

Q3 2011 State of the Market

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Discussion Topics

-  Avnet Overview
-  Macro Trends
-  Component Market Summary
-  Component Market Detail Overview
 - Lead time
 - Capacity Utilization and Investment
 - ASPs
 - Unit Volume
 - Inventory
-  Q & A



Avnet Overview

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Company Snapshot



Founded in 1921

AVT listed on the NYSE for 50 years

Global Headquarters: Phoenix, Ariz.

No. 132 on 2011 Fortune 500

Named *Fortune's* Most Admired for Technology Distribution: 2009, 2010 & 2011

FY'11 Annual Revenue

- Avnet, Inc. - \$26.5 billion
- Electronics Marketing - \$15.0B
- Technology Solutions - \$11.5B

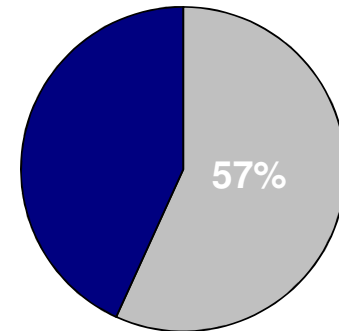
300+ locations in over 70 countries

~300 suppliers/100,000 customers

72 acquisitions since 1991

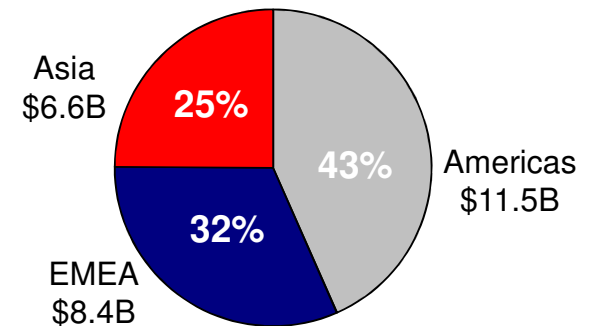
17,000+ employees worldwide

TS
\$11.5B



EM
\$15.0B

As of Q4 FY'11



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Macro Trends

Market Update



- WW average 3-month \$ grew 1.8% and units grew 4.0% from Apr-11; Y/Y billing \$ and units were up 4.3% and 3.9%, respectively.
- WW average ASPs fell -2.1% from Apr-11 and grew 0.4% from May-10.
- WW 3/12 growth rate was 4.3% (3 months ended May-11 vs. May-10). The 3/12 peak was 48.2% in Mar-10 and it has declined each month since then.
- WW 12/12 growth rate was 13.3% (12 months ended May-11 vs. May-10). The 12/12 growth rate has been declining since Oct-10 when it was 28.5%.
- The 3/12 growth rates for MPU (+3.6%) and Flash (+10.6%) were not enough to offset the decline in DRAM (-20.2%), allowing the EM semi TAM (+4.3%) to outgrow the WW total semi TAM (-3.7%). In the past year, Nov-10, Dec-10, Mar-11, Apr-11, and May-11 were the only months where the EM semi TAM than the total semi TAM.

Market Update



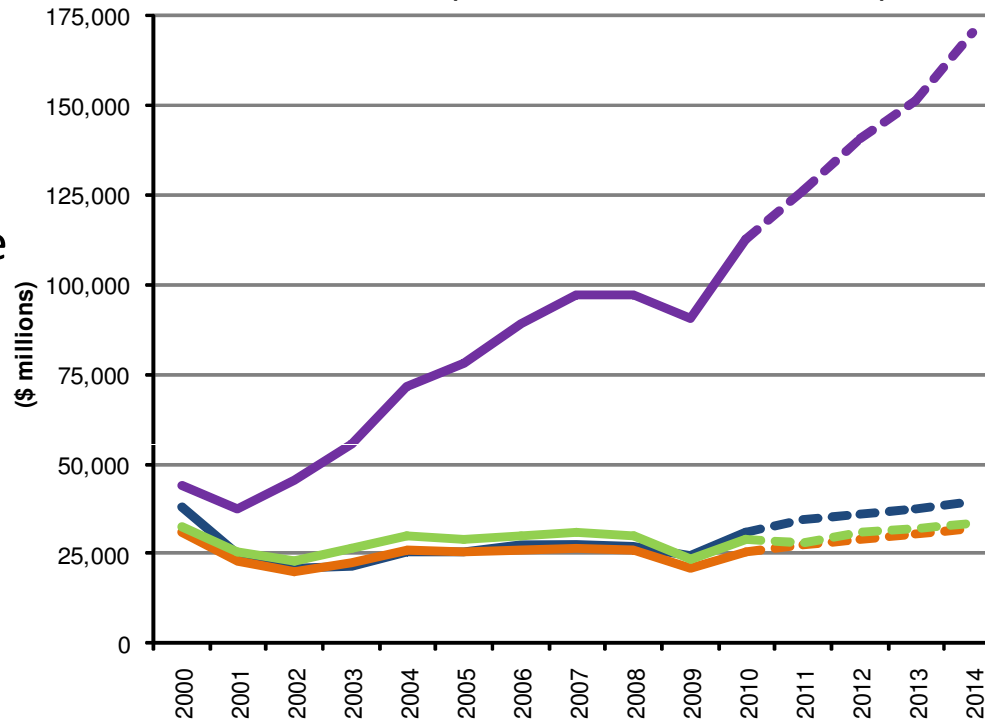
- 3/12 growth rates for the EM semi TAM exceeded the total semi TAM across all region except Americas.
- May 3/12 growth rates declined across all regions for both the EM semi TAM and the total semi TAM.
- In descending order, 3/12 growth for the served semi TAM by region was Europe \$ +10.0%, Asia Pacific \$+6.2%, Americas \$+4.5%, Europe € +1.9%, and Japan \$-5.9%.
- The disparity between total semi TAM and EM semi TAM increased in May. There is a 613 and 557 basis point (bps) difference in Europe, a 397 bps difference in Japan, a 295 bps difference in Asia Pacific, a 123 bps difference in Americas, and 292 bps WW.

Total Components Served TAM



Semiconductor Forecast by Region
(Excludes MPU, DRAM & Flash)

2011 - 2014
3-Year CAGR



Asia Pacific 10.5%

Americas 4.9%
Japan 6.3%
Europe 5.3%

Total 8.5%

- Expect moderate growth for the foreseeable future
- Japan will decline in 2011, but recover in 2012

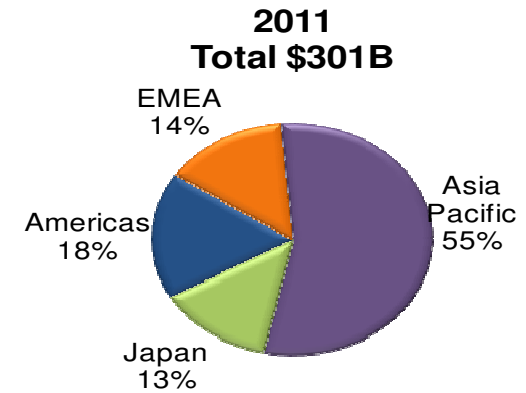
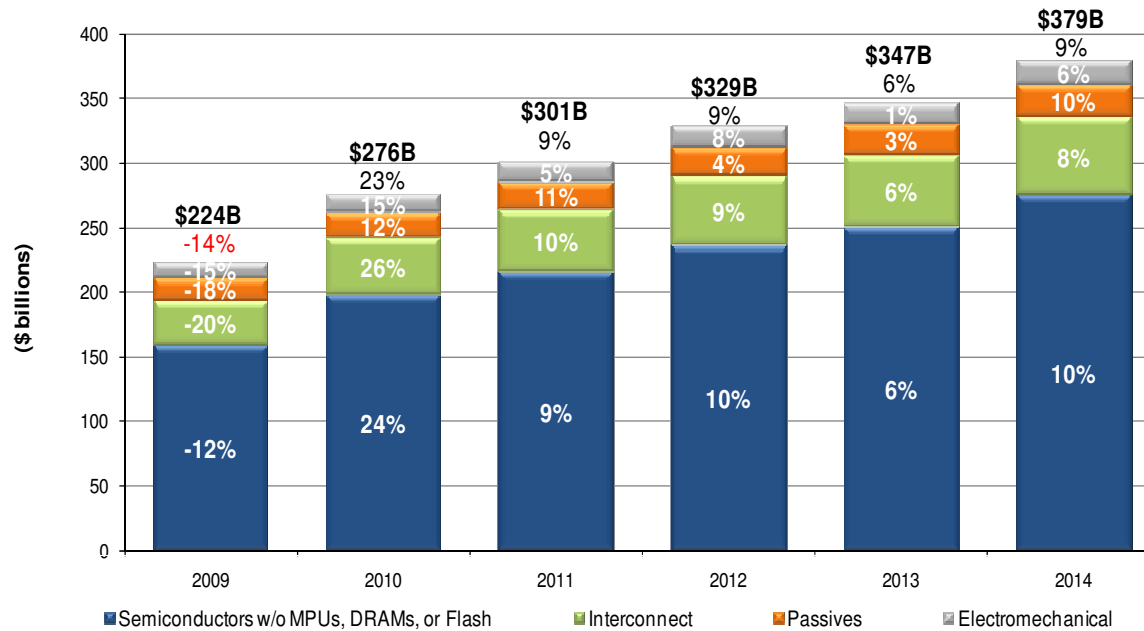
Annual Growth Rates

	2009	2010	2011	2012	2013	2014
Americas	-9.7%	27.5%	10.2%	4.9%	3.7%	6.2%
Europe	-19.5%	21.3%	8.1%	6.1%	4.8%	5.2%
Asia Pacific	-7.2%	24.8%	11.6%	11.8%	7.3%	12.5%
Japan	-21.1%	23.0%	-3.6%	10.5%	3.4%	5.3%
Total	-11.7%	24.5%	8.7%	9.8%	5.9%	9.7%

Source: Electronic Outlook/Henderson, Gartner, iSuppli (rev: 7/15/11)

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EM Total Available Market

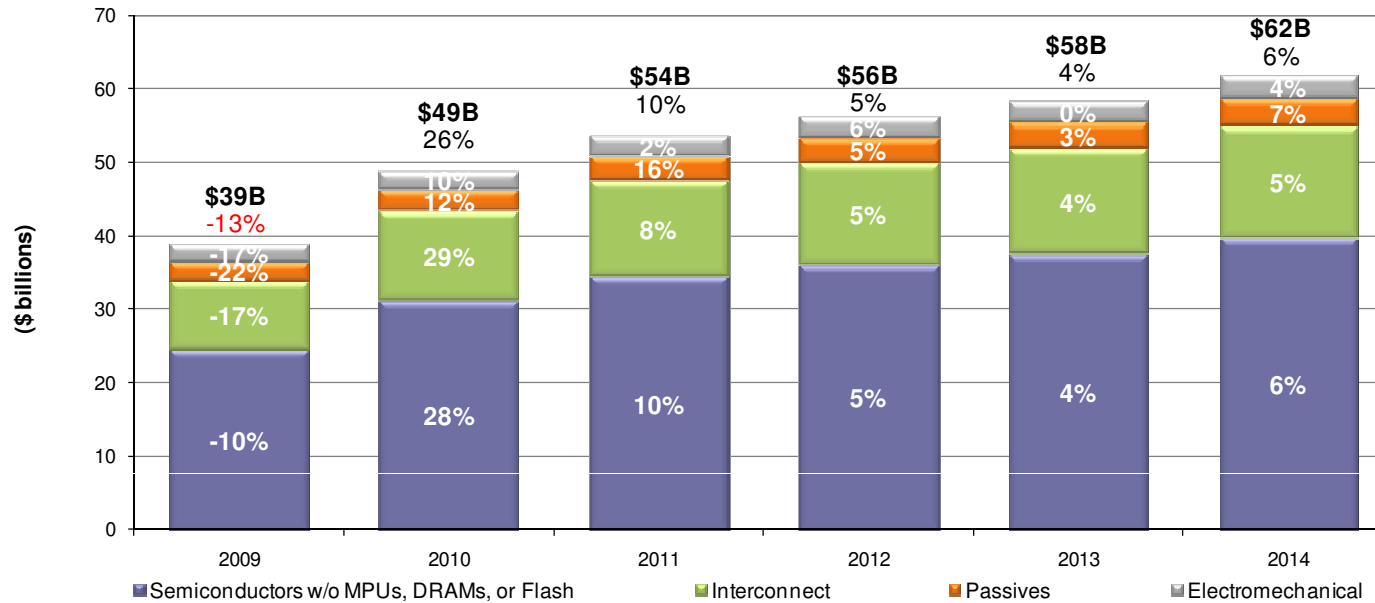


Note: Percentages represent sequential growth rates

Sources: Bishop, Electronics Outlook, Fleck, Gartner, iSuppli, Paumanok, (Rev: 7/15/11)

	2009	2010	2011	2012	2013	2014	2011-2014 3-year CAGR
EM Worldwide							
Semiconductors w/o MPUs, DRAMs, or Flash	159,225 -11.7%	198,235 24.5%	215,558 8.7%	236,698 9.8%	250,732 5.9%	275,138 9.7%	8.5%
Interconnect	34,759 -19.6%	43,901 26.3%	48,423 10.3%	52,748 8.9%	56,159 6.5%	60,750 8.2%	7.9%
Passives	17,443 -17.8%	19,580 12.3%	21,754 11.1%	22,610 3.9%	23,193 2.6%	25,414 9.6%	5.3%
Electromechanical	12,774 -15.3%	14,641 14.6%	15,354 4.9%	16,537 7.7%	16,732 1.2%	17,794 6.3%	5.0%
Total Component TAM w/o MPUs, DRAMs, or Flash	224,201 -13.7%	276,356 23.3%	301,089 8.9%	328,592 9.1%	346,816 5.5%	379,096 9.3%	8.0%

EM Americas Total Available Market



Note: Percentages represent sequential growth rates.

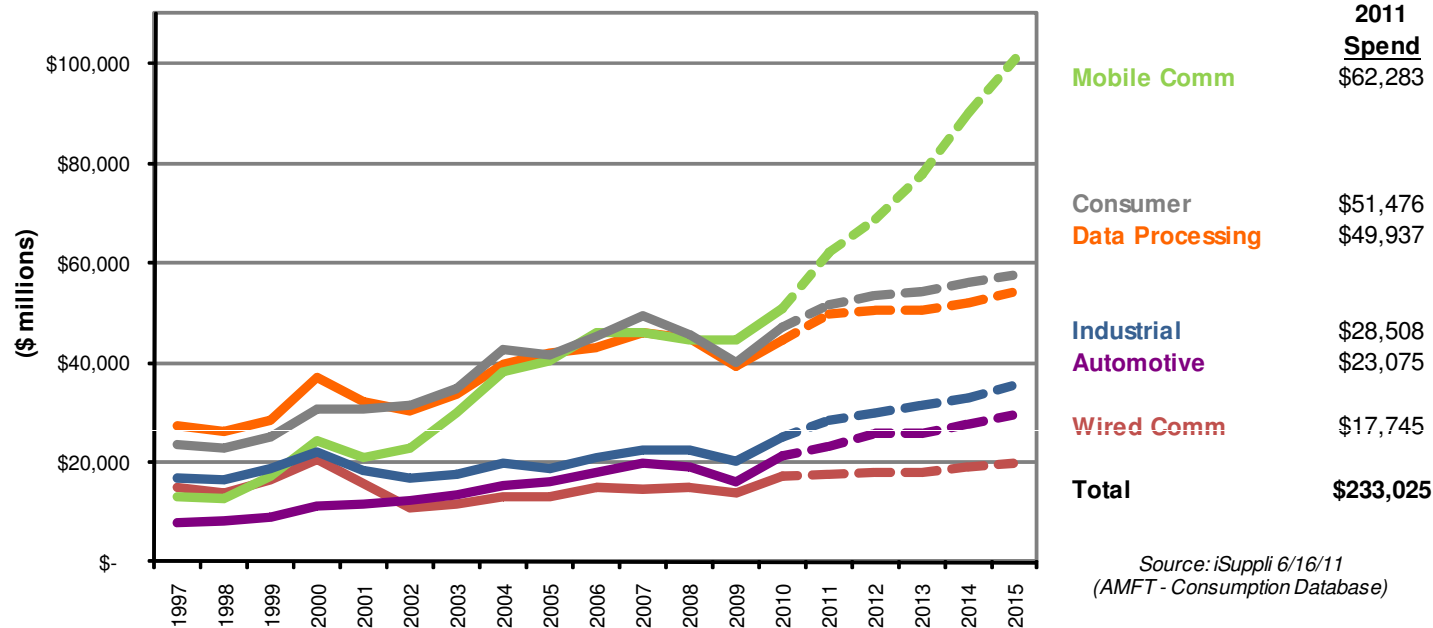
Sources: Bishop, Electronics Outlook, Fleck, Gartner, iSuppli, Paumanok (Rev: 7/15/11)

	2009	2010	2011	2012	2013	2014	2011-2014 3-year CAGR
EM Americas							
Semiconductors w/o MPUs, DRAMs, or Flash	24,481 -9.7%	31,215 27.5%	34,387 10.2%	36,066 4.9%	37,400 3.7%	39,705 6.2%	4.9%
Interconnect	9,443 -16.9%	12,148 28.6%	13,152 8.3%	13,822 5.1%	14,443 4.5%	15,146 4.9%	4.8%
Passives	2,570 -22.1%	2,868 11.6%	3,324 15.9%	3,485 4.8%	3,582 2.8%	3,849 7.4%	5.0%
Electromechanical	2,415 -16.5%	2,647 9.6%	2,711 2.4%	2,876 6.1%	2,886 0.3%	3,009 4.3%	3.5%
Total Component TAM w/o MPUs, DRAMs, or Flash	38,908 -12.9%	48,878 25.6%	53,574 9.6%	56,249 5.0%	58,311 3.7%	61,709 5.8%	4.8%

WW EM Semi TAM Forecast by Vertical



WW Semiconductor Consumption Forecast by Application
(w/o DRAM, Flash & MPU)



Source: iSuppli 6/16/11
(AMFT - Consumption Database)

Annual Growth

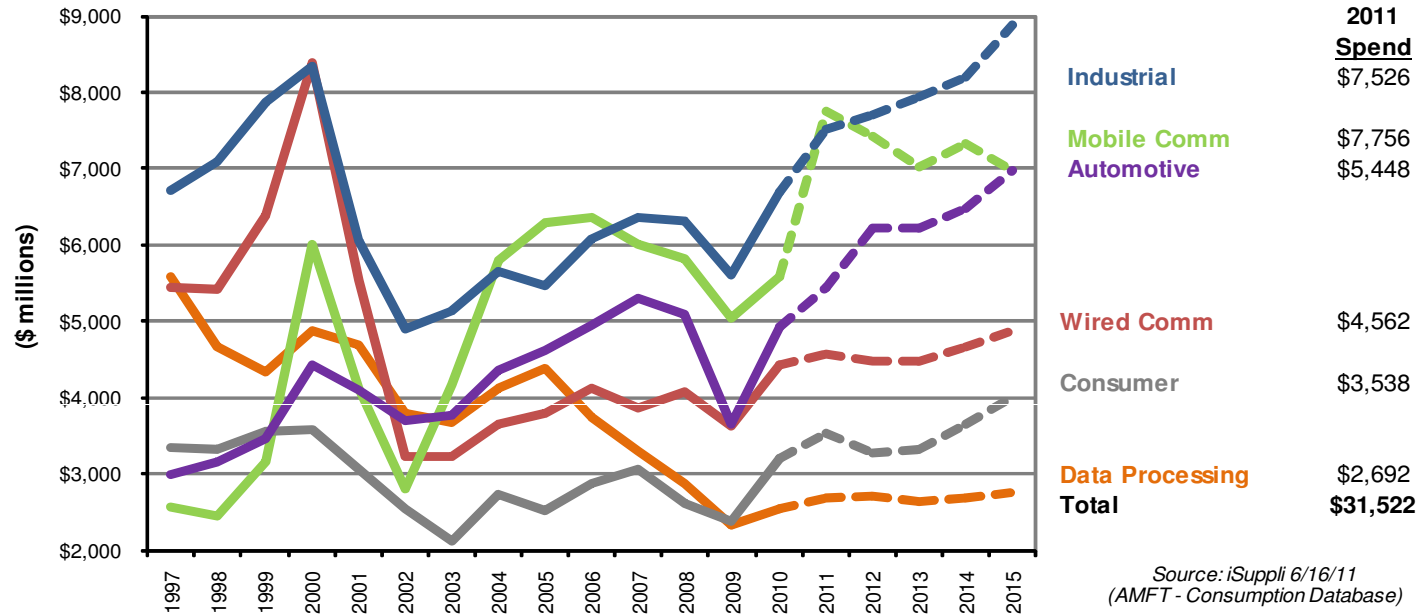
	2009	2010	2011	2012	2013	2014	2011-2014 3-year CAGR
Mobile Comm	0.4%	13.9%	22.5%	10.6%	13.1%	15.7%	13.1%
Consumer	-12.2%	17.7%	8.8%	4.1%	1.3%	3.4%	2.9%
Data Processing	-11.8%	13.1%	11.9%	1.0%	0.4%	3.0%	1.5%
Industrial	-10.9%	25.4%	13.1%	5.4%	4.7%	4.6%	4.9%
Automotive	-16.6%	34.1%	8.1%	11.7%	0.9%	5.8%	6.0%
Wired Comm	-7.3%	25.4%	3.2%	1.4%	0.6%	4.8%	2.3%
Total	-9.1%	18.7%	12.8%	5.9%	4.7%	7.5%	6.0%

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Americas EM Semi TAM Forecast by Industrial Application



Americas Semiconductor Consumption Forecast by Application
(w/o DRAM, Flash & MPU)

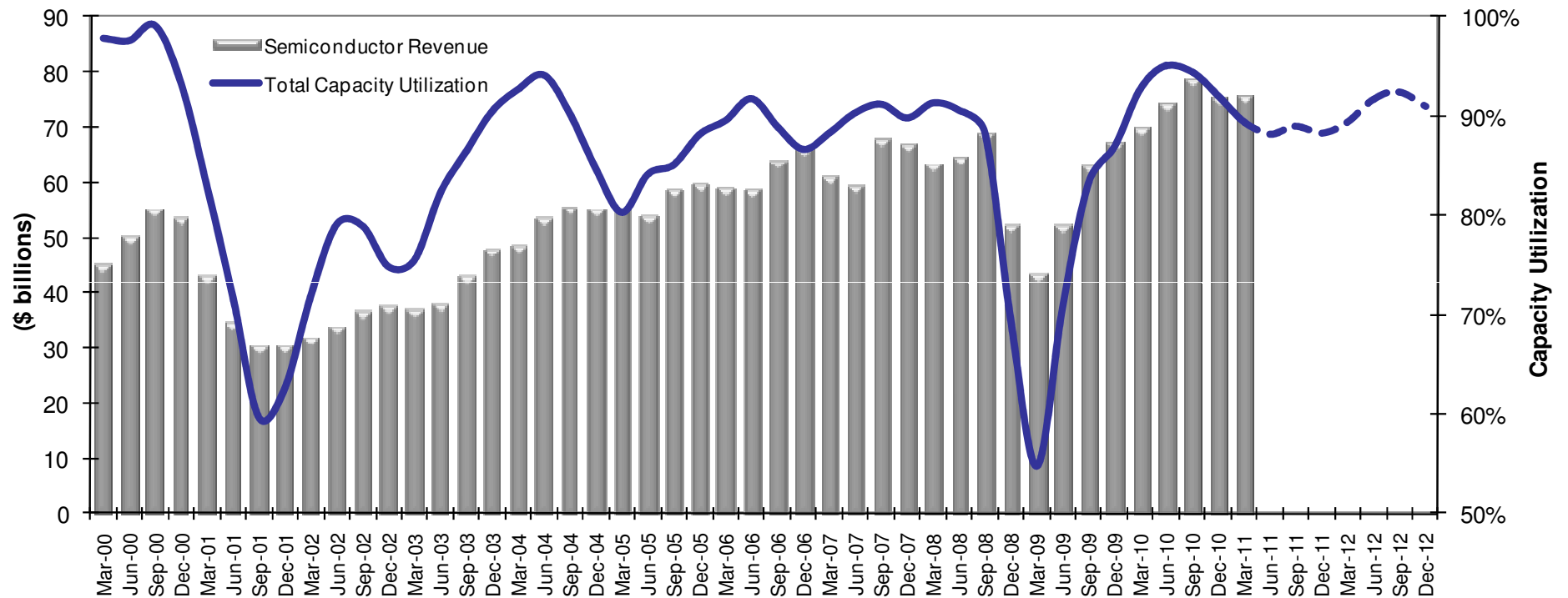


	Annual Growth						2011-2014
	2009	2010	2011	2012	2013	2014	3-year CAGR
Mobile Comm	-13.2%	10.7%	38.8%	-4.3%	-5.3%	4.1%	-1.9%
Industrial	-11.3%	19.5%	12.4%	2.5%	2.9%	3.1%	2.8%
Automotive	-28.1%	34.8%	10.7%	14.3%	-0.2%	4.4%	6.0%
Wired Comm	-11.2%	22.3%	3.0%	-1.9%	-0.0%	4.1%	0.7%
Consumer	-9.3%	34.8%	10.4%	-7.2%	0.8%	10.2%	1.0%
Data Processing	-18.4%	8.7%	6.1%	0.2%	-1.8%	1.0%	-0.2%
Total	-15.5%	20.9%	15.1%	0.9%	-0.6%	4.3%	1.5%



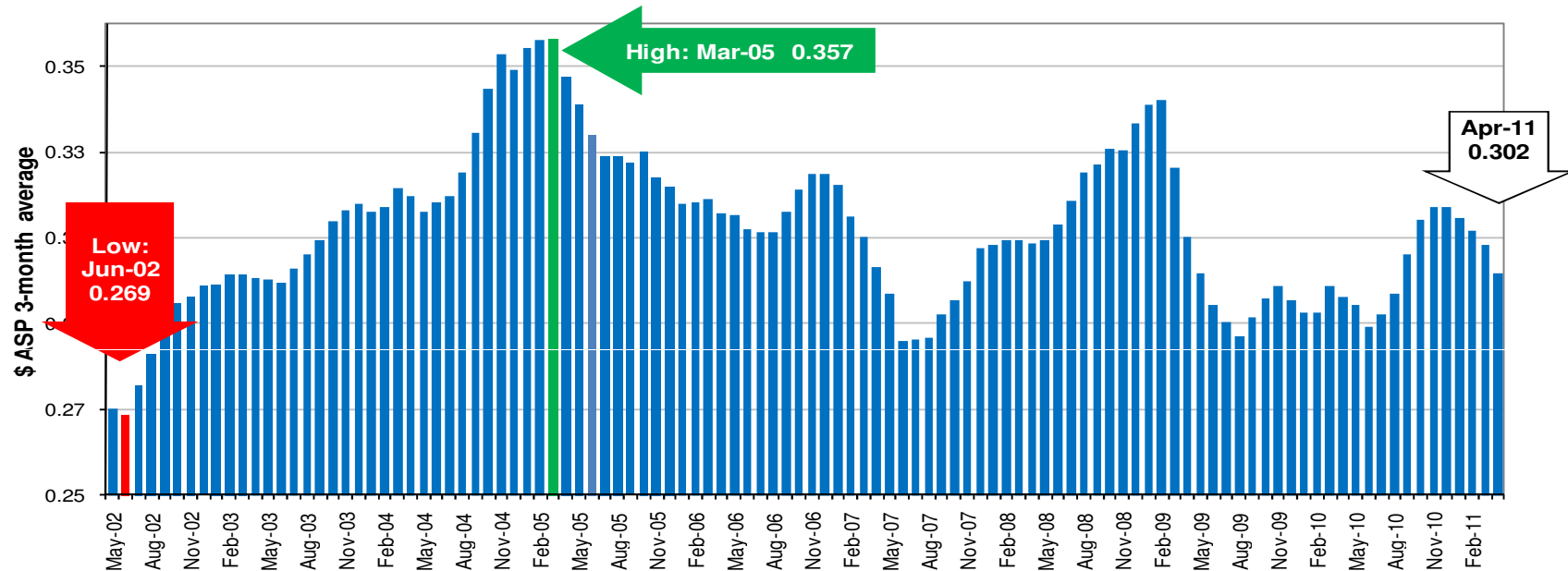
Component Market Summary

IC Capacity Utilization vs. Semiconductor Revenue



Source: SIA / WSTS, Gartner (Jun-11)

WW Semi - DRAM - MPU - Flash Average Selling Prices 3-Month Average -- May-02 Through Apr-11

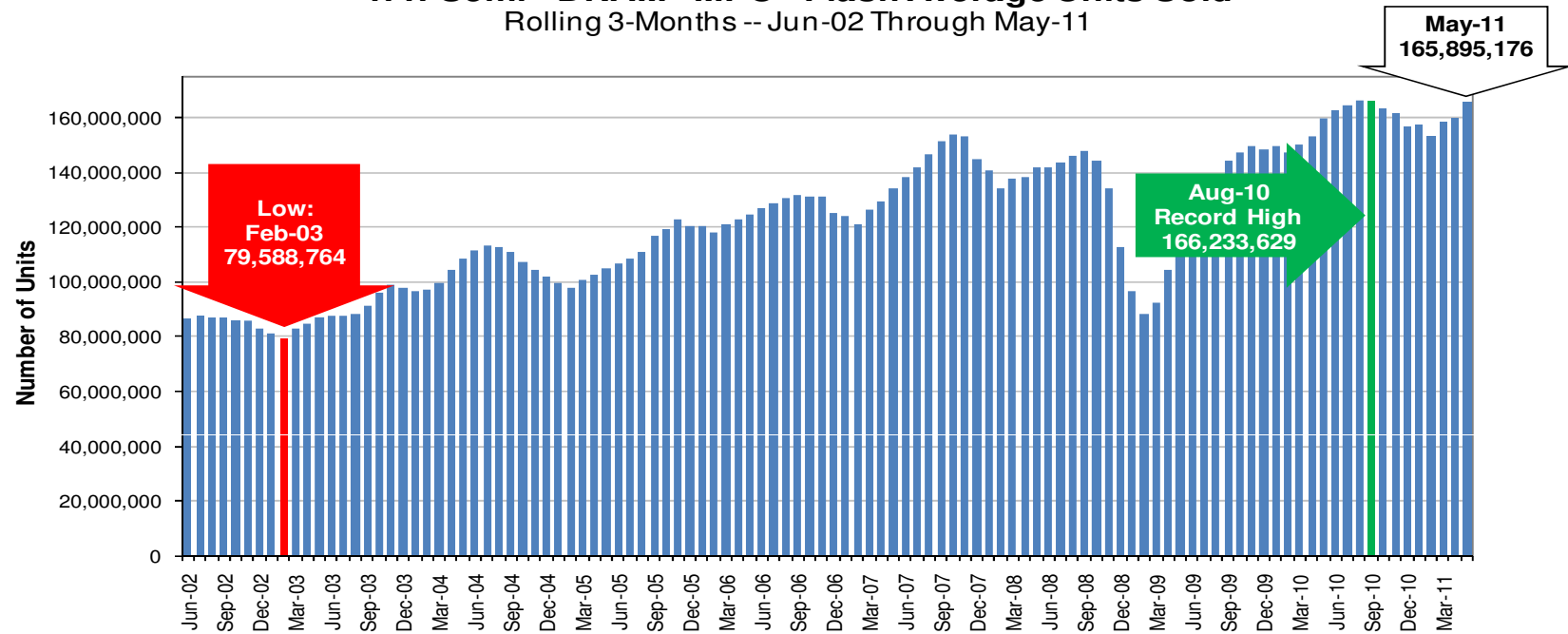


Source: World Semiconductor Trade Statistics (WSTS)

May-11 ASPs

- decreased -2.1% from Apr-11
- increased 0.4% from May-10

WW Semi - DRAM - MPU - Flash Average Units Sold Rolling 3-Months -- Jun-02 Through May-11

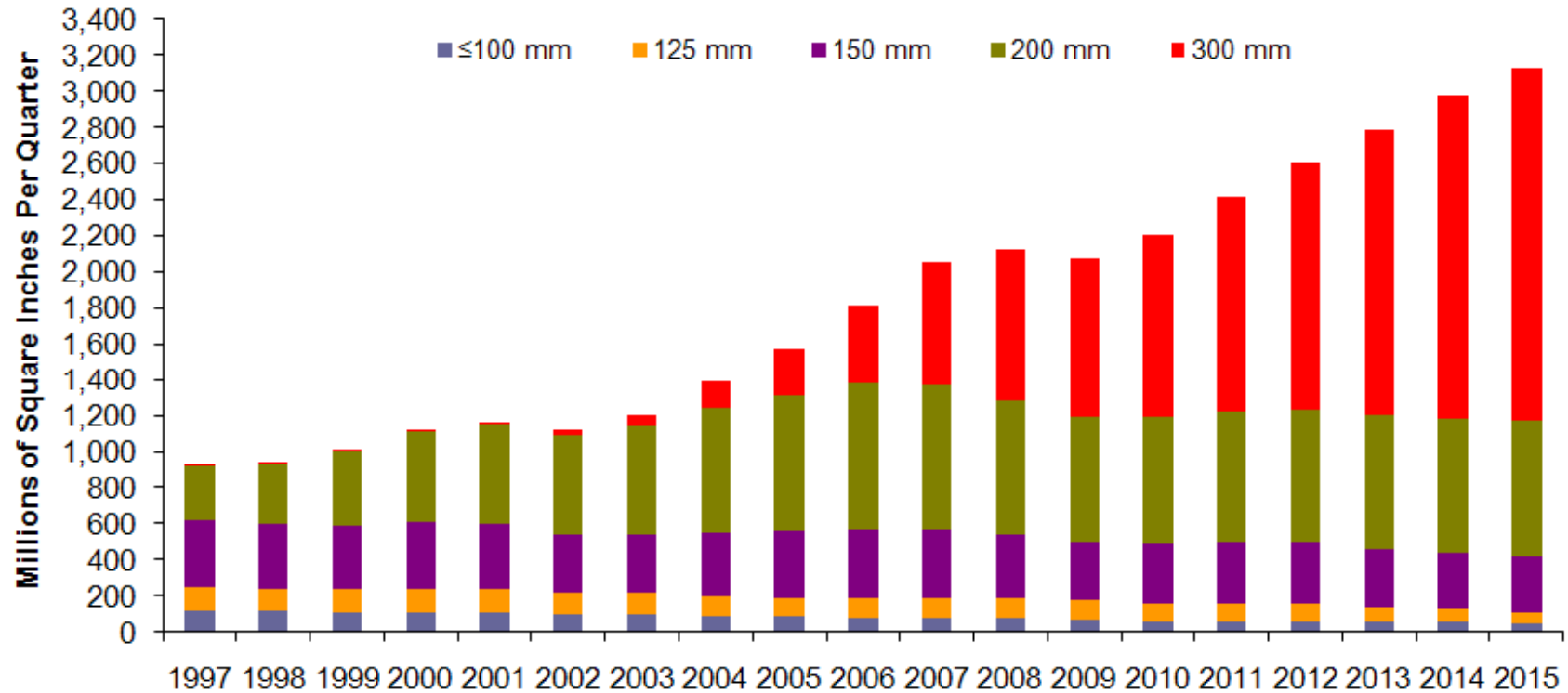


Source: World Semiconductor Trade Statistics (WSTS)

May-11 units sold

- up 4.0% from Apr-11
- grew 3.9% from May-10
- down -0.2% from Aug-10 record h

Year-End Capacity by Wafer Size

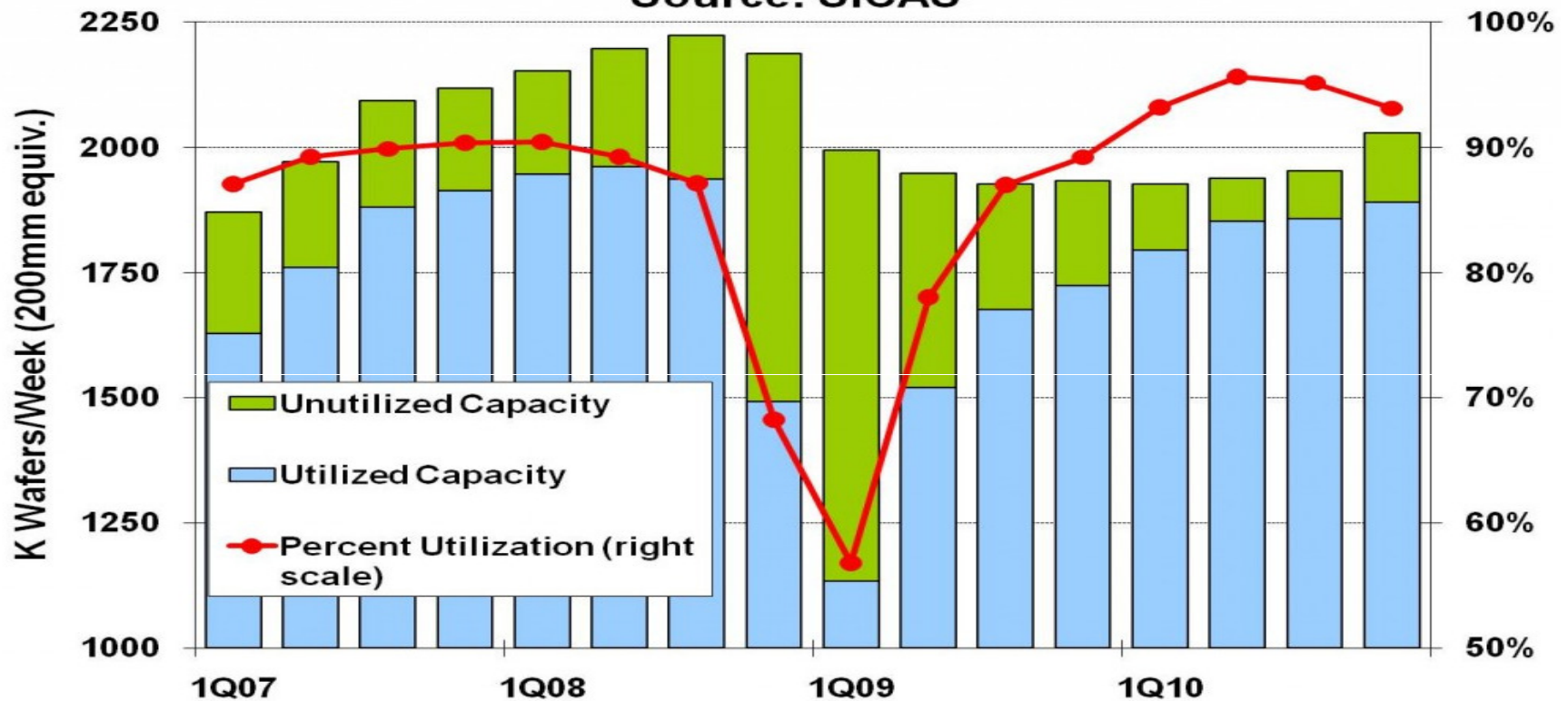


Note: Capacity shown is for the fourth quarter of each year.

Source: Gartner (Dec 2010)

IC Industry Capacity

Source: SICAS

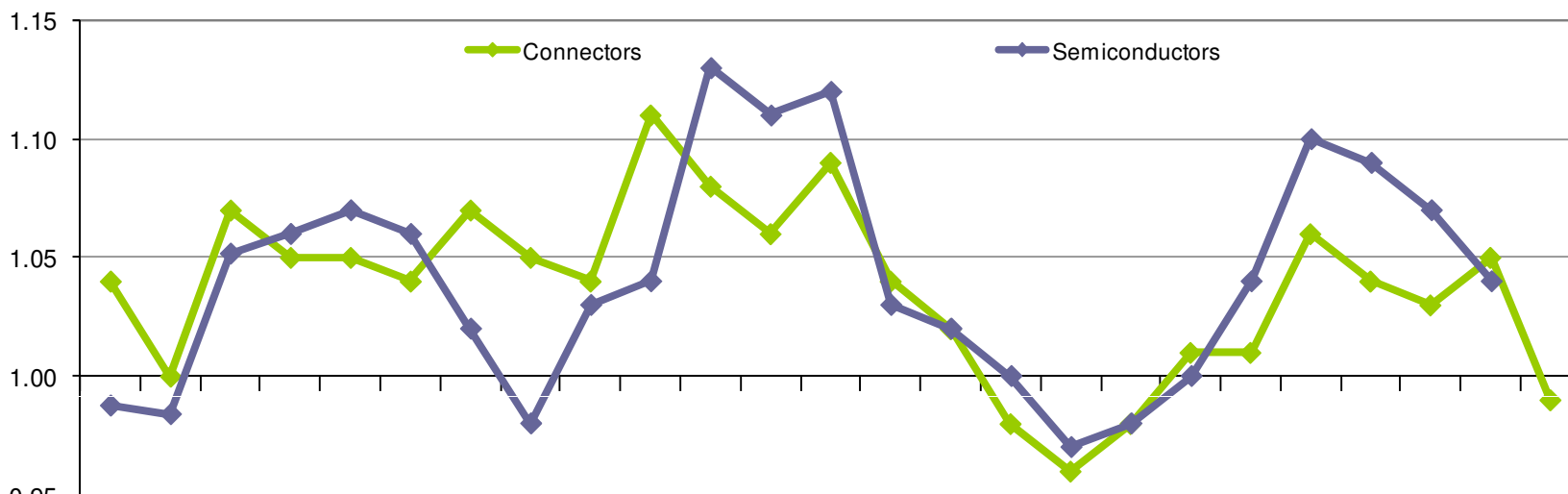


Sources: History: SICAS (May 2011), Forecast Semiconductor Intelligence
<http://www.semiconductorintelligence.com/?p=145> Dated May 11

Book-to-Bill Trends



Worldwide Semiconductor & Connector Book-to-Bill
(Semiconductor 3-month moving average, Connector single month)



	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11
Connectors	1.04	1.00	1.07	1.05	1.05	1.04	1.07	1.05	1.04	1.11	1.08	1.06	1.09	1.04	1.02	0.98	0.96	0.98	1.01	1.01	1.06	1.04	1.03	1.05	0.99
Semiconductors	0.99	0.98	1.05	1.06	1.07	1.06	1.02	0.98	1.03	1.04	1.13	1.11	1.12	1.03	1.02	1.00	0.97	0.98	1.00	1.04	1.10	1.09	1.07	1.04	

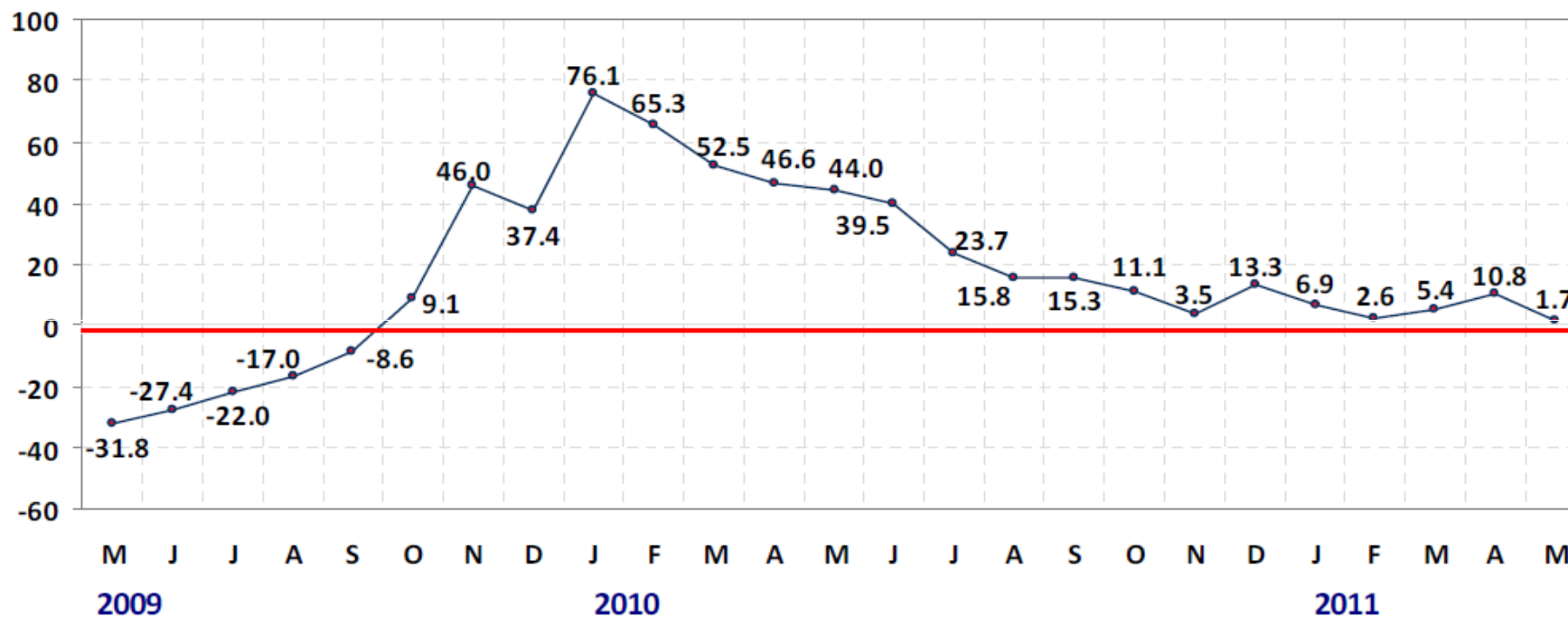
Source: Bishop, Henderson Electronic Market Forecast, VLSI

Comparing the global connector and semiconductor industries book-to-bill history reveals very similar general patterns. However, semiconductors have been more volatile.

Book-to-Bill Trends



Percent change - bookings

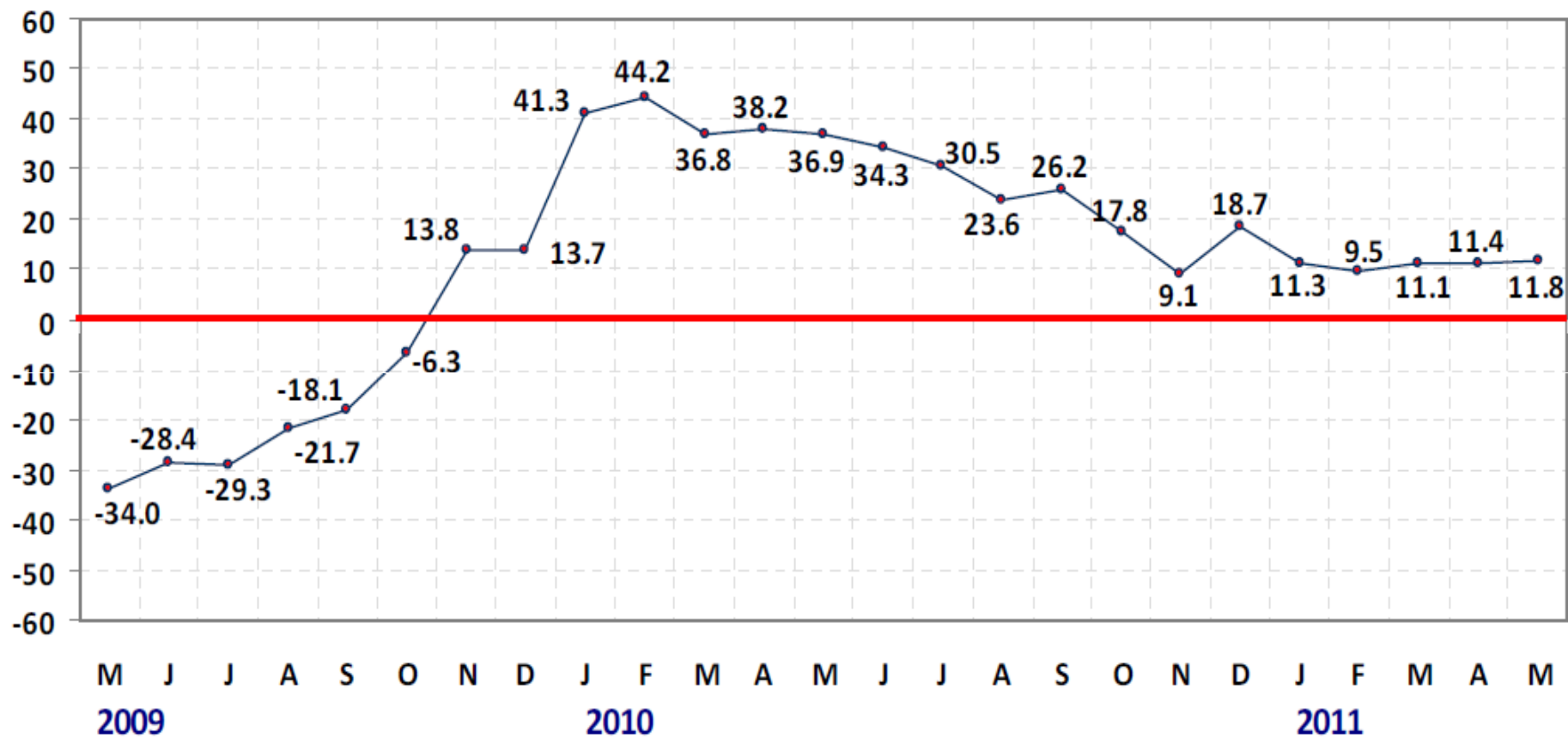


June 2011 Bishop Report

Billing Trends



Percent change - billings



June 2011 Bishop Report



Component Market Detail Overview

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MARKET & TECHNOLOGY TRENDS

SEPTEMBER 2011



PRODUCT	LEAD TIME			PRICE		COMMENTS
	CURRENT	TREND VS. PREVIOUS MONTH	TRENDING	TREND VS. PREVIOUS MONTH	TRENDING	
Analog	2-20 weeks	↓	↓	→	↓	ASPs are stable short term with the growing possibility of long term decreases as availability improves and inventories build in the channel. Delivery continues to improve overall.
Communications	4-28 weeks	↓	→	→	→	ASPs remain fairly stable with lead times moving in slightly for some products/suppliers.
Digital Signal Processors	5-16 weeks	↓	↓	→	→	ASPs remain fairly stable, while lead times continue to improve.
Discrete	4-50 weeks	↓	↓	→	↓	ASPs are stable with some decreases as we continue to see improvement in availability.
Logic	4-12 weeks	↓	↓	→	↓	ASPs are decreasing as availability continues to improve.
Memory	6-18 weeks	→	→	→	→	ASPs are stable overall, with some decreases in DRAM and EEPROM due to weak demand. Lead times expected to remain stable overall.
Microcontrollers	4-28 weeks	→	↓	→	→	ASPs remain stable. Some small decreases in lead times.
Opto	4-26 weeks	→	↓	↓	↓	ASPs are stable overall, but will see decreases in LEDs as efficiencies and availability improve. Availability has been tight with some shortages due to the high demand but we are starting to see improvement.
Processors	4-28 weeks	→	→	→	→	ASPs and lead times remain stable.
Programmable Logic	5-20 weeks	→	→	→	→	ASPs and lead times remain stable.
RF	4-26 weeks	→	→	→	→	ASPs and lead times are mainly stable, however the pricing trend on some specials/factory quote required devices is increasing due to material cost increases at the supplier.
IPE						
Commercial Electromechanical	Stock to 24 weeks	→	→	→	→	ASPs and lead times are mainly stable, however the pricing trend on some specials/factory quote required devices is increasing due to material cost increases at the supplier.
Military Electromechanical	Stock to 24 weeks	→	→	→	→	ASPs and lead times are mainly stable, however the pricing trend on some specials/factory quote required devices is increasing due to material cost increases at the supplier.
Commercial Interconnect	Stock to 9 weeks	→	→	↑	→	ASP increases expected through October from multiple suppliers, but delivery remains stable.
Military Interconnect	Stock to 14 weeks	→	→	↑	↑	Expect to continue seeing some price increases until the price of Gold stabilizes (Gold Contacts). These increases are being driven by the rising cost of commodities. Lead times are stable and in some cases coming in slightly.
Commercial Passive	Stock to 65 weeks / COE	→	→	→	→	All manufacturers where plants reside in Northern Japan have taken products off hold. Lead times continue to vary across the Passive Commodities ranging from 6-65 weeks with some products on Allocation/COE. Keep in mind that some products may require contacting the manufacturer for accurate lead-times. Tantalum Raw material continue to drive pricing across the board for all Tantalums.
Military Passive	6-16 weeks	↓	→	→	→	Lead times in slightly in a few particular product types.
Power Supply	Stock to 26 weeks	→	→	↑	↑	ASPs and lead times are stable at the product level, but freight charges continue to increase which has an overall affect on pricing.

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TECHNOLOGY OVERVIEW – ANALOG

Continued on the following page

PRODUCTS	PRICING TRENDS (ASSET)	DELIVERY TRENDS (ASSET)	TECHNOLOGY TRENDS (MARKETING)
Amplifiers	Stable	Standard lead time is 4-12 weeks (continued improvement). Analog Devices 4-12 weeks (slight improvement). Maxim 3-12 weeks (stable). National Semiconductor 6-12 weeks (stable). ON Semiconductor 4-14 weeks (stable), some 8-Pin PDips and 14-pin TSSOP package still extended at 16+ weeks. STMicroelectronics 6-10 weeks (slight improvement). Texas Instruments 4-8 weeks (continued improvement).	National has expanded their sensor AFE family with seven new 24-bit and 16-bit devices. The LMP900xx is pin-compatible across the line with 16-bit or 24-bit sigma-delta ADCs and up to 4 differential (7 single-ended) inputs. Standard SPI interface with CRC error correction. Texas Instruments has introduced the ADS1118 which is a fully integrated 16-bit ADC with PGA, temperature sensor, reference, and 4-input multiplexer. With a small 2mm x 1.5mm package, Texas Instruments claims it is the industry's smallest 16-bit ADC.
Converters	Stable	Standard lead time is 4-10 weeks (improving), however some High Performance Analog is still running in the 14-16 week range. Analog Devices 4-10 weeks (improving), small portion of portfolio 14-16 weeks. Cirrus Logic 4-14 weeks (stable). Maxim 3-12 weeks (improving). Texas Instruments 4-8 weeks (improving), small portion of portfolio 14+ weeks.	
Interfaces	Stable	Standard lead time is 2-12 weeks (stable). Analog Devices 4-13 weeks (stable). Intersil 2-12 weeks (stable) Maxim 2-10 weeks (stable) National Semiconductor 6-12 weeks (stable). Texas Instruments 4-8 weeks (continued improvement).	
Power Mgt ICs	Stable	Standard lead time is 4-12 weeks (improving), however some High Performance Analog is still running in the 16 weeks. Maxim 2-10 weeks (improving). Monolithic Power Systems 8-16 weeks (stable), standard items 8-10 weeks, non standard 12-16 weeks. National Semiconductor 6-12 weeks (stable). Texas Instruments 4-12 weeks (improving), small portion of portfolio 16 weeks.	
Sensors	Stable	Standard lead time 4-14 weeks (improving) however a portion of the sensor portfolio is still running in the 16 week plus range for multiple suppliers. Analog Devices 5-13 weeks (stable), small percentage of products 14 weeks plus. Freescale Semiconductor 6-14 weeks (stable), small portion of portfolio 16+ weeks. Maxim 2-14 weeks (stable), small portion of portfolio 16+ weeks. National Semiconductor 6-14 weeks (stable), small portion of portfolio 16+ weeks.	

Predicting / Monitoring

Led by Materials and Technology Analyst teams specializing in semiconductor commodities, responsible for cost negotiation, resale-setting, market intelligence and purchasing

- Market visibility provided through:
 - Market Research
 - Regular communication with Global Avnet counterparts
 - Supplier Product Line personnel through negotiation process and ongoing relationships
- Lead-times on prevalent packages & technologies tracked and further confirmed by actual experience
- Publish Market and Technology Trends monthly

 Questions and answers



Thank You