Second Quarter

2018

CFO Commentary

As reflected in our earnings release, there are a number of items that impact the comparability of our results with those in the trailing quarter and prior quarter of last year. The discussion of our results may exclude these items to give you a better sense of our operating results. As always, the operating information we provide to you should be used as a complement to GAAP numbers. For a complete reconciliation between our GAAP and non-GAAP results, please refer to our earnings release and the earnings reconciliation found at the end of this document.

The following reported and adjusted information included in this CFO commentary is unaudited and should be read in conjunction with the company's Form 10-Q for the quarterly period ended June 30, 2018, and the Annual Report on form 10-K as filed with the Securities and Exchange Commission.

Second-quarter 2018 diluted earnings per share increased 73% year over year; non-GAAP diluted earnings per share increased 24% year over year.

Second-Quarter Summary

Demand remained strong in the second quarter and we continued to execute well. This resulted in record second-quarter sales, gross profit, operating income, and earnings per share. Second-quarter sales were at the high end of our expectation. We delivered healthy leverage on our growth with operating income, net income, and earnings per share all growing faster than sales.

Record second-quarter global components sales exceeded our expectation. Global component sales increased 18% year over year. Strength was broad-based, across regions and industries. Asia sales increased 21% year over year driven by our investments in sales and engineering resources. Europe sales increased 21% year over year, and increased 14% year over year adjusted for changes in foreign currencies, the 21st straight quarter of adjusted year-over-year growth. Americas sales increased 14% year over year. Global components delivered strong leverage as operating income increased 29% year over year.

Second-quarter enterprise computing solutions sales increased 8% year over year and were in line with our expectation. Americas sales increased 6% year over year and increased 11% adjusted for the unified communications divestiture and changes in foreign currencies. Europe sales increased 10% year over year and increased 1% year over year adjusted for an acquisition, a divestiture, and changes in foreign currencies. Second-quarter enterprise computing solutions operating income increased 2% year over year and non-GAAP operating income was flat year over year.

Please note, prior period figures have been adjusted for new accounting standards.

Record second-quarter sales, gross profit, operating income, and earnings per share.

Consolidated Overview

Second Quarter 2018

P&L Highlights*	Q2 2018	Y/Y Change	Y/Y Change Adjusted for Acquisitions, Dispositions, & Currency	Q/Q Change
Sales	$7,393	15%	13%	8%
Gross Profit Margin	12.6%	-20 bps	-20 bps	flat
Operating Income	$287	24%	21%	22%
Operating Margin	3.9%	30 bps	30 bps	50 bps
Non-GAAP Operating Income	$318	19%	15%	17%
Non-GAAP Operating Margin	4.3%	10 bps	10 bps	30 bps
Net Income	$170	70%	67%	22%
Diluted EPS	$1.92	73%	69%	23%
Non-GAAP Net Income	$195	23%	19%	16%
Non-GAAP Diluted EPS	$2.20	24%	21%	17%

$ in millions, except per share data; may reflect rounding. Prior periods adjusted for new accounting standards.

- Consolidated sales were $7.39 billion
  - At the high end of our prior expectation of $7.0-$7.4 billion
  - Strengthening U.S. dollar negatively impacted sales by approximately $100 million within the quarter
- Consolidated gross profit margin was 12.6%
  - Decreased 20 basis points year over year due to enterprise computing solutions business mix offset by higher global components gross margin
  - Flat quarter over quarter
- Operating income margin was 3.9% and non-GAAP operating income margin was 4.3%
  - Operating expenses as a percentage of sales were 8.5%, down 40 basis points year over year
  - Non-GAAP operating expenses as a percentage of sales were 8.3%, down 40 basis points year over year
  - The decline in operating expense as a percentage of sales reflects the operational efficiencies we achieved to align our costs to our business mix
- Interest and other expense, net was $61 million
  - Above our prior expectation of $48 million
  - Increased $18 million year over year principally due to higher debt balances, and higher interest rates on floating-rate debt

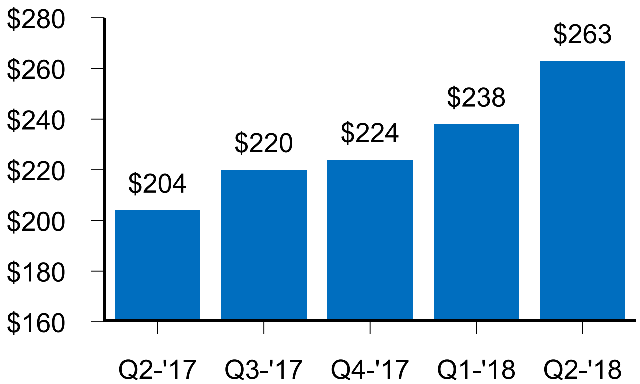
Second-Quarter 2018 CFO Commentary

- Effective tax rate for the quarter was 23.2%, and non-GAAP effective tax rate was 23.5%
  - Non-GAAP effective tax rate was at the low end of our longer term range of 23.5-25.5%
  - First half 2018 non-GAAP effective tax rate was 24.2%, within our long-term range
- Diluted shares outstanding were 89 million
  - In-line with our prior expectation of 89 million
- Diluted earnings per share were $1.92
  - Above our prior expectation of $1.78 - $1.90
- Non-GAAP diluted earnings per share were $2.20
  - At the high end of our prior expectation of $2.08 - $2.20
  - Strengthening U.S. dollar negatively impacted earnings per share by approximately $.08 within the quarter

A reconciliation of non-GAAP adjusted financial measures, including sales, as adjusted, operating income, as adjusted, net income attributable to shareholders, as adjusted, and net income per share, as adjusted, to GAAP financial measures is presented in the reconciliation tables included herein.

Components

Global



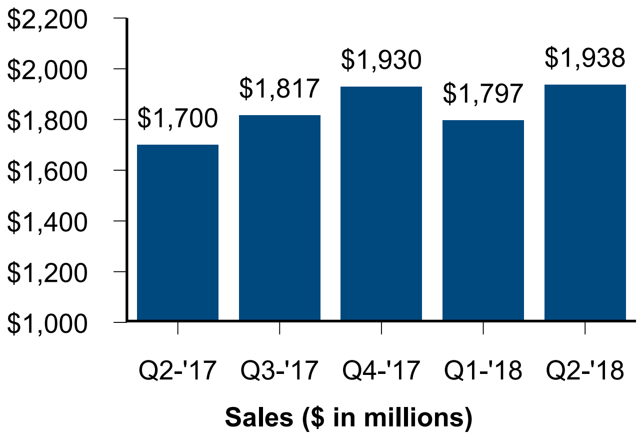
Non-GAAP Operating Income
($ in millions)

- Sales increased 18% year over year
  - Increased 16% year over year adjusted for acquisitions and changes in foreign currencies
- Lead times were largely unchanged from the first quarter of 2018 with some products extended
- Backlog increased year over year
- Book-to-bill was 1.08, down from 1.14 in the second quarter of 2017
- Cancellation rates remain within normal ranges
- Operating margin of 4.8% increased 40 basis points year over year
- Non-GAAP operating margin of 5.0% increased 40 basis points year over year
  - Margin increased in all three regions led by Europe
- Return on working capital increased 30 basis points year over year due to growing returns on working capital investments

Global components posted record second-quarter sales and operating income.

Components

Americas

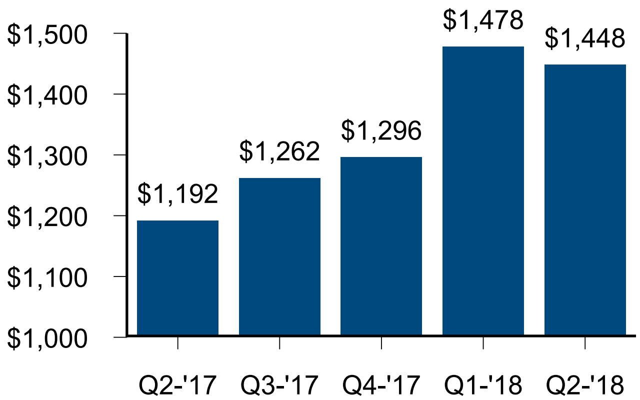


- Sales increased 14% year over year
  - Sales increased 13% adjusted for acquisitions and changes in foreign currencies
  - Record second-quarter sales
  - Strong growth in the industrial, consumer, and medical devices verticals year over year
  - Growth in the data processing and transportation verticals, and from large supply chain customers year over year

Americas components sales increased 14% year over year.

Components

Europe



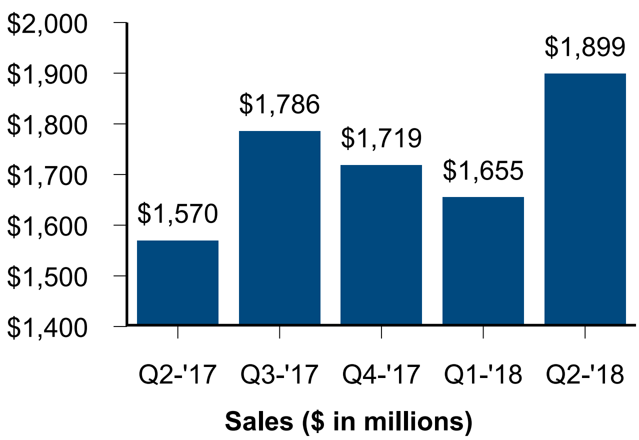
Sales ($ in millions)

- Sales increased 21% year over year
  - Sales increased 14% year over year adjusted for changes in foreign currencies
  - Record second-quarter sales
  - Strong growth in core components distribution, the aerospace and defense vertical, and from large supply chain customers year over year
  - Growth in the transportation vertical year over year

Europe components sales increased 21% year over year.

Components

Asia

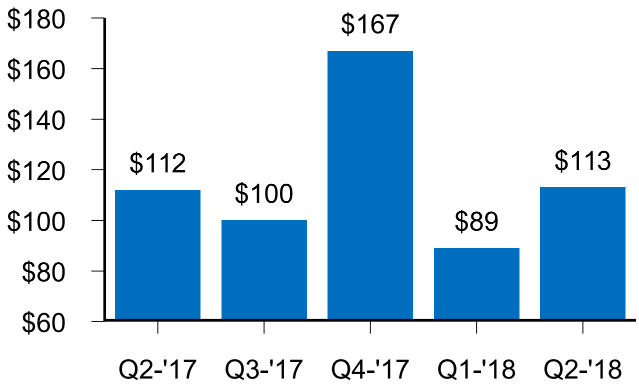


- Sales increased 21% year over year
  - Sales increased 20% adjusted for changes in foreign currencies
  - Record second-quarter sales
  - Strong growth in core components year over year
  - Strong growth in the IoT and transportation verticals, and from large supply chain customers year over year

Asia components sales increased 21% year over year.

Enterprise Computing Solutions

Global



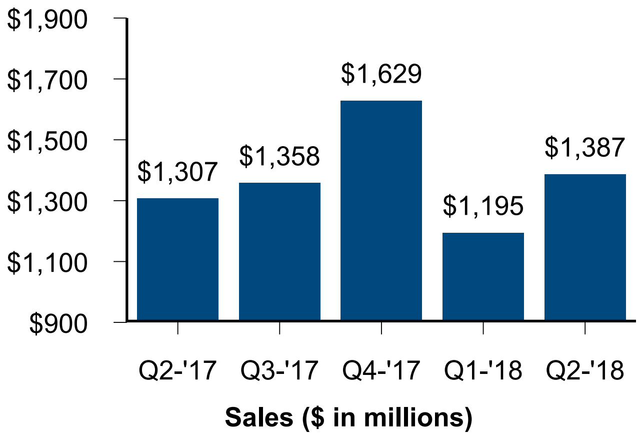
Non-GAAP Operating Income
($ in millions)

- Sales increased 8% year over year
  - Sales increased 7% year over year adjusted for changes in foreign currencies, an acquisition and two divestitures
- Billings increased at a high-single-digit rate year over year adjusted for changes in foreign currencies
- Operating margin of 5.2% decreased 20 basis points year over year
- Non-GAAP operating margin of 5.3% decreased 40 basis points year over year
  - The decrease was due to product and customer mix in the Americas region
- Return on working capital continues to excel
- Prior periods adjusted for new accounting standards

Enterprise computing solutions sales increased 8% year over year.

Enterprise Computing Solutions

Americas

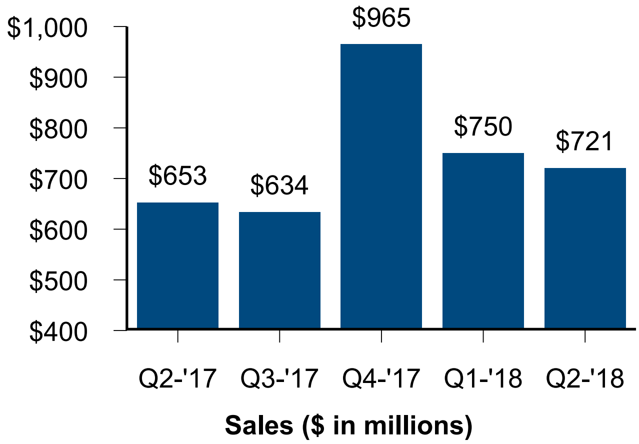


- Sales increased 11% year over year adjusted for a divestiture and changes in foreign currencies
  - Sales increased 6% year over year as reported
  - Strong growth in storage, industry-standard servers, and in the public sector year over year
  - Growth in services and in infrastructure software across the portfolio led by virtualization and security year over year
  - Proprietary servers and networking decreased year over year
- Prior periods adjusted for new accounting standards

ECS Americas sales increased 11% year over year adjusted for a divestiture and changes in foreign currencies.

Enterprise Computing Solutions

Europe



- Sales increased 10% year over year
  - Sales increased 1% year over year adjusted for changes in foreign currencies, an acquisition, and a divestiture
  - Strong growth in storage and industry-standard servers year over year
  - Growth in security year over year
  - Networking decreased year over year
- Prior periods adjusted for new accounting standards

ECS Europe sales increased 10% year over year.

Cash Flow from Operations

Cash flow from operating activities was negative $410 million due to a continued need to fund working capital investments to support growth. In addition, more than $200 million of the decrease was related to mismatched timing of receivables and inventory positions that has reversed during the third quarter.

Working Capital

Working capital to sales was 18.1% in the quarter, up 130 basis points year over year. Return on working capital was 23.7% in the quarter, down 110 basis points year over year.

Return on Invested Capital

Return on invested capital was 11.3% in the quarter, up 100 basis points year over year, and ahead of our weighted average cost of capital.

Share Buyback

We repurchased approximately 0.3 million shares of our stock for $20 million. Total cash returned to shareholders over the last 12 months was approximately $110 million.

Debt and Liquidity

Net-debt-to-last-12-months EBITDA ratio is approximately 2.6x. Total liquidity of $2.1 billion when including cash of $331 million.

We repurchased approximately $20 million of our stock in the second quarter.

Arrow Electronics Outlook

Guidance

We are expecting the average USD-to-Euro exchange rate for the third quarter of 2018 to be $1.17 to €1 compared with $1.18 to €1 in the third quarter of 2017. We are expecting interest expense will total approximately $53 million.

Third-Quarter 2018 Guidance

Consolidated Sales	$7.15 billion to $7.55 billion
Global Components	$5.25 billion to $5.45 billion
Global ECS	$1.9 billion to $2.1 billion
Diluted Earnings Per Share[1]	$1.79 to $1.91
Non-GAAP Diluted Earnings Per Share[1]	$2.09 to $2.21

[1] Assumes average diluted shares outstanding of 89 million, an average tax rate of 23.5 to 25.5%.

Risk Factors

The discussion of the company's business and operations should be read together with the risk factors contained in Item 1A of its 2017 Annual Report on Form 10-K, filed with the Securities and Exchange Commission, which describe various risks and uncertainties to which the company is or may become subject. If any of the described events occur, the company's business, results of operations, financial condition, liquidity, or access to the capital markets could be materially adversely affected.

Information Relating to Forward-Looking Statements

This press release includes forward-looking statements that are subject to numerous assumptions, risks, and uncertainties, which could cause actual results or facts to differ materially from such statements for a variety of reasons, including, but not limited to: industry conditions, company's implementation of its new enterprise resource planning system, changes in product supply, pricing and customer demand, competition, other vagaries in the global components and global enterprise computing solutions markets, changes in relationships with key suppliers, increased profit margin pressure, effects of additional actions taken to become more efficient or lower costs, risks related to the integration of acquired businesses, changes in legal and regulatory matters, and the company's ability to generate additional cash flow. Forward-looking statements are those statements which are not statements of historical fact. These forward-looking statements can be identified by forward-looking words such as "expects," "anticipates," "intends," "plans," "may," "will," "believes," "seeks," "estimates," and similar expressions. Shareholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The company undertakes no obligation to update publicly or revise any of the forward-looking statements.

For a further discussion of factors to consider in connection with these forward-looking statements, investors should refer to Item 1A Risk Factors of the company's Annual Report on Form 10-K for the year ended December 31, 2017.

Certain Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with accounting principles generally accepted in the United States ("GAAP"), the company also provides certain non-GAAP financial information relating to sales, operating income, net income attributable to shareholders, and net income per basic and diluted share. The company provides sales, income, or expense on a non-GAAP basis adjusted for the impact of changes in foreign currencies and the impact of acquisitions/ dispositions by adjusting the company's operating results for businesses acquired/disposed, including the amortization expense related to intangible assets, as if the acquisitions/dispositions had occurred at the beginning of the earliest period presented (referred to as "impact of acquisitions" and "impact of dispositions"). Operating income, net income attributable to shareholders, and net income per basic and diluted share are adjusted to exclude identifiable intangible amortization, restructuring, integration, and other charges, and certain charges, credits, gains, and losses that the company believes impact the comparability of its results of operations. These charges, credits, gains, and losses arise out of the company's efficiency enhancement initiatives, acquisitions/ dispositions (including intangible assets amortization expense), and financing activities. A reconciliation of the company's non-GAAP financial information to GAAP is set forth in the tables herein.

The company believes that such non-GAAP financial information is useful to investors to assist in assessing and understanding the company's operating performance and underlying trends in the company's business because management considers these items referred to above to be outside the company's core operating results. This non-GAAP financial information is among the primary indicators management uses as a basis for evaluating the company's financial and operating performance. In addition, the company's Board of Directors may use this non-GAAP financial information in evaluating management performance and setting management compensation.

The presentation of this additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for, or alternative to, operating income, net income attributable to shareholders and net income per basic and diluted share determined in accordance with GAAP. Analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

The company believes that such non-GAAP financial information is useful to investors to assist in assessing and understanding the company's operating performance.

Earnings Reconciliation

($ in thousands, except per share data)

Three months ended June 30, 2018

	Reported GAAP measure	Intangible amortization expense	Restructuring & Integration charges	Other*	Non-GAAP measure
Operating income	$ 286,827	$ 11,955	$ 19,183	$ —	$ 317,965
Income before income taxes	222,721	11,955	19,183	2,563	256,422
Provision for income taxes	51,681	3,211	4,689	631	60,212
Consolidated net income	171,040	8,744	14,494	1,932	196,210
Noncontrolling interests	1,125	149	—	—	1,274
Net income attributable to shareholders	$ 169,915	$ 8,595	$ 14,494	$ 1,932	$ 194,936
Net income per diluted share	$ 1.92	$ 0.10	$ 0.16	$ 0.02	$ 2.20
Effective tax rate	23.2%				23.5%

Three months ended July 1, 2017 (Adjusted)

	Reported GAAP measure	Intangible amortization expense	Restructuring & Integration charges	Other **	Non-GAAP measure
Operating income	$ 230,446	$ 12,364	$ 24,416	$ —	$ 267,226
Income before income taxes	130,239	12,364	24,416	56,496	223,515
Provision for income taxes	29,592	4,388	7,576	21,794	63,350
Consolidated net income	100,647	7,976	16,840	34,702	160,165
Noncontrolling interests	925	157	—	—	1,082
Net income attributable to shareholders	$ 99,722	$ 7,819	$ 16,840	$ 34,702	$ 159,083
Net income per diluted share****	$ 1.11	$ 0.09	$ 0.19	$ 0.39	$ 1.77
Effective tax rate	22.7%				28.3%

Three months ended March 31, 2018

	Reported GAAP measure	Intangible amortization expense	Restructuring & Integration charges	Other***	Non-GAAP measure
Operating income	$ 235,995	$ 13,520	$ 21,171	$ 1,562	$ 272,248
Income before income taxes	186,460	13,520	21,171	4,014	225,165
Provision for income taxes	46,590	3,604	5,535	782	56,511
Consolidated net income	139,870	9,916	15,636	3,232	168,654
Noncontrolling interests	776	153	—	—	929
Net income attributable to shareholders	$ 139,094	$ 9,763	$ 15,636	$ 3,232	$ 167,725
Net income per diluted share****	$ 1.56	$ 0.11	$ 0.18	$ 0.04	$ 1.88
Effective tax rate	25.0%				25.1%

** Other includes gain (loss) on investments, net.*

*** Other includes gain (loss) on investments, net and loss on extinguishment of debt.*

**** Other includes loss on disposition of businesses and gain (loss) on investments, net.*

***** The sum of the components for diluted EPS, as adjusted may not agree to totals, as presented, due to rounding.*