nine months of fiscal 2011, the Company acquired:

Tallard, a value-added distributor of IT solutions in Latin America with annualized revenues of approximately $250 million, which is reported as part of the TS Americas region,

Unidux, an electronics component distributor in Japan with annualized revenues of approximately $370 million, which is reported as part of the EM Asia region, and

four smaller acquisitions with annualized revenues of approximately $190 million, two of which are reported as part of the EM Americas region, one is reported as part of the TS Asia region and one is reported as part of EM Asia.

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Results of Operations

Executive Summary

The year-over-year comparison of third quarter results were impacted by (i) acquisitions and a divestiture, (ii) the transfer of the existing embedded business from TS Americas to EM Americas which occurred in the first quarter of fiscal 2011, which did not have an impact on a consolidated basis but did impact sales comparisons for the groups; and, to a lesser extent, (iii) the translation impact of changes in foreign currency exchange rates. As mentioned earlier in this MD&A, sales adjusted for items (i) and (ii) are defined as pro forma or organic sales.

Revenue for the third quarter of fiscal 2011 was stronger than expected in both operating groups. Revenue increased 40.3% year over year to $6.67 billion driven by acquisitions and 16.2% organic revenue growth; representing the fifth consecutive quarter of double-digit, year-over-year organic growth. Year-over-year organic revenue growth for EM was 18.3% and was strongest in the EMEA region due to high demand in the industrial and automotive markets. Year-over-year organic revenue growth for TS was 13.2% and was driven primarily by demand for servers and storage.

Gross profit margin was down 46 basis points year over year. EM gross profit margin declined 10 basis points year over year primarily due to the addition of the lower gross profit margin but higher working capital velocity embedded business acquired from Bell Micro and the embedded business that was transferred from TS, as noted above. Excluding the impact of the embedded businesses, gross profit margin in the EM core components business increased approximately 30 basis points year over year. TS gross profit margin declined 78 basis points year over year primarily attributable to the EMEA region which was impacted by the integration of the Bell business because of its lower gross profit margin profile than the legacy TS EMEA business. Although the Bell business has a lower gross profit margin profile due to its product mix, it is expected to have a higher working capital velocity which should yield a similar return on working capital as the existing Avnet business upon the realization of the anticipated synergies of at least $60 million annualized. On a sequential basis, enterprise gross profit margin increased 36 basis points, primarily due to the mix of business between EM and TS as the higher gross profit margin EM business grew to 59% of consolidated revenue from 53% in the second quarter of fiscal 2011.

Operating income margin was up 9 basis points year over year to 3.6% and improved 25 basis points sequentially. EM operating income margins improved 73 basis points year over year to 5.7%. The improvement was attributable to operating leverage in the Western regions, primarily EMEA, due to strong revenue growth, associated gross profits, and continued expense efficiencies, as well as consistent performance in Asia. TS operating income margin declined 58 basis points year over year primarily due lower operating income margins of the acquired Bell business, which, as noted above, has a lower margin but higher working capital velocity business model. The integrations of the acquired businesses have been substantially completed as of the end of March and for which management expects the benefit of at least $60 million of annualized synergies to be realized in the first quarter of fiscal 2012.

Sales

The table below provides the comparison of third quarter of fiscal 2011 and 2010 sales for the Company and its operating groups. Several items impacted the year-over-year comparison of sales; accordingly, the table below also provides pro forma or organic sales which represents sales adjusted for (i) the impact of acquisitions by adjusting Avnet s prior periods to include the sales of businesses acquired as if the acquisitions had occurred at the beginning of the period presented; (ii) the impact of a divestiture by adjusting Avnet s prior periods to exclude the sales of the business divested as if the divestiture had occurred as the beginning of the period presented and (iii) the impact of the transfer of the existing embedded business from TS Americas to EM Americas which occurred in the first quarter of fiscal 2011 in conjunction with the Bell acquisition so that substantially all embedded business in the Americas resides in the EM operating group.

	Q3-Fiscal 11	Q3-Fiscal 10	Year-Year % Change	Pro forma Q3-Fiscal 10	Pro forma Year-Year % Change
		(Dollars in thousands)			
Avnet, Inc.	$ 6,672,404	$ 4,756,786	40.3%	$ 5,744,081	16.2%
EM	3,925,236	2,886,547	36.0	3,317,806	18.3
TS	2,747,168	1,870,239	46.9	2,426,275	13.2
EM					
Americas	$ 1,316,244	$ 897,390	46.7%	$ 1,183,095	11.3%
EMEA	1,328,541	1,019,677	30.3	1,019,677	30.3
Asia	1,280,451	969,480	32.1	1,115,034	14.8
TS					
Americas	$ 1,506,590	$ 1,084,923	38.9%	$ 1,251,452	20.4%
EMEA	846,953	531,023	59.5	872,055	(2.9)
Asia	393,625	254,293	54.8	302,768	30.0
Totals by Region					
Americas	$ 2,822,834	$ 1,982,313	42.4%	$ 2,434,547	15.9%
EMEA	2,175,494	1,550,700	40.3	1,891,732	15.0
Asia	1,674,076	1,223,773	36.8	1,417,802	18.1

The following tables present the reconciliation of the reported sales to pro forma sales for third quarter of fiscal 2010.

Q3 Fiscal 2010	As Reported	Acquisition / Divested Sales (1)	Transfer of TS Business to EM	Pro forma Sales
		(Thousands)		
Avnet, Inc.	$ 4,756,786	$ 987,295	$	$ 5,744,081
EM	2,886,547	333,983	97,276	3,317,806
TS	1,870,239	653,312	(97,276)	2,426,275
EM				
Americas	$ 897,390	$ 188,429	$ 97,276	$ 1,183,095
EMEA	1,019,677			1,019,677
Asia	969,480	145,554		1,115,034
TS				
Americas	$ 1,084,923	$ 263,805	$ (97,276)	$ 1,251,452
EMEA	531,023	341,032		872,055
Asia	254,293	48,475		302,768

(1) Includes the following acquisitions:

Bell Microproducts acquired July 2010 in the EM Americas, TS Americas and TS EMEA regions
Tallard Technologies acquired July 2010 in the TS Americas region
Unidux acquired July 2010 in the EM Asia region