

AVNET INC  
Form 8-K  
July 30, 2003

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): July 30, 2003

**AVNET, INC.**

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(Exact name of registrant as specified in its charter)

New York

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(State or other jurisdiction of incorporation)

1-4224

11-1890605

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(Commission File Number)

(I.R.S. Employer Identification No.)

2211 South 47<sup>th</sup> Street, Phoenix, Arizona

85034

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(Address of principal executive offices)

(Zip Code)

(480) 643-2000

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(Registrant's telephone number, including area code)

Not Applicable

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(Former name or former address if changed since last report)

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**TABLE OF CONTENTS**

Item 5. Other Events.

Item 7. Financial Statements and Exhibits.

SIGNATURE

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**Table of Contents**

## Item 5. Other Events.

Reconciliation of Non-GAAP financial information contained in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Company's Annual Report on Form 10-K for the fiscal year ended June 28, 2002, Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2002 and Quarterly Report on Form 10-Q for the fiscal quarter ended December 27, 2002. In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles (GAAP), the Company also discloses pro forma or non-GAAP results of operations that exclude certain items. Management believes that providing this additional information is useful to investors to better assess and understand operating performance, especially when comparing results with previous periods or forecasting performance for future periods. Management believes the pro forma measures also help indicate underlying trends in the business. Management also uses pro forma measures to establish operational goals and, in some cases, for measuring performance for compensation purposes.

**Avnet, Inc.**  
**Index of Reconciliation Schedules**

| Page #  | Description   | Periods covered   | Schedule(s)  |
|---|---|---|--------------|
| <b>Form 10-K for the Year Ended June 28, 2002</b>     |   |   |              |
| 21-22   | Per share impact of special charge activity (quarterly and fiscal year impacts)   | Fiscal years 2000 through 2002  | 1 through 10 |
| 23-24   | Gross profit margins, operating expense as a percentage of sales and operating profit margins before and after special charge activity  | Fiscal years 2000 through 2002  | 1 through 3  |
| 24  | Annualized operating expense reductions, including pro forma adjustment for VEBA Group operating expenses   | 2nd quarter of fiscal 2001 and 4th quarter of fiscal 2002             | 11           |
| 24-25   | Operating margin by segment, before and after special charge activity   | 4th quarter of fiscal 2002 and 4th quarter of fiscal 2001             | 12           |
| 25-26   | Income from continuing operations, net income and per share amounts before and after special charge activity  | Fiscal years 2000 through 2002  | 1 through 3  |
| <b>Form 10-Q for Quarter Ended September 27, 2002</b> |   |   |              |
| 15  | Reconciliation of gross profit margins, before and after special charge activity, for the five quarters ended September 27, 2002 (trough of industry down-cycle) and for the six quarters ended June 29, 2001 (most recent industry up-cycle)                                 | Quarter ended March 31, 2000 through quarter ended September 27, 2002 | 13           |
| 15-16   | Operating expenses, operating expenses as a percentage of sales, operating income (loss), net income (loss) and earnings (loss) per share for the quarter ended June 28, 2002, before and after special charge activity   | Quarter ended June 28, 2002   | 6            |
| 15  | Operating expenses for the second quarter of fiscal 2001, including pro forma adjustment for VEBA Group operating expenses and the elimination of goodwill amortization   | Quarter ended December 29, 2000                                       | 11           |
| 17  | Operating margin by segment, before and after special charge activity   | Quarter ended June 28, 2002   | 12           |
| 17  | \$1.6 billion pro forma debt reduction since second quarter of fiscal 2001, assuming asset securitization as debt   | Quarter ended December 29, 2000 and quarter ended September 27, 2002  | 14           |
| <b>Form 10-Q for Quarter Ended December 27, 2002</b>  |   |   |              |
| 16-18   | Operating expenses, operating expenses as a percentage of sales, operating income (loss), operating income (loss) as a percentage of sales, net income (loss) and earnings (loss) per share for the quarter ended December 27, 2002, before and after special charge activity | Quarter ended December 27, 2002                                       | 5            |
| 16  | Quarterly operating expense reduction, including pro forma adjustment for VEBA Group operating expenses, the elimination of goodwill amortization and the impact of changes in foreign currency exchange rates.   | Quarter ended December 29, 2000 and quarter ended                     | 15           |

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|       |   |  |    |
|-------|---|--|----|
| 16-18 | Operating expenses, operating expenses as a percentage of sales, operating income (loss), operating income (loss) as a percentage of sales, net income (loss) and earnings (loss) per share for the first half ended December 27, 2002, before and after special charge activity. | December 27, 2002<br>First half ended<br>December 27, 2002                   | 4  |
| 18    | \$1.88 billion pro forma debt reduction since second quarter of fiscal 2001, assuming drawings under asset securitization as debt   | Quarter ended<br>December 29, 2000<br>and quarter ended<br>December 27, 2002 | 14 |

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**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

|  | FISCAL YEAR ENDED JUNE 28, 2002 (1) |                  |                     |
|--|-------------------------------------|------------------|---------------------|
|  | REPORTED<br>RESULTS                 | SPECIAL<br>ITEMS | ADJUSTED<br>RESULTS |
| Sales  | \$ 8,920,248                        | \$               | \$ 8,920,248        |
| Cost of sales  | 7,697,434                           | (21,600)         | 7,675,834           |
| Gross profit   | 1,222,814                           | (21,600)         | 1,244,414           |
| <i>Gross profit percentage</i>   | <i>13.71%</i>                       |                  | <i>13.95%</i>       |
| Selling, general and administrative expenses                                   | 1,225,799                           | (58,023)         | 1,167,776           |
| <i>SG&amp;A expenses as percentage of sales</i>                                | <i>13.74%</i>                       |                  | <i>13.09%</i>       |
| Operating income (loss)  | (2,985)                             | 79,623           | 76,638              |
| <i>Operating income (loss) as percentage of sales</i>                          | <i>-0.03%</i>                       |                  | <i>0.86%</i>        |
| Other income, net  | 6,755                               |                  | 6,755               |
| Interest expense   | (124,583)                           |                  | (124,583)           |
| Loss before income taxes   | (120,813)                           | 79,623           | (41,190)            |
| Income tax benefit   | (36,377)                            | 17,539           | (18,838)            |
| Loss before cumulative effect of change in accounting principle                | (84,436)                            | 62,084           | (22,352)            |
| Cumulative effect of change in accounting principle                            | (580,495)                           |                  | (580,495)           |
| Net loss   | (\$664,931)                         | \$ 62,084        | (\$602,847)         |
| Net loss per share before cumulative effect of change in accounting principle: |                                     |                  |                     |
| Basic  | (\$0.71)                            | \$ 0.52          | (\$0.19)            |
| Diluted  | (\$0.71)                            | \$ 0.52          | (\$0.19)            |
| Net loss per share:  |                                     |                  |                     |
| Basic  | (\$5.61)                            | \$ 0.52          | (\$5.09)            |
| Diluted  | (\$5.61)                            | \$ 0.52          | (\$5.09)            |
| Shares used to compute loss per share:   |                                     |                  |                     |
| Basic  | 118,561                             | 118,561          | 118,561             |
| Diluted  | 118,561                             | 118,561          | 118,561             |

(1)

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The results for the fiscal year shown above exclude the impact of incremental special charges related to the value of assets acquired in connection with the acquisition of Kent Electronics, which was accounted for as a

Pooling-of-Interests, the impairment of investments in Internet-related businesses and severance costs. The special charges amounted to \$79.6 million pre-tax (\$21.6 million included in cost of sales and \$58.0 million included in selling, general and administrative expenses), \$62.1 million after tax and \$0.52 per diluted share.

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**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

FISCAL YEAR ENDED JUNE 29, 2001 (1)

|   | REPORTED<br>RESULTS | SPECIAL<br>ITEMS | ADJUSTED<br>RESULTS |
|---|---------------------|------------------|---------------------|
| Sales   | \$ 12,814,010       | \$               | \$ 12,814,010       |
| Cost of sales                                   | 10,948,484          | (80,596)         | 10,867,888          |
| Gross profit                                    | 1,865,526           | (80,596)         | 1,946,122           |
| <i>Gross profit percentage</i>                  | <i>14.56%</i>       |                  | <i>15.19%</i>       |
| Selling, general and administrative expenses    | 1,611,874           | (246,889)        | 1,364,985           |
| <i>SG&amp;A expenses as percentage of sales</i> | <i>12.58%</i>       |                  | <i>10.65%</i>       |
| Operating income                                | 253,652             | 327,485          | 581,137             |
| <i>Operating income as percentage of sales</i>  | <i>1.98%</i>        |                  | <i>4.54%</i>        |
| Other income, net                               | 25,495              |                  | 25,495              |
| Interest expense                                | (191,895)           |                  | (191,895)           |
| Income before income taxes                      | 87,252              | 327,485          | 414,737             |
| Income tax provision                            | 87,155              | 90,793           | 177,948             |
| Income from continuing operations               | 97                  | 236,692          | 236,789             |
| Income from discontinued operations, net of tax | 15,305              |                  | 15,305              |
| Net income                                      | \$ 15,402           | \$ 236,692       | \$ 252,094          |
| Earnings per share from continuing operations:  |                     |                  |                     |
| Basic   | \$ 0.00             | \$ 2.02          | \$ 2.02             |
| Diluted   | \$ 0.00             | \$ 1.99          | \$ 1.99             |
| Net earnings per share:                         |                     |                  |                     |
| Basic   | \$ 0.13             | \$ 2.02          | \$ 2.15             |
| Diluted   | \$ 0.13             | \$ 1.99          | \$ 2.12             |
| Shares used to compute earnings per share:      |                     |                  |                     |
| Basic   | 117,263             | 117,263          | 117,263             |
| Diluted   | 118,815             | 118,815          | 118,815             |

- (1) The results for the fiscal year shown above exclude the impact of incremental special charges related to the acquisition and integration of Kent Electronics, which was accounted for as a Pooling-of-Interests, and other integration, restructuring and cost cutting initiatives taken in response to business conditions. The special charges



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amounted to \$327.5 million pre-tax (\$80.6 million included in cost of sales and \$246.9 million included in selling, general and administrative expenses), \$236.7 million after-tax and \$1.99 per diluted share.

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**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

|   | FISCAL YEAR ENDED JUNE 30, 2000 (1) |                  |                     |
|---|-------------------------------------|------------------|---------------------|
|   | REPORTED<br>RESULTS                 | SPECIAL<br>ITEMS | ADJUSTED<br>RESULTS |
| Sales   | \$9,915,042                         | \$               | \$9,915,042         |
| Cost of sales                                   | 8,470,257                           | (11,787)         | 8,458,470           |
| Gross profit                                    | 1,444,785                           | (11,787)         | 1,456,572           |
| <i>Gross profit percentage</i>                  | <i>14.57%</i>                       |                  | <i>14.69%</i>       |
| Selling, general and administrative expenses    | 1,076,793                           | (37,177)         | 1,039,616           |
| <i>SG&amp;A expenses as percentage of sales</i> | <i>10.86%</i>                       |                  | <i>10.49%</i>       |
| Operating income                                | 367,992                             | 48,964           | 416,956             |
| <i>Operating income as percentage of sales</i>  | <i>3.71%</i>                        |                  | <i>4.21%</i>        |
| Other income, net                               | 10,452                              |                  | 10,452              |
| Interest expense                                | (94,798)                            |                  | (94,798)            |
| Income before income taxes                      | 283,646                             | 48,964           | 332,610             |
| Income tax provision                            | 121,082                             | 18,538           | 139,620             |
| Income from continuing operations               | 162,564                             | 30,426           | 192,990             |
| Income from discontinued operations, net of tax | 828                                 |                  | 28                  |
| Net income                                      | \$ 163,392                          | \$ 30,426        | \$ 193,818          |
| Earnings per share from continuing operations:  |                                     |                  |                     |
| Basic   | \$ 1.52                             | \$ 0.29          | \$ 1.81             |
| Diluted   | \$ 1.50                             | \$ 0.28          | \$ 1.78             |
| Net earnings per share:                         |                                     |                  |                     |
| Basic   | \$ 1.53                             | \$ 0.29          | \$ 1.82             |
| Diluted   | \$ 1.51                             | \$ 0.28          | \$ 1.79             |
| Shares used to compute earnings per share:      |                                     |                  |                     |
| Basic   | 106,627                             | 106,627          | 106,627             |
| Diluted   | 108,257                             | 108,257          | 108,257             |

- (1) The results for the fiscal year shown above exclude the impact of incremental special charges associated with:  
(a) the integration of Marshall Industries, SEI Eurotronics and Macro into EM; (b) the integration of JBA Computer Solutions into CM North America; (c) the reorganization of EM Asia; (d) the reorganization of EM's European

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operations including costs related to the consolidation of EM s European warehousing operations; and (e) costs incurred in connection with certain litigation brought by the Company. The special charges amounted to \$49.0 million pre-tax (\$11.8 million included in cost of sales and \$37.2 million included in selling, general and administrative expenses), \$30.4 million after-tax and \$0.28 per diluted share.

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**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

**FIRST HALF ENDED DECEMBER 27, 2002**

|   | <b>REPORTED<br/>RESULTS</b> | <b>SPECIAL<br/>ITEMS (1)</b> | <b>ADJUSTED<br/>RESULTS</b> |
|---|-----------------------------|------------------------------|-----------------------------|
| Sales   | \$4,520,555                 | \$                           | \$4,520,555                 |
| Cost of sales   | 3,907,370                   |                              | 3,907,370                   |
| Gross profit  | 613,185                     |                              | 613,185                     |
| <i>Gross profit percentage</i>                        | <i>13.56%</i>               |                              | <i>13.56%</i>               |
| Selling, general and administrative expenses          | 668,424                     | (106,765)                    | 561,659                     |
| <i>SG&amp;A expenses as percentage of sales</i>       | <i>14.79%</i>               |                              | <i>12.42%</i>               |
| Operating income (loss)                               | (55,239)                    | 106,765                      | 51,526                      |
| <i>Operating income (loss) as percentage of sales</i> | <i>-1.22%</i>               |                              | <i>1.14%</i>                |
| Other income, net                                     | 10,596                      |                              | 10,596                      |
| Interest expense                                      | (51,337)                    |                              | (51,337)                    |
| Income (loss) before income taxes                     | (95,980)                    | 106,765                      | 10,785                      |
| Income tax provision (benefit)                        | (36,835)                    | 41,016                       | 4,181                       |
| Net income (loss)                                     | (\$59,145)                  | \$ 65,749                    | \$ 6,604                    |
| Net earnings (loss) per share:                        |                             |                              |                             |
| Basic   | (\$0.49)                    | \$ 0.55                      | \$ 0.06                     |
| Diluted   | (\$0.49)                    | \$ 0.55                      | \$ 0.06                     |
| Shares used to compute earnings (loss) per share:     |                             |                              |                             |
| Basic   | 119,419                     | 119,419                      | 119,419                     |
| Diluted   | 119,419                     | 119,419                      | 119,419                     |

- (1) The results for the first half ended December 27, 2002 shown above include the impact of incremental special charges recorded in connection with cost cutting initiatives including severance costs, charges for consolidation of facilities and write-offs of certain capitalized IT-related initiatives. The special charges amounted to \$106.8 million pre-tax (all of which is included in selling, general and administrative expenses), \$65.7 million after-tax and \$0.55 per diluted share.

**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

**SECOND QUARTER ENDED DECEMBER 27, 2002**

|   | <b>REPORTED<br/>RESULTS</b> | <b>SPECIAL<br/>ITEMS (1)</b> | <b>ADJUSTED<br/>RESULTS</b> |
|---|-----------------------------|------------------------------|-----------------------------|
| Sales   | \$2,346,665                 | \$                           | \$2,346,665                 |
| Cost of sales   | 2,031,099                   |                              | 2,031,099                   |
| Gross profit  | 315,566                     |                              | 315,566                     |
| <i>Gross profit percentage</i>                        | <i>13.45%</i>               |                              | <i>13.45%</i>               |
| Selling, general and administrative expenses          | 390,758                     | (106,765)                    | 283,993                     |
| <i>SG&amp;A expenses as percentage of sales</i>       | <i>16.65%</i>               |                              | <i>12.10%</i>               |
| Operating income (loss)                               | (75,192)                    | 106,765                      | 31,573                      |
| <i>Operating income (loss) as percentage of sales</i> | <i>-3.20%</i>               |                              | <i>1.35%</i>                |
| Other income, net                                     | 4,658                       |                              | 4,658                       |
| Interest expense                                      | (24,306)                    |                              | (24,306)                    |
| Income (loss) before income taxes                     | (94,840)                    | 106,765                      | 11,925                      |
| Income tax provision (benefit)                        | (36,183)                    | 41,016                       | 4,833                       |
| Net income (loss)                                     | (\$58,657)                  | \$ 65,749                    | \$ 7,092                    |
| Net earnings (loss) per share:                        |                             |                              |                             |
| Basic   | (\$0.49)                    | \$ 0.55                      | \$ 0.06                     |
| Diluted   | (\$0.49)                    | \$ 0.55                      | \$ 0.06                     |
| Shares used to compute earnings (loss) per share:     |                             |                              |                             |
| Basic   | 119,419                     | 119,419                      | 119,419                     |
| Diluted   | 119,419                     | 119,419                      | 119,419                     |

- (1) The results for the second quarter ended December 27, 2002 shown above include the impact of incremental special charges recorded in connection with cost cutting initiatives including severance costs, charges for consolidation of facilities and write-offs of certain capitalized IT-related initiatives. The special charges amounted to \$106.8 million pre-tax (all of which is included in selling, general and administrative expenses), \$65.7 million after-tax and \$0.55 per diluted share.

**Table of Contents****SCHEDULE 6**

**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

**FOURTH QUARTER ENDED JUNE 28, 2002 (1)**

|   | <b>REPORTED<br/>RESULTS</b> | <b>SPECIAL<br/>ITEMS</b> | <b>ADJUSTED<br/>RESULTS</b> |
|---|-----------------------------|--------------------------|-----------------------------|
| Sales   | \$2,144,752                 | \$                       | \$2,144,752                 |
| Cost of sales   | 1,862,105                   | (21,600)                 | 1,840,505                   |
| Gross profit  | 282,647                     | (21,600)                 | 304,247                     |
| <i>Gross profit percentage</i>                        | <i>13.18%</i>               |                          | <i>14.19%</i>               |
| Selling, general and administrative expenses          | 336,074                     | (58,023)                 | 278,051                     |
| <i>SG&amp;A expenses as percentage of sales</i>       | <i>15.67%</i>               |                          | <i>12.96%</i>               |
| Operating income (loss)                               | (53,427)                    | 79,623                   | 26,196                      |
| <i>Operating income (loss) as percentage of sales</i> | <i>-2.49%</i>               |                          | <i>1.22%</i>                |
| Other income, net                                     | 2,005                       |                          | 2,005                       |
| Interest expense                                      | (26,451)                    |                          | (26,451)                    |
| Income (loss) before income taxes                     | (77,873)                    | 79,623                   | 1,750                       |
| Income tax provision (benefit)                        | (16,472)                    | 17,539                   | 1,067                       |
| Net income (loss)                                     | (\$61,401)                  | \$ 62,084                | \$ 683                      |
| Net earnings (loss) per share:                        |                             |                          |                             |
| Basic   | (\$0.51)                    | \$ 0.52                  | \$ 0.01                     |
| Diluted   | (\$0.51)                    | \$ 0.52                  | \$ 0.01                     |
| Shares used to compute earnings (loss) per share:     |                             |                          |                             |
| Basic   | 119,397                     | 119,397                  | 119,397                     |
| Diluted   | 119,397                     | 119,397                  | 119,397                     |

- (1) The results for the fourth quarter shown above exclude the impact of incremental special charges related to the value of assets acquired in connection with the acquisition of Kent Electronics, which was accounted for as a Pooling-of-Interests, the impairment of investments in Internet-related businesses and severance costs. The special charges amounted to \$79.6 million pre-tax (\$21.6 million included in cost of sales and \$58.0 million included in selling, general and administrative expenses), \$62.1 million after tax and \$0.52 per diluted share.

**Table of Contents**

SCHEDULE 7

**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

**FOURTH QUARTER ENDED JUNE 29, 2001 (1)**

|   | <b>REPORTED<br/>RESULTS</b> | <b>SPECIAL<br/>ITEMS</b> | <b>ADJUSTED<br/>RESULTS</b> |
|---|-----------------------------|--------------------------|-----------------------------|
| Sales   | \$ 2,537,755                | \$                       | \$2,537,755                 |
| Cost of sales   | 2,225,323                   | (80,596)                 | 2,144,727                   |
| Gross profit  | 312,432                     | (80,596)                 | 393,028                     |
| <i>Gross profit percentage</i>                        | <i>12.31%</i>               |                          | <i>15.49%</i>               |
| Selling, general and administrative expenses          | 590,058                     | (246,889)                | 343,169                     |
| <i>SG&amp;A expenses as percentage of sales</i>       | <i>23.25%</i>               |                          | <i>13.52%</i>               |
| Operating income (loss)                               | (277,626)                   | 327,485                  | 49,859                      |
| <i>Operating income (loss) as percentage of sales</i> | <i>-10.94%</i>              |                          | <i>1.96%</i>                |
| Other income, net                                     | 8,397                       |                          | 8,397                       |
| Interest expense                                      | (46,328)                    |                          | (46,328)                    |
| Income (loss) before income taxes                     | (315,557)                   | 327,485                  | 11,928                      |
| Income tax provision (benefit)                        | (84,521)                    | 90,793                   | 6,272                       |
| Income (loss) from continuing operations              | (231,036)                   | 236,692                  | 5,656                       |
| Loss from discontinued operations, net of tax         | (5,111)                     |                          | (5,111)                     |
| Net income (loss)                                     | (\$236,147)                 | \$ 236,692               | \$ 545                      |
| Net earnings (loss) per share:                        |                             |                          |                             |
| Basic   | (\$2.01)                    | \$ 2.01                  | \$ 0.00                     |
| Diluted   | (\$2.01)                    | \$ 2.01                  | \$ 0.00                     |
| Shares used to compute earnings (loss) per share:     |                             |                          |                             |
| Basic   | 117,697                     | 117,697                  | 117,697                     |
| Diluted   | 117,697                     | 117,697                  | 117,697                     |

- (1) The results for the fourth quarter shown above exclude the impact of incremental special charges related to the acquisition and integration of Kent Electronics, which was accounted for as a Pooling-of-Interests, and other integration, restructuring and cost cutting initiatives taken in response to business conditions. The special charges amounted to \$327.5 million pre-tax (\$80.6 million included in cost of sales and \$246.9 million included in selling, general and administrative expenses), \$236.7 million after-tax and \$2.01 per diluted share.

**Table of Contents****SCHEDULE 8**

**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

|   | <b>THIRD QUARTER ENDED MARCH 31, 2000 (1)</b> |                          |                             |
|---|---|--------------------------|-----------------------------|
|   | <b>REPORTED<br/>RESULTS</b>                   | <b>SPECIAL<br/>ITEMS</b> | <b>ADJUSTED<br/>RESULTS</b> |
| Sales   | \$2,884,498                                   | \$                       | \$2,884,498                 |
| Cost of sales                                   | 2,459,921                                     | (1,496)                  | 2,458,425                   |
| Gross profit                                    | 424,577                                       | (1,496)                  | 426,073                     |
| <i>Gross profit percentage</i>                  | <i>14.72%</i>                                 |                          | <i>14.77%</i>               |
| Selling, general and administrative expenses    | 314,517                                       | (13,327)                 | 301,190                     |
| <i>SG&amp;A expenses as percentage of sales</i> | <i>10.90%</i>                                 |                          | <i>10.44%</i>               |
| Operating income                                | 110,060                                       | 14,823                   | 124,883                     |
| <i>Operating income as percentage of sales</i>  | <i>3.82%</i>                                  |                          | <i>4.33%</i>                |
| Other income, net                               | 1,403   |                          | 1,403                       |
| Interest expense                                | (29,203)                                      |                          | (29,203)                    |
| Income before income taxes                      | 82,260  | 14,823                   | 97,083                      |
| Income tax provision                            | 34,755  | 5,946                    | 40,701                      |
| Income from continuing operations               | 47,505  | 8,877                    | 56,382                      |
| Loss from discontinued operations, net of tax   | (971)   |                          | (971)                       |
| Net income                                      | \$ 46,534                                     | \$ 8,877                 | \$ 55,411                   |
| Net earnings per share:                         |   |                          |                             |
| Basic   | \$ 0.41                                       | \$ 0.08                  | \$ 0.49                     |
| Diluted   | \$ 0.41                                       | \$ 0.08                  | \$ 0.49                     |
| Shares used to compute earnings per share:      |   |                          |                             |
| Basic   | 112,351                                       | 112,351                  | 112,351                     |
| Diluted   | 114,168                                       | 114,168                  | 114,168                     |

- (1) The results for the third quarter shown above exclude the impact of incremental special charges related to the (a) the integration Eurotronics BV and SEI Macro Group into EM EMEA; (b) the integration of JBA Computer Solutions into CM North America; and (c) costs related to the consolidation of EM's European warehousing operations. The special charges amounted to \$14.8 million pre-tax (\$1.5 million included in cost of sales and \$13.3 million included in selling, general and administrative expenses), \$8.9 million after tax and \$0.08 per diluted share.



**Table of Contents****SCHEDULE 9**

**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

**SECOND QUARTER ENDED DECEMBER 31, 1999 (1)**

|   | <b>REPORTED<br/>RESULTS</b> | <b>SPECIAL<br/>ITEMS</b> | <b>ADJUSTED<br/>RESULTS</b> |
|---|-----------------------------|--------------------------|-----------------------------|
| Sales   | \$2,276,245                 | \$                       | \$2,276,245                 |
| Cost of sales                                   | 1,958,733                   | (10,291)                 | 1,948,442                   |
| Gross profit                                    | 317,512                     | (10,291)                 | 327,803                     |
| <i>Gross profit percentage</i>                  | <i>13.95%</i>               |                          | <i>14.40%</i>               |
| Selling, general and administrative expenses    | 268,040                     | (17,739)                 | 250,301                     |
| <i>SG&amp;A expenses as percentage of sales</i> | <i>11.78%</i>               |                          | <i>11.00%</i>               |
| Operating income                                | 49,472                      | 28,030                   | 77,502                      |
| <i>Operating income as percentage of sales</i>  | <i>2.17%</i>                |                          | <i>3.40%</i>                |
| Other income, net                               | 3,362                       |                          | 3,362                       |
| Interest expense                                | (20,309)                    |                          | (20,309)                    |
| Income before income taxes                      | 32,525                      | 28,030                   | 60,555                      |
| Income tax provision                            | 14,944                      | 10,457                   | 25,401                      |
| Income from continuing operations               | 17,581                      | 17,573                   | 35,154                      |
| Income from discontinued operations, net of tax | 1,235                       |                          | 1,235                       |
| Net income                                      | \$ 18,816                   | \$ 17,573                | \$ 36,389                   |
| Net earnings per share:                         |                             |                          |                             |
| Basic   | \$ 0.18                     | \$ 0.16                  | \$ 0.34                     |
| Diluted   | \$ 0.18                     | \$ 0.16                  | \$ 0.34                     |
| Shares used to compute earnings per share:      |                             |                          |                             |
| Basic   | 106,588                     | 106,588                  | 106,588                     |
| Diluted   | 107,833                     | 107,833                  | 107,833                     |

- (1) The results for the second quarter shown above exclude the impact of incremental special charges related to the (a) the integration of Marshall Industries into the Company's EM and AC operations; (b) the reorganization of the Company's EM Asian operations; (c) costs related to the consolidation of the Company's EM European warehousing operations; and (d) costs incurred in connection with certain litigation initiated by the Company. The special charges amounted to \$28.0 million pre-tax (\$10.3 million included in cost of sales and \$17.7 million included in selling, general and administrative expenses), \$17.6 million after tax and \$0.16 per diluted share.

**Table of Contents**

SCHEDULE 10

**AVNET, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(THOUSANDS EXCEPT PERCENTAGES AND PER SHARE DATA)**

**FIRST QUARTER ENDED OCTOBER 1, 1999 (1)**

|   | <b>REPORTED<br/>RESULTS</b> | <b>SPECIAL<br/>ITEMS</b> | <b>ADJUSTED<br/>RESULTS</b> |
|---|-----------------------------|--------------------------|-----------------------------|
| Sales   | \$ 1,804,523                | \$                       | \$ 1,804,523                |
| Cost of sales                                   | 1,542,880                   |                          | 1,542,880                   |
| Gross profit                                    | 261,643                     |                          | 261,643                     |
| <i>Gross profit percentage</i>                  | <i>14.50%</i>               |                          | <i>14.50%</i>               |
| Selling, general and administrative expenses    | 207,730                     | (6,111)                  | 201,619                     |
| <i>SG&amp;A expenses as percentage of sales</i> | <i>11.51%</i>               |                          | <i>11.17%</i>               |
| Operating income                                | 53,913                      | 6,111                    | 60,024                      |
| <i>Operating income as percentage of sales</i>  | <i>2.99%</i>                |                          | <i>3.33%</i>                |
| Other income, net                               | 2,595                       |                          | 2,595                       |
| Interest expense                                | (12,444)                    |                          | (12,444)                    |
| Income before income taxes                      | 44,064                      | 6,111                    | 50,175                      |
| Income tax provision                            | 19,122                      | 2,135                    | 21,257                      |
| Income from continuing operations               | 24,942                      | 3,976                    | 28,918                      |
| Loss from discontinued operations, net of tax   | (887)                       |                          | (887)                       |
| Net income                                      | \$ 24,055                   | \$ 3,976                 | \$ 28,031                   |
| Net earnings per share:                         |                             |                          |                             |
| Basic   | \$ 0.25                     | \$ 0.04                  | \$ 0.29                     |
| Diluted   | \$ 0.25                     | \$ 0.04                  | \$ 0.29                     |
| Shares used to compute earnings per share:      |                             |                          |                             |
| Basic   | 94,737                      | 94,737                   | 94,737                      |
| Diluted   | 95,455                      | 95,455                   | 95,455                      |

- (1) The results for the first quarter shown above exclude the impact of incremental special charges related to the reorganization of the Company's EM European operations. The special charges amounted to \$6.1 million pre-tax (all of which is included in selling, general and administrative expenses), \$4.0 million after tax and \$0.04 per diluted share.

**Table of Contents****SCHEDULE 11**

**AVNET, INC.**  
**PRO FORMA FINANCIAL STATEMENTS FOR SECOND QUARTER OF FISCAL 2001**  
**AND COMPARATIVE ANNUALIZED EXPENSE REDUCTION 2ND QUARTER FISCAL 2001 TO 4TH QUARTER FISCAL 2002**  
**(THOUSANDS)**

|  |              |
|--|--------------|
| Second quarter of fiscal 2001 operating expenses, as reported                              | \$ 351,632   |
| Pro forma adjustments:   |              |
| VEBA Group operating expenses from September 29, 2000 through acquisition date (1)         | 15,716       |
| Remove amortization of goodwill (2)  | (8,817)      |
| <hr style="width: 100%;"/>   |              |
| Second quarter of fiscal 2001 operating expense, pro forma                                 | \$ 358,531   |
| Second quarter of fiscal 2001 operating expense, pro forma and annualized                  | \$ 1,434,124 |
| Fourth quarter of fiscal 2002 operating expenses, excluding special charges (Schedule 6)   | \$ 278,051   |
| Fourth quarter of fiscal 2002 operating expenses, excluding special charges and annualized | 1,112,204    |
| <hr style="width: 100%;"/>   |              |
| Annualized reduction in operating expenses since second quarter of fiscal 2001             | \$ 321,920   |
| <hr style="width: 100%;"/>   |              |

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- (1) In October 2000, Avnet completed the acquisition of certain European operations of the VEBA Electronics Group consisting of (a) the Germany-headquartered EBV Group, including EBV Elektronik and WBC, and Atlas Services Europe and (b) the Germany-based RKE Systems (collectively, the VEBA Group). The results of operations of the VEBA Group are included in Avnet's consolidated results of operations from the acquisition date forward. The pro forma adjustment noted above adds the VEBA Group's estimated operating expenses for the period from the end of Avnet's first quarter to the acquisition date in order to portray Avnet's operating expenses as if the acquisition had occurred on the first day of the quarter.
- (2) Effective at the beginning of fiscal 2002, Avnet adopted Statement of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and Other Intangible Assets, which requires, among other things, that goodwill no longer be amortized. The pro forma adjustment noted above removes \$8.8 million of goodwill amortization costs from the reported operating expenses for the second quarter of fiscal 2001.
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**Table of Contents****SCHEDULE 12**

**AVNET, INC.**  
**OPERATING PROFIT (LOSS) MARGIN BY SEGMENT**  
**BEFORE AND AFTER SPECIAL CHARGE ACTIVITY**  
**(THOUSANDS EXCEPT PERCENTAGES)**

Second Quarter Ended December 27, 2002

|                                       | Including<br>Special Charges | Special<br>Charges          | Excluding<br>Special Charges |
|---------------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>Sales</b>                          |                              |                             |                              |
| EM                                    | \$ 1,204,074                 | \$                          | \$ 1,204,074                 |
| CM                                    | 682,910                      |                             | 682,910                      |
| AC                                    | 459,681                      |                             | 459,681                      |
| Corp.                                 |                              |                             |                              |
|                                       | <u>                    </u>  | <u>                    </u> | <u>                    </u>  |
| Avnet, Inc.                           | \$ 2,346,665                 | \$                          | \$ 2,346,665                 |
| <b>Operating income (loss)</b>        |                              |                             |                              |
| EM                                    | \$ (61,585)                  | \$ 84,096                   | \$ 22,511                    |
| CM                                    | (3,043)                      | 19,103                      | 16,060                       |
| AC                                    | 3,393                        | 2,209                       | 5,602                        |
| Corp.                                 | (13,957)                     | 1,357                       | (12,600)                     |
|                                       | <u>                    </u>  | <u>                    </u> | <u>                    </u>  |
| Avnet, Inc.                           | \$ (75,192)                  | \$ 106,765                  | \$ 31,573                    |
| <b>Operating income (loss) margin</b> |                              |                             |                              |
| EM                                    | -5.11%                       |                             | 1.87%                        |
| CM                                    | -0.45%                       |                             | 2.35%                        |
| AC                                    | 0.74%                        |                             | 1.22%                        |
| Corp.                                 | N/A                          |                             | N/A                          |
| Avnet, Inc.                           | -3.20%                       |                             | 1.35%                        |

Fourth Quarter Ended June 28, 2002

|                                       | Including<br>Special Charges | Special<br>Charges          | Excluding<br>Special Charges |
|---------------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>Sales</b>                          |                              |                             |                              |
| EM                                    | \$ 1,216,640                 | \$                          | \$ 1,216,640                 |
| CM                                    | 570,846                      |                             | 570,846                      |
| AC                                    | 357,266                      |                             | 357,266                      |
| Corp.                                 |                              |                             |                              |
|                                       | <u>                    </u>  | <u>                    </u> | <u>                    </u>  |
| Avnet, Inc.                           | \$ 2,144,752                 | \$                          | \$ 2,144,752                 |
| <b>Operating income (loss)</b>        |                              |                             |                              |
| EM                                    | \$ 5,268                     | \$ 12,811                   | \$ 18,079                    |
| CM                                    | (12,366)                     | 31,336                      | 18,970                       |
| AC                                    | (3,372)                      | 1,191                       | (2,181)                      |
| Corp.                                 | (42,957)                     | 34,285                      | (8,672)                      |
|                                       | <u>                    </u>  | <u>                    </u> | <u>                    </u>  |
| Avnet, Inc.                           | \$ (53,427)                  | \$ 79,623                   | \$ 26,196                    |
| <b>Operating income (loss) margin</b> |                              |                             |                              |
| EM                                    | 0.43%                        |                             | 1.49%                        |
| CM                                    | -2.17%                       |                             | 3.32%                        |

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|             |        |        |
|-------------|--------|--------|
| AC          | -0.94% | -0.61% |
| Corp.       | N/A    | N/A    |
| Avnet, Inc. | -2.49% | 1.22%  |

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**Table of Contents****SCHEDULE 12**  
**(continued)****AVNET, INC.**  
**OPERATING PROFIT (LOSS) MARGIN BY SEGMENT**  
**BEFORE AND AFTER SPECIAL CHARGE ACTIVITY**  
**(THOUSANDS EXCEPT PERCENTAGES)**

| Fourth Quarter Ended June 29, 2001    |                              |                    |                              |
|---------------------------------------|------------------------------|--------------------|------------------------------|
|                                       | Including<br>Special Charges | Special<br>Charges | Excluding<br>Special Charges |
| <b>Sales</b>                          |                              |                    |                              |
| EM                                    | \$ 1,553,866                 | \$                 | \$ 1,553,866                 |
| CM                                    | 619,738                      |                    | 619,738                      |
| AC                                    | 364,151                      |                    | 364,151                      |
| Corp.                                 |                              |                    |                              |
| Avnet, Inc.                           | \$ 2,537,755                 | \$                 | \$ 2,537,755                 |
| <b>Operating income (loss)</b>        |                              |                    |                              |
| EM                                    | \$ (55,448)                  | \$ 96,912          | \$ 41,464                    |
| CM                                    | (2,350)                      | 17,062             | 14,712                       |
| AC                                    | 11,950                       | 5,000              | 16,950                       |
| Corp.                                 | (231,778)                    | 208,511            | (23,267)                     |
| Avnet, Inc.                           | \$ (277,626)                 | \$ 327,485         | \$ 49,859                    |
| <b>Operating income (loss) margin</b> |                              |                    |                              |
| EM                                    | -3.57%                       |                    | 2.67%                        |
| CM                                    | -0.38%                       |                    | 2.37%                        |
| AC                                    | 3.28%                        |                    | 4.65%                        |
| Corp.                                 | N/A                          |                    | N/A                          |
| Avnet, Inc.                           | -10.94%                      |                    | 1.96%                        |
| <b>Year Ended June 28, 2002</b>       |                              |                    |                              |
|                                       | Including<br>Special Charges | Special<br>Charges | Excluding<br>Special Charges |
| <b>Sales</b>                          |                              |                    |                              |
| EM                                    | \$ 4,841,923                 | \$                 | \$ 4,841,923                 |
| CM                                    | 2,399,246                    |                    | 2,399,246                    |
| AC                                    | 1,679,079                    |                    | 1,679,079                    |
| Corp.                                 |                              |                    |                              |
| Avnet, Inc.                           | \$ 8,920,248                 | \$                 | \$ 8,920,248                 |
| <b>Operating income (loss)</b>        |                              |                    |                              |
| EM                                    | \$ 9,895                     | \$ 12,811          | \$ 22,706                    |
| CM                                    | 31,603                       | 31,336             | 62,939                       |
| AC                                    | 41,665                       | 1,191              | 42,856                       |
| Corp.                                 | (86,148)                     | 34,285             | (51,863)                     |
| Avnet, Inc.                           | \$ (2,985)                   | \$ 79,623          | \$ 76,638                    |
| <b>Operating income (loss) margin</b> |                              |                    |                              |
| EM                                    | 0.20%                        |                    | 0.47%                        |

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|             |        |       |
|-------------|--------|-------|
| CM          | 1.32%  | 2.62% |
| AC          | 2.48%  | 2.55% |
| Corp.       | N/A    | N/A   |
| Avnet, Inc. | -0.03% | 0.86% |

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**Table of Contents****SCHEDULE 13**

**AVNET, INC.**  
**GROSS PROFIT MARGINS**  
**BEFORE AND AFTER SPECIAL CHARGE ACTIVITY**  
**(THOUSANDS EXCEPT PERCENTAGES)**

|   | Gross Profit |             |                 | Gross profit margin percentages |             |          |
|---|--------------|-------------|-----------------|---------------------------------|-------------|----------|
|   | Sales        | As reported | Special Charges | Adjusted                        | As reported | Adjusted |
| Quarter ended September 27, 2002            | 2,173,890    | 297,619     |                 | 297,619                         | 13.69%      | 13.69%   |
| Quarter ended June 28, 2002                 | 2,144,752    | 282,647     | 21,600 (1)      | 304,247                         | 13.18%      | 14.19%   |
| Quarter ended March 29, 2002                | 2,214,451    | 310,988     |                 | 310,988                         | 14.04%      | 14.04%   |
| Quarter ended December 28, 2001             | 2,359,850    | 318,617     |                 | 318,617                         | 13.50%      | 13.50%   |
| Quarter ended September 28, 2001            | 2,201,195    | 310,562     |                 | 310,562                         | 14.11%      | 14.11%   |
| Totals for five quarters ended              |              |             |                 |                                 |             |          |
| September 27, 2002                          | 11,094,138   | 1,520,433   | 21,600          | 1,542,033                       | 13.70%      | 13.90%   |
| Quarter ended June 29, 2001                 | 2,537,755    | 312,432     | 80,596 (2)      | 393,028                         | 12.31%      | 15.49%   |
| Quarter ended March 30, 2001                | 3,457,170    | 522,760     |                 | 522,760                         | 15.12%      | 15.12%   |
| Quarter ended December 29, 2000             | 3,630,494    | 542,761     |                 | 542,761                         | 14.95%      | 14.95%   |
| Quarter ended September 29, 2000            | 3,188,591    | 487,573     |                 | 487,573                         | 15.29%      | 15.29%   |
| Quarter ended June 30, 2000                 | 2,949,777    | 441,054     |                 | 441,054                         | 14.95%      | 14.95%   |
| Quarter ended March 31, 2000                | 2,884,498    | 424,577     | 1,496 (3)       | 426,073                         | 14.72%      | 14.77%   |
| Totals for six quarters ended June 29, 2001 |              |             |                 |                                 |             |          |
|   | 18,648,285   | 2,731,157   | 82,092          | 2,813,249                       | 14.65%      | 15.09%   |

(1) See Schedule 6 for discussion of special charges

(2) See Schedule 7 for discussion of special charges

(3) See Schedule 8 for discussion of special charges



**Table of Contents****SCHEDULE 14**

**AVNET, INC.**  
**PRO FORMA DEBT REDUCTION**  
**ASSUMING DRAWINGS ON ACCOUNTS RECEIVABLE SECURITIZATION PROGRAM AS DEBT**  
**(THOUSANDS)**

|   |                             |                     |
|---|-----------------------------|---------------------|
| Debt at December 29, 2000   | \$ 3,323,287                |                     |
| Drawings under accounts receivable securitization at December 29, 2000 (1)                                    | <u>                    </u> |                     |
| Pro forma debt at December 29, 2000   |                             | 3,323,287           |
| Debt at September 27, 2002  | 1,633,757                   |                     |
| Drawings under accounts receivable securitization at September 27, 2002 (1)                                   | <u>100,000</u>              |                     |
| Pro forma debt at September 27, 2002  |                             | <u>1,733,757</u>    |
| Reduction in debt, including accounts receivable securitization    December 29, 2000 to<br>September 27, 2002 |                             | <u>\$ 1,589,530</u> |
| Debt at December 27, 2002   | 1,390,355                   |                     |
| Drawings under accounts receivable securitization at December 27, 2002 (1)                                    | <u>50,000</u>               |                     |
| Pro forma debt at December 27, 2002   |                             | <u>\$ 1,440,355</u> |
| Reduction in debt, including accounts receivable securitization    December 29, 2000 to<br>December 27, 2002  |                             | <u>\$ 1,882,932</u> |

- (1) Avnet has an accounts receivable securitization program whereby it sells an interest in a pool of its trade accounts receivable. The purpose of the program is to provide Avnet with an additional source of liquidity at interest rates more favorable than it could receive through other forms of financing. At December 27, 2002, September 27, 2002 and December 29, 2000, the Company had sold \$50.0 million, \$100.0 million and \$0, respectively, of receivables under the program. This is reflected as a reduction of receivables, with the proceeds used to pay down debt, in the Company's consolidated balance sheets.

**Table of Contents****SCHEDULE 15**

**AVNET, INC.**  
**PRO FORMA FINANCIAL STATEMENTS FOR SECOND QUARTER OF FISCAL 2001**  
**AND COMPARATIVE ANNUALIZED EXPENSE REDUCTION 2ND QUARTER FISCAL 2001 TO 2ND QUARTER FISCAL 2003**  
**(THOUSANDS)**

|  |                   |                   |
|--|-------------------|-------------------|
| Second quarter of fiscal 2001 operating expenses, as reported  | \$ 351,632        |                   |
| Pro forma adjustments:   |                   |                   |
| VEBA Group operating expenses from September 29, 2000 through acquisition date (1)   | 15,716            |                   |
| Remove amortization of goodwill (2)  | (8,817)           |                   |
|  | <u>          </u> |                   |
| Second quarter of fiscal 2001 operating expense, pro forma   |                   | \$ 358,531        |
| Second quarter of fiscal 2003 operating expenses, excluding special charges (Schedule 5)   | \$ 283,993        |                   |
| Pro forma adjustment:  |                   |                   |
| Adjustment to exclude the impact of changes in foreign currency exchange rates from 2nd quarter of fiscal 2001 to the 2nd quarter of fiscal 2003 | (14,424)          |                   |
|  | <u>          </u> |                   |
| Second quarter of fiscal 2003 operating expenses, pro forma  |                   | 269,569           |
|  |                   | <u>          </u> |
| Pro forma reduction in quarterly operating expenses  |                   | \$ 88,962         |
|  |                   | <u>          </u> |

- 
- (1) In October 2000, Avnet completed the acquisition of certain European operations of the VEBA Electronics Group consisting of (a) the Germany-headquartered EBV Group, including EBV Elektronik and WBC, and Atlas Services Europe and (b) the Germany-based RKE Systems (collectively, the VEBA Group). The results of operations of the VEBA Group are included in Avnet's consolidated results of operations from the acquisition date forward. The pro forma adjustment noted above adds the VEBA Group's estimated operating expenses for the period from the end of Avnet's first quarter to the acquisition date in order to portray Avnet's operating expenses as if the acquisition had occurred on the first day of the quarter.
- (2) Effective at the beginning of fiscal 2002, Avnet adopted Statement of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and Other Intangible Assets, which requires, among other things, that goodwill no longer be amortized. The pro forma adjustment noted above removes \$8.8 million of goodwill amortization costs from the reported operating expenses for the second quarter of fiscal 2001.
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**Table of Contents**

Item 7. Financial Statements and Exhibits.

- (a) Inapplicable
- (b) Inapplicable
- (c) Exhibits: none

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVNET, INC.  
(Registrant)

Date: July 30, 2003

By: /s/ Raymond Sadowski

Raymond Sadowski  
Senior Vice President and  
Chief Financial Officer