

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number 1-4482

ARROW ELECTRONICS INC

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of
incorporation or organization)

9201 East Dry Creek Road

Centennial CO

(Address of principal executive offices)

11-1806155

(I.R.S. Employer
Identification Number)

80112

(Zip Code)

(303) 824-4000

(Registrant's telephone number, including area code)

No Changes

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of the exchange on which registered
Common Stock, \$1 par value	ARW	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 61,508,257 shares of Common Stock outstanding as of October 27, 2022.

ARROW ELECTRONICS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ARROW ELECTRONICS, INC. **CONSOLIDATED STATEMENTS OF OPERATIONS** (In thousands except per share data) (Unaudited)

	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Sales	\$ 9,266,432	\$ 8,512,391	\$ 27,801,399	\$ 25,460,941
Cost of sales	8,079,520	7,436,619	24,170,769	22,454,954
Gross profit	1,186,912	1,075,772	3,630,630	3,005,987
Operating expenses:				
Selling, general, and administrative expenses	634,353	625,883	1,931,918	1,802,534
Depreciation and amortization	46,230	48,054	141,787	146,924
Restructuring, integration, and other charges (credits)	3,635	(3,030)	11,027	11,639
	684,218	670,907	2,084,732	1,961,097
Operating income	502,694	404,865	1,545,898	1,044,890
Equity in earnings of affiliated companies	1,718	1,151	4,726	2,185
Gain (loss) on investments, net	(3,480)	1,386	(11,213)	10,905
Employee benefit plan expense, net	(890)	(1,256)	(2,614)	(3,924)
Interest and other financing expense, net	(50,936)	(32,667)	(123,427)	(97,008)
Income before income taxes	449,106	373,479	1,413,370	957,048
Provision for income taxes	105,500	82,929	332,273	218,068
Consolidated net income	343,606	290,550	1,081,097	738,980
Noncontrolling interests	1,207	523	3,615	1,991
Net income attributable to shareholders	\$ 342,399	\$ 290,027	\$ 1,077,482	\$ 736,989
Net income per share:				
Basic	\$ 5.33	\$ 4.05	\$ 16.31	\$ 10.04
Diluted	\$ 5.27	\$ 4.00	\$ 16.12	\$ 9.92
Weighted-average shares outstanding:				
Basic	64,228	71,671	66,055	73,426
Diluted	64,979	72,571	66,845	74,313

See accompanying notes.

ARROW ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Consolidated net income	\$ 343,606	\$ 290,550	\$ 1,081,097	\$ 738,980
Other comprehensive income (loss):				
Foreign currency translation adjustment and other, net of taxes	(202,716)	(47,385)	(473,826)	(95,607)
Unrealized gain on foreign exchange contracts designated as net investment hedges, net of taxes	11,347	5,318	25,023	10,847
Unrealized gain on interest rate swaps designated as cash flow hedges, net of taxes	7,303	3,146	27,187	20,138
Employee benefit plan items, net of taxes	117	499	305	1,481
Other comprehensive loss	(183,949)	(38,422)	(421,311)	(63,141)
Comprehensive income	159,657	252,128	659,786	675,839
Less: Comprehensive loss attributable to non-controlling interests	(878)	(389)	(1,475)	(324)
Comprehensive income attributable to shareholders	\$ 160,535	\$ 252,517	\$ 661,261	\$ 676,163

See accompanying notes.

ARROW ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands except par value)
(Unaudited)

	October 1, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 333,985	\$ 222,194
Accounts receivable, net	11,218,611	11,123,946
Inventories	5,083,378	4,201,965
Other current assets	495,145	345,218
Total current assets	17,131,119	15,893,323
Property, plant, and equipment, at cost:		
Land	5,691	5,736
Buildings and improvements	184,091	186,097
Machinery and equipment	1,544,457	1,523,919
	1,734,239	1,715,752
Less: Accumulated depreciation and amortization	(1,138,372)	(1,032,941)
Property, plant, and equipment, net	595,867	682,811
Investments in affiliated companies	66,358	63,695
Intangible assets, net	166,388	195,029
Goodwill	1,979,233	2,080,371
Other assets	566,764	620,311
Total assets	\$ 20,505,729	\$ 19,535,540
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 9,540,449	\$ 9,617,084
Accrued expenses	1,273,097	1,326,386
Short-term borrowings, including current portion of long-term debt	604,521	382,619
Total current liabilities	11,418,067	11,326,089
Long-term debt	3,187,025	2,244,443
Other liabilities	597,951	624,162
Commitments and contingencies (Note K)		
Equity:		
Shareholders' equity:		
Common stock, par value \$1:		
Authorized - 160,000 shares in both 2022 and 2021		
Issued - 125,424 shares in both 2022 and 2021	125,424	125,424
Capital in excess of par value	1,201,185	1,189,845
Treasury stock (63,324 and 57,358 shares in 2022 and 2021, respectively), at cost	(4,338,414)	(3,629,265)
Retained earnings	8,865,430	7,787,948
Accumulated other comprehensive loss	(607,878)	(191,657)
Total shareholders' equity	5,245,747	5,282,295
Noncontrolling interests	56,939	58,551
Total equity	5,302,686	5,340,846
Total liabilities and equity	\$ 20,505,729	\$ 19,535,540

See accompanying notes.

ARROW ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Cash flows from operating activities:		
Consolidated net income	\$ 1,081,097	\$ 738,980
Adjustments to reconcile consolidated net income to net cash provided by (used for) operations:		
Depreciation and amortization	141,787	146,924
Amortization of stock-based compensation	35,009	29,606
Equity in earnings of affiliated companies	(4,726)	(2,185)
Deferred income taxes	1,468	9,354
Loss (gain) on investments, net	11,213	(10,820)
Other	2,673	7,672
Change in assets and liabilities:		
Accounts receivable, net	(628,974)	(262,272)
Inventories	(1,011,763)	(581,766)
Accounts payable	166,602	136,329
Accrued expenses	192,759	174,583
Other assets and liabilities	(128,909)	4,685
Net cash provided by (used for) operating activities	(141,764)	391,090
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(54,780)	(62,285)
Proceeds from sale of property, plant, and equipment	—	22,171
Proceeds from collections of notes receivable	20,805	373
Net cash used for investing activities	(33,975)	(39,741)
Cash flows from financing activities:		
Change in short-term and other borrowings	276,516	(15,986)
Proceeds from long-term bank borrowings, net	1,238,268	289,235
Redemption of notes	(350,000)	(130,860)
Proceeds from exercise of stock options	16,434	44,938
Repurchases of common stock	(725,254)	(661,548)
Other	(137)	(159)
Net cash provided by (used for) financing activities	455,827	(474,380)
Effect of exchange rate changes on cash	(168,297)	(34,652)
Net increase (decrease) in cash and cash equivalents	111,791	(157,683)
Cash and cash equivalents at beginning of period	222,194	373,615
Cash and cash equivalents at end of period	\$ 333,985	\$ 215,932

See accompanying notes.

ARROW ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)
(Unaudited)

	Common Stock at Par Value	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance at December 31, 2021	\$ 125,424	\$ 1,189,845	\$ (3,629,265)	\$ 7,787,948	\$ (191,657)	\$ 58,551	\$ 5,340,846
Consolidated net income	—	—	—	364,749	—	1,247	365,996
Other comprehensive loss	—	—	—	—	(41,312)	(869)	(42,181)
Amortization of stock-based compensation	—	17,351	—	—	—	—	17,351
Shares issued for stock-based compensation awards	—	(20,601)	31,903	—	—	—	11,302
Repurchases of common stock	—	—	(264,431)	—	—	—	(264,431)
Balance at April 2, 2022	\$ 125,424	\$ 1,186,595	\$ (3,861,793)	\$ 8,152,697	\$ (232,969)	\$ 58,929	\$ 5,428,883
Consolidated net income	—	—	—	370,334	—	1,161	371,495
Other comprehensive loss	—	—	—	—	(193,045)	(2,136)	(195,181)
Amortization of stock-based compensation	—	13,885	—	—	—	—	13,885
Shares issued for stock-based compensation awards	—	(1,950)	6,320	—	—	—	4,370
Repurchases of common stock	—	—	(225,032)	—	—	—	(225,032)
Distributions	—	—	—	—	—	(137)	(137)
Balance at July 2, 2022	\$ 125,424	\$ 1,198,530	\$ (4,080,505)	\$ 8,523,031	\$ (426,014)	\$ 57,817	\$ 5,398,283
Consolidated net income	—	—	—	342,399	—	1,207	343,606
Other comprehensive loss	—	—	—	—	(181,864)	(2,085)	(183,949)
Amortization of stock-based compensation	—	3,773	—	—	—	—	3,773
Shares issued for stock-based compensation awards	—	(1,118)	1,880	—	—	—	762
Repurchases of common stock	—	—	(259,789)	—	—	—	(259,789)
Balance at October 1, 2022	\$ 125,424	\$ 1,201,185	\$ (4,338,414)	\$ 8,865,430	\$ (607,878)	\$ 56,939	\$ 5,302,686

	Common Stock at Par Value	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance at December 31, 2020	\$ 125,424	\$ 1,165,850	\$ (2,776,821)	\$ 6,679,751	\$ (104,885)	\$ 59,633	\$ 5,148,952
Consolidated net income	—	—	—	206,321	—	907	207,228
Other comprehensive loss	—	—	—	—	(18,576)	(1,853)	(20,429)
Amortization of stock-based compensation	—	13,223	—	—	—	—	13,223
Shares issued for stock-based compensation awards	—	(12,519)	38,610	—	—	—	26,091
Repurchases of common stock	—	—	(160,619)	—	—	—	(160,619)
Balance at April 3, 2021	\$ 125,424	\$ 1,166,554	\$ (2,898,830)	\$ 6,886,072	\$ (123,461)	\$ 58,687	\$ 5,214,446
Consolidated net income	—	—	—	240,641	—	561	241,202
Other comprehensive income (loss)	—	—	—	—	(4,740)	450	(4,290)
Amortization of stock-based compensation	—	8,744	—	—	—	—	8,744
Shares issued for stock-based compensation awards	—	172	15,054	—	—	—	15,226
Repurchases of common stock	—	—	(250,708)	—	—	—	(250,708)
Distributions	—	—	—	—	—	(159)	(159)
Balance at July 3, 2021	\$ 125,424	\$ 1,175,470	\$ (3,134,484)	\$ 7,126,713	\$ (128,201)	\$ 59,539	\$ 5,224,461
Consolidated net income	—	—	—	290,027	—	523	290,550
Other comprehensive loss	—	—	—	—	(37,510)	(912)	(38,422)
Amortization of stock-based compensation	—	7,639	—	—	—	—	7,639
Shares issued for stock-based compensation awards	—	(100)	3,721	—	—	—	3,621
Repurchases of common stock	—	—	(250,221)	—	—	—	(250,221)
Balance at October 2, 2021	\$ 125,424	\$ 1,183,009	\$ (3,380,984)	\$ 7,416,740	\$ (165,711)	\$ 59,150	\$ 5,237,628

See accompanying notes.

ARROW ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A – Basis of Presentation

The accompanying consolidated financial statements of Arrow Electronics, Inc. (the "company") were prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and reflect all adjustments of a normal recurring nature, which are, in the opinion of management, necessary for a fair presentation of the consolidated financial position and results of operations at, and for the periods presented. The consolidated results of operations for the interim periods are not necessarily indicative of results for the full year.

These consolidated financial statements do not include all of the information or notes necessary for a complete presentation and, accordingly, should be read in conjunction with the company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2021, as filed in the company's Annual Report on Form 10-K.

Quarter End

The company operates on a quarterly calendar that closes on the Saturday closest to the end of the calendar quarter, except for the fourth quarter, which closes on December 31, 2022.

Reclassification

Certain prior period amounts were reclassified to conform to the current period presentation. These reclassifications did not have a material impact on previously reported amounts.

Note B – Impact of Recently Issued Accounting Standards

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50) Disclosure of Supplier Finance Program Obligations ("ASU No. 2022-04"). ASU No. 2022-04 requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, and potential magnitude. The amendments in this ASU will be applied retrospectively to each period in which a balance sheet is presented, with the exception of a new requirement to disclose a rollforward of program activity, which will be applied prospectively. The amendments in the ASU are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The company is currently evaluating the potential effects of adopting the provisions of ASU No. 2022-04.

Note C – Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. The company tests goodwill and other indefinite-lived intangible assets for impairment annually as of the first day of the fourth quarter, or more frequently if indicators of potential impairment exist.

Goodwill of companies acquired, allocated to the company's business segments, is as follows:

(thousands)	Global Components	Global ECS	Total
Balance as of December 31, 2021 (a)	\$ 882,948	\$ 1,197,423	\$ 2,080,371
Foreign currency translation adjustment	(20,637)	(80,501)	(101,138)
Balance as of October 1, 2022 (a)	\$ 862,311	\$ 1,116,922	\$ 1,979,233

- (a) The total carrying value of goodwill as of October 1, 2022 and December 31, 2021 in the table above is reflected net of \$1.6 billion of accumulated impairment charges, of which \$1.3 billion was recorded in the global components business segment and \$301.9 million was recorded in the global enterprise computing solutions ("ECS") business segment.

ARROW ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Intangible assets, net, are comprised of the following as of October 1, 2022:

(thousands)	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 290,823	\$ (162,578)	\$ 128,245
Amortizable trade name	74,000	(35,857)	38,143
	<u>\$ 364,823</u>	<u>\$ (198,435)</u>	<u>\$ 166,388</u>

Intangible assets, net, are comprised of the following as of December 31, 2021:

(thousands)	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 322,335	\$ (173,123)	\$ 149,212
Amortizable trade name	74,049	(28,232)	45,817
	<u>\$ 396,384</u>	<u>\$ (201,355)</u>	<u>\$ 195,029</u>

During the third quarter of 2022 and 2021, the company recorded amortization expense related to identifiable intangible assets of \$8.7 million and \$9.2 million, respectively. During the first nine months of 2022 and 2021 amortization expense related to identifiable intangible assets was \$26.5 million and \$27.8 million, respectively.

Note D – Investments in Affiliated Companies

The company owns a 50% interest in two joint ventures with Marubun Corporation (collectively "Marubun/Arrow") and a 50% interest in one other joint venture. These investments are accounted for using the equity method.

The following table presents the company's investment in affiliated companies:

(thousands)	October 1, 2022	December 31, 2021
Marubun/Arrow	\$ 56,563	\$ 53,415
Other	9,795	10,280
	<u>\$ 66,358</u>	<u>\$ 63,695</u>

The equity in earnings of affiliated companies consists of the following:

(thousands)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Marubun/Arrow	\$ 1,374	\$ 805	\$ 3,914	\$ 1,697
Other	344	346	812	488
	<u>\$ 1,718</u>	<u>\$ 1,151</u>	<u>\$ 4,726</u>	<u>\$ 2,185</u>

Under the terms of various joint venture agreements, the company is required to pay its pro-rata share of the third-party debt of the joint ventures in the event that the joint ventures are unable to meet their obligations. There were no outstanding borrowings under the third-party debt agreements of the joint ventures as of October 1, 2022 and December 31, 2021.

ARROW ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note E – Accounts Receivable

Accounts receivable, net, consists of the following:

(thousands)	October 1, 2022	December 31, 2021
Accounts receivable	\$ 11,307,836	\$ 11,199,847
Allowances for doubtful accounts	(89,225)	(75,901)
Accounts receivable, net	\$ 11,218,611	\$ 11,123,946

Changes in the allowance for doubtful accounts consists of the following:

(thousands)	Nine Months Ended	
	October 1, 2022	October 2, 2021
Balance at beginning of period	\$ 75,901	\$ 92,792
Charged to income	26,869	5,760
Translation adjustments	(3,660)	(1,164)
Writeoffs	(9,885)	(19,173)
Balance at end of period	\$ 89,225	\$ 78,215

The company monitors the current credit condition of its customers in estimating the expected credit losses and has not experienced significant changes in customers' payment trends or significant deterioration in customers' credit risk as of October 1, 2022.

The company has an EMEA asset securitization program under which it continuously sells its interest in designated pools of trade accounts receivables of certain of its subsidiaries in Europe, the Middle East, and Africa ("EMEA"), at a discount, to a special purpose entity, which in turn sells certain of the receivables to unaffiliated financial institutions and conduits administered by such unaffiliated financial institutions ("unaffiliated financial institutions") on a monthly basis. In September 2022, the company amended its EMEA asset securitization program to increase its borrowing capacity from €400 million to €600 million and extend its maturity to December 2025, among other things. The program is conducted through Arrow EMEA Funding Corp B.V., an entity structured to be bankruptcy remote. The company is deemed the primary beneficiary of Arrow EMEA Funding Corp B.V. as the company has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive the benefits that could potentially be significant to the entity from the transfer of the trade accounts receivables into the special purpose entity. Accordingly, Arrow EMEA Funding Corp B.V. is included in the company's consolidated financial statements.

Sales of accounts receivables to unaffiliated financial institutions under the EMEA asset securitization program:

(thousands)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
EMEA asset securitization, sales of accounts receivables	\$ 834,456	\$ 546,125	\$ 1,943,723	\$ 1,608,388

Receivables sold to unaffiliated financial institutions under the program are excluded from "Accounts receivable, net" on the company's consolidated balance sheets, and cash receipts are reflected as cash provided by operating activities on the consolidated statements of cash flows. The purchase price is paid in cash when the receivables are sold. Certain unsold receivables held by Arrow EMEA Funding Corp B.V. are pledged as collateral to unaffiliated financial institutions. These unsold receivables are included in "Accounts receivable, net" in the company's consolidated balance sheets.

The company continues servicing the receivables which were sold and in exchange receives a servicing fee under the program. The company does not record a servicing asset or liability on the company's consolidated balance sheets as the company estimates that the fee it receives to service these receivables approximates the fair market compensation to provide the servicing activities.

ARROW ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Other amounts related to the EMEA asset securitization program:

(thousands)	October 1, 2022	December 31, 2021
Receivables sold to unaffiliated financial institutions that were uncollected	\$ 586,132	\$ 453,292
Collateralized accounts receivable held by Arrow EMEA funding Corp B.V.	916,516	745,965

Any accounts receivables held by Arrow EMEA Funding Corp B.V. would likely not be available to other creditors of the company in the event of bankruptcy or insolvency proceedings relating to the company if there are outstanding balances under the EMEA asset securitization program. The assets of Arrow EMEA Funding Corp B.V. cannot be used by the company for general corporate purposes. Additionally, the financial obligations of Arrow EMEA Funding Corp B.V. to the unaffiliated financial institutions under the program are limited to the assets it owns and there is no recourse to Arrow Electronics, Inc. for receivables that are uncollectible as a result of the insolvency of Arrow EMEA Funding Corp B.V. or its inability to pay the account debtors.

The EMEA asset securitization program includes terms and conditions that limit the incurrence of additional borrowings and require that certain financial ratios be maintained at designated levels. As of October 1, 2022, the company was in compliance with all such financial covenants.

Note F – Debt

Short-term borrowings, including current portion of long-term debt, consist of the following:

(thousands)	October 1, 2022	December 31, 2021
3.50% notes, due April 2022	\$ —	\$ 349,779
4.50% notes, due March 2023	299,739	—
Commercial Paper	264,577	—
Other short-term borrowings	40,205	32,840
	\$ 604,521	\$ 382,619

Other short-term borrowings are primarily utilized to support working capital requirements. The weighted-average interest rate on these borrowings was 1.76% and 1.41% at October 1, 2022 and December 31, 2021, respectively.

The company has \$200.0 million in uncommitted lines of credit. There were no outstanding borrowings under the uncommitted lines of credit at October 1, 2022 and December 31, 2021. These borrowings were provided on a short-term basis and the maturity is agreed upon between the company and the lender. The uncommitted lines of credit had a weighted-average effective interest rate of 3.44% and 1.50% at October 1, 2022 and December 31, 2021, respectively.

The company has a commercial paper program, and the maximum aggregate balance of commercial paper outstanding may not exceed the borrowing capacity of \$1.2 billion. Amounts outstanding under the commercial paper program are backstopped by available commitments under the company's revolving credit facility. The company had \$264.6 million in outstanding borrowings under this program at October 1, 2022. There were no outstanding borrowings under this program at December 31, 2021. The commercial paper program had an effective interest rate of 3.85% and 0.29% at October 1, 2022 and December 31, 2021, respectively.

ARROW ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Long-term debt consists of the following:

(thousands)	October 1, 2022	December 31, 2021
North American asset securitization program	\$ 1,240,000	\$ —
4.50% notes, due 2023	—	299,283
3.25% notes, due 2024	497,853	497,060
4.00% notes, due 2025	348,170	347,657
7.50% senior debentures, due 2027	110,082	110,021
3.875% notes, due 2028	496,289	495,823
2.95% notes, due 2032	494,395	494,022
Other obligations with various interest rates and due dates	236	577
	<u>\$ 3,187,025</u>	<u>\$ 2,244,443</u>

The 7.50% senior debentures are not redeemable prior to their maturity. All other notes may be called at the option of the company subject to “make whole” clauses.

The estimated fair market value of long-term debt, using quoted market prices, is as follows:

(thousands)	October 1, 2022	December 31, 2021
4.50% notes, due 2023	\$ —	\$ 309,000
3.25% notes, due 2024	481,500	522,000
4.00% notes, due 2025	337,000	374,000
7.50% senior debentures, due 2027	118,000	136,000
3.875% notes, due 2028	451,500	542,500
2.95% notes, due 2032	383,000	504,500

The carrying amount of the company’s other short-term borrowings, revolving credit facility, 4.50% notes due in 2023, North American asset securitization program, commercial paper, and other obligations approximate their fair value.

The company has a \$2.0 billion revolving credit facility maturing in September 2026. The facility may be used by the company for general corporate purposes including working capital in the ordinary course of business, letters of credit, repayment, prepayment or purchase of long-term indebtedness, acquisitions, and as support for the company's commercial paper program, as applicable. Interest on borrowings under the revolving credit facility is calculated using a base rate or a Eurocurrency rate plus a spread (1.08% at October 1, 2022), which is based on the company’s credit ratings, or a weighted-average effective interest rate of 3.23% at October 1, 2022. The facility fee, which is based on the company’s credit ratings, was 0.175% of the total borrowing capacity at October 1, 2022. The company had no outstanding borrowings under the revolving credit facility at October 1, 2022 and December 31, 2021.

The company has a North American asset securitization program collateralized by accounts receivable of certain of its subsidiaries. In September 2022, the company amended its asset securitization program to increase its borrowing capacity from \$1.25 billion to \$1.5 billion and extend its maturity to September 2025, among other things. The program is conducted through Arrow Electronics Funding Corporation (“AFC”), a wholly-owned, bankruptcy remote subsidiary. The North American asset securitization program does not qualify for sale treatment. Accordingly, the accounts receivable and related debt obligation remain on the company’s consolidated balance sheets. Interest on borrowings is calculated using a base rate plus a spread (0.40% at October 1, 2022) plus a credit spread adjustment of 0.10% or an effective interest rate of 3.54% at October 1, 2022. The facility fee is 0.40% of the total borrowing capacity.

The company had \$1.2 billion in outstanding borrowings under the North American asset securitization program at October 1, 2022, which was included in “Long-term debt” in the company’s consolidated balance sheets. There were no outstanding borrowings under the North American asset securitization program at December 31, 2021. Total collateralized accounts receivable of approximately \$2.8 billion and \$2.7 billion were held by AFC and were included in “Accounts receivable, net” in

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the company's consolidated balance sheets at October 1, 2022 and December 31, 2021, respectively. Any accounts receivable held by AFC would likely not be available to other creditors of the company in the event of bankruptcy or insolvency proceedings of the company before repayment of any outstanding borrowings under the North American asset securitization program.

Both the revolving credit facility and North American asset securitization program include terms and conditions that limit the incurrence of additional borrowings and require that certain financial ratios be maintained at designated levels. As of October 1, 2022, the company was in compliance with all such financial covenants.

During February 2022, the company repaid \$350.0 million principal amount of its 3.50% notes due April 2022.

During the fourth quarter of 2021, the company completed the sale of \$500.0 million principal amount of 2.95% notes due in February 2032. The net proceeds of the offering of \$495.1 million were used to repay the \$350.0 million principal amount of its 3.50% notes due April 2022 and for general corporate purposes.

During March 2021, the company repaid \$130.9 million principal amount of its 5.125% notes due March 2021.

In the normal course of business, certain of the company's subsidiaries have agreements to sell, without recourse, selected trade receivables to financial institutions. The company does not retain financial or legal interests in these receivables, and, accordingly they are accounted for as sales of the related receivables, and the receivables are removed from the company's consolidated balance sheets.

Interest and other financing expense, net, includes interest and dividend income of \$8.3 million and \$18.8 million for the third quarter and first nine months of 2022, respectively, and \$4.0 million and \$11.9 million for the third quarter and first nine months of 2021, respectively.

Note G – Financial Instruments Measured at Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The company utilizes a fair value hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The fair value hierarchy has three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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The following table presents assets measured at fair value on a recurring basis at October 1, 2022:

(thousands)	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Cash equivalents (a)	Cash and cash equivalents	\$ 12,035	\$ —	\$ —	\$ 12,035
Equity investments (b)	Other assets	42,823	—	—	42,823
Interest rate swaps designated as cash flow hedges	Other assets	—	55,011	—	55,011
Foreign exchange contracts designated as net investment hedges	Other assets/ other current assets	—	80,213	—	80,213
		<u>\$ 54,858</u>	<u>\$ 135,224</u>	<u>\$ —</u>	<u>\$ 190,082</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2021:

(thousands)	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Cash equivalents (a)	Cash and cash equivalents/ other assets	\$ 4,812	\$ —	\$ —	\$ 4,812
Equity investments (b)	Other assets	56,985	—	—	56,985
Interest rate swaps designated as cash flow hedges	Other assets	—	21,831	—	21,831
Foreign exchange contracts designated as net investment hedges	Other assets	—	40,612	—	40,612
		<u>\$ 61,797</u>	<u>\$ 62,443</u>	<u>\$ —</u>	<u>\$ 124,240</u>

(a) Cash equivalents include highly liquid investments with an original maturity of less than three months.

(b) The company has an 8.4% equity ownership interest in Marubun Corporation and a portfolio of mutual funds with quoted market prices. The company recorded an unrealized loss of \$2.1 million and \$12.4 million for the third quarter and first nine months of 2022, respectively, on equity securities held at the end of the quarter. The company recorded an unrealized gain of \$1.8 million and \$6.9 million for the third quarter and first nine months of 2021, respectively, on equity securities held at the end of the quarter.

Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to goodwill and identifiable intangible assets (see Note C). The company tests these assets for impairment if indicators of potential impairment exist or at least annually if indefinite-lived.

Derivative Instruments

The company uses various financial instruments, including derivative instruments, for purposes other than trading. Certain derivative instruments are designated at inception as hedges and measured for effectiveness both at inception and on an ongoing basis. Derivative instruments not designated as hedges are marked-to-market each reporting period with any unrealized gains or losses recognized in earnings.

Interest Rate Swaps

The company manages the risk of variability in interest rates of future expected debt issuances by entering into various forward-starting interest rate swaps, designated as cash flow hedges. Changes in fair value of interest rate swaps are recorded in the shareholders' equity section in the company's consolidated balance sheets in "Accumulated other comprehensive loss" and will be reclassified into income over the life of the anticipated debt issuance or in the period the hedged forecasted cash flows are deemed no longer probable to occur. Gains and losses on interest rate swaps are recorded within the line item "Interest and other financing expense, net" in the consolidated statements of operations. The fair value of interest rate swaps is estimated using a discounted cash flow analysis on the expected cash flows of each derivative based on observable inputs, including interest rate curves and credit spreads.

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At October 1, 2022 and December 31, 2021, the company had the following outstanding interest rate swaps designated as cash flow hedges:

Trade Date	Maturity Date	Notional Amount (thousands)	Weighted-Average Interest Rate	Date Range of Forecasted Transaction
April 2020	December 2024	\$300,000	0.97%	Jan 2023 - Dec 2025

Foreign Exchange Contracts

The company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase the product. The company's primary exposures to such transactions are denominated primarily in the following currencies: Euro, Indian Rupee, and Chinese Renminbi. The company enters into foreign exchange forward, option, or swap contracts (collectively, the "foreign exchange contracts") to facilitate the hedging of foreign currency exposures resulting from inventory purchases and sales and mitigate the impact of changes in foreign currency exchange rates related to these transactions. Foreign exchange contracts generally have terms of no more than six months. The company does not enter into foreign exchange contracts for trading purposes. The risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the company minimizes by limiting its counterparties to major financial institutions. The fair value of the foreign exchange contracts is estimated using foreign currency spot rates and forward rates quotes by third-party financial institutions. The notional amount of the foreign exchange contracts inclusive of foreign exchange contracts designated as a net investment hedge at October 1, 2022 and December 31, 2021 was \$1.2 billion and \$1.1 billion, respectively.

Gains and losses related to non-designated foreign currency exchange contracts are recorded in "Cost of sales" in the company's consolidated statements of operations. Gains and losses related to foreign currency exchange contracts designated as cash flow hedges are recorded in "Cost of sales," "Selling, general, and administrative expenses," and "Interest and other financing expense, net" based upon the nature of the underlying hedged transaction, in the company's consolidated statements of operations. Gains or losses on these contracts are deferred and recognized when the underlying future purchase or sale is recognized or when the corresponding asset or liability is revalued, and were not material to the financial statements for the periods presented.

At October 1, 2022 and December 31, 2021, the following foreign exchange contracts were designated as net investment hedges:

Maturity Date	Notional Amount (thousands)	
March 2023	EUR	50,000
September 2024	EUR	50,000
April 2025	EUR	100,000
January 2028	EUR	100,000
Total	EUR	300,000

The contracts above have been designated as a net investment hedge which is in place to hedge a portion of the company's net investment in subsidiaries with euro-denominated net assets. The change in the fair value of derivatives designated as net investment hedges are recorded in "foreign currency translation adjustment" ("CTA") within "Accumulated other comprehensive loss" in the company's consolidated balance sheets. Amounts excluded from the assessment of hedge effectiveness are included in "Interest and other financing expense, net" in the company's consolidated statements of operations.

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The effects of derivative instruments on the company's consolidated statements of operations and other comprehensive income are as follows:

(thousands)	Income Statement Line	Quarter Ended		Nine Months Ended	
		October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Gain (Loss) Recognized in Income					
Foreign exchange contracts, net investment hedge (a)	Interest Expense	\$ 2,202	\$ 2,202	\$ 6,604	\$ 6,604
Interest rate swaps, cash flow hedge	Interest Expense	(906)	(1,853)	(2,671)	(2,560)
Total		\$ 1,296	\$ 349	\$ 3,933	\$ 4,044
Gain Recognized in Other Comprehensive Income before reclassifications, net of tax					
Foreign exchange contracts, net investment hedge (b)		\$ 13,016	\$ 6,988	\$ 30,031	\$ 15,861
Interest rate swaps, cash flow hedge		6,616	1,760	25,161	18,225
Total		\$ 19,632	\$ 8,748	\$ 55,192	\$ 34,086

- (a) Represents derivative amounts excluded from the assessment of effectiveness for the net investment hedges reclassified from CTA to "Interest and other financing expenses, net".
- (b) Includes derivative gains (losses) of \$(1.0) million and \$(3.5) million for the third quarter and first nine months of 2022, respectively, and \$0.9 million and \$0.2 million for the third quarter and first nine months of 2021, respectively, which were excluded from the assessment of effectiveness for the net investment hedges and recognized in other comprehensive income, net of tax.

Other

The carrying amount of "cash and cash equivalents", "accounts receivable, net", and "accounts payable" approximate their fair value due to the short maturities of these financial instruments.

Note H – Restructuring, Integration, and Other Charges (Credits)

Restructuring initiatives and integration costs are due to the company's continued efforts to lower costs, drive operational efficiency, integrate any acquired businesses, and the consolidation of certain operations, as necessary. The following table presents the components of the restructuring, integration, and other charges (credits):

(thousands)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Restructuring and integration charges - current period actions	\$ 1,330	\$ 836	\$ 5,674	\$ 10,847
Restructuring and integration charges - actions taken in prior periods	870	144	1,776	1,638
Other charges (credits)	1,435	(4,010)	3,577	(846)
	\$ 3,635	\$ (3,030)	\$ 11,027	\$ 11,639

Restructuring and Integration Accrual Summary

The restructuring and integration accrual was \$8.4 million and \$11.2 million at October 1, 2022 and December 31, 2021, respectively. During the third quarter and first nine months of 2022, the company made \$3.9 million and \$10.9 million of

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payments related to restructuring and integration accruals, and recorded \$2.2 million and \$7.5 million in restructuring and integration charges, respectively. The remaining changes to the accrual related to changes in foreign exchange rates during the year. Substantially all amounts accrued at October 1, 2022, and all restructuring and integration charges for the first nine months of 2022, relate to the termination of personnel and are expected to be spent in cash within one year.

Other Charges (Credits)

Other charges (credits) for the first nine months of 2021 of \$(0.8) million include \$4.5 million in impairment related to various long lived assets.

Note I – Net Income per Share

The following table presents the computation of net income per share on a basic and diluted basis:

	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
(thousands except per share data)				
Net income attributable to shareholders	\$ 342,399	\$ 290,027	\$ 1,077,482	\$ 736,989
Weighted-average shares outstanding - basic	64,228	71,671	66,055	73,426
Net effect of various dilutive stock-based compensation awards	751	900	790	887
Weighted-average shares outstanding - diluted	64,979	72,571	66,845	74,313
Net income per share:				
Basic	\$ 5.33	\$ 4.05	\$ 16.31	\$ 10.04
Diluted (a)	\$ 5.27	\$ 4.00	\$ 16.12	\$ 9.92

- (a) Stock-based compensation awards for the issuance of 203.0 thousand and 53.2 thousand shares for the third quarter and first nine months of 2022, respectively, and 3.3 thousand and 2.6 thousand shares for the third quarter and first nine months of 2021, respectively, were excluded from the computation of net income per share on a diluted basis as their effect was anti-dilutive.

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Note J – Shareholders’ Equity

Accumulated Other Comprehensive Loss

The following table presents the changes in Accumulated other comprehensive income (loss), excluding noncontrolling interests:

(thousands)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Foreign Currency Translation Adjustment and Other:				
Other comprehensive loss before reclassifications (a)	\$ (200,163)	\$ (45,976)	\$ (467,465)	\$ (91,930)
Amounts reclassified into income	(468)	(497)	(1,271)	(1,362)
Unrealized Gain on Foreign Exchange Contracts Designated as Net Investment Hedges, Net:				
Other comprehensive income before reclassifications	13,016	6,988	30,031	15,861
Amounts reclassified into income	(1,669)	(1,670)	(5,008)	(5,014)
Unrealized Gain (Loss) on Interest Rate Swaps Designated as Cash Flow Hedges, Net:				
Other comprehensive income before reclassifications	6,616	1,760	25,161	18,225
Amounts reclassified into income	687	1,386	2,026	1,913
Employee Benefit Plan Items, Net:				
Amounts reclassified into income	117	499	305	1,481
Net change in Accumulated other comprehensive loss	<u>\$ (181,864)</u>	<u>\$ (37,510)</u>	<u>\$ (416,221)</u>	<u>\$ (60,826)</u>

- (a) Foreign currency translation adjustment includes intra-entity foreign currency transactions that are of a long-term investment nature of \$20.2 million and \$48.5 million for the third quarter and first nine months of 2022, and \$(7.5) million and \$(8.8) million for the third quarter and first nine months of 2021, respectively.

Share-Repurchase Program

The following table shows the company’s Board of Directors (the “Board”) approved share-repurchase programs as of October 1, 2022:

Share-Repurchase Details by Month of Board Approval (thousands)	Dollar Value Approved for Repurchase	Dollar Value of Shares Repurchased	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program
July 2020	\$ 600,000	\$ 600,000	\$ —
July 2021	600,000	600,000	—
December 2021	600,000	571,019	28,981
September 2022	600,000	—	600,000
Total	<u>\$ 2,400,000</u>	<u>\$ 1,771,019</u>	<u>\$ 628,981</u>

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In the third quarter and first nine months of 2022, the company repurchased 2.5 million and 6.5 million shares of common stock for \$259.4 million and \$734.4 million, respectively, under the share-repurchase program. In the third quarter and first nine months of 2021, the company repurchased 2.1 million and 5.7 million shares of common stock for \$250.0 million and \$650.0 million, respectively, under the program. In September 2022, the company's Board of Directors approved an additional share-repurchase program of \$600.0 million. As of October 1, 2022, \$629.0 million remained available for repurchase under the program.

Note K – Contingencies

Environmental Matters

In connection with the purchase of Wyle Electronics ("Wyle") in August 2000, the company acquired certain of the then outstanding obligations of Wyle, including Wyle's indemnification obligations to the purchasers of its Wyle Laboratories division for environmental clean-up costs associated with any then existing contamination or violation of environmental regulations. Under the terms of the company's purchase of Wyle from the sellers, the sellers agreed to indemnify the company for certain costs associated with the Wyle environmental obligations, among other things. In 2012, the company entered into a settlement agreement with the sellers, pursuant to which the sellers paid \$110.0 million and the company released the sellers from their indemnification obligation. As part of the settlement agreement the company accepted responsibility for any potential subsequent costs incurred related to the Wyle matters. The company is aware of two Wyle Laboratories facilities (in Huntsville, Alabama (the "Huntsville Site") and Norco, California (the "Norco Site")) at which contaminated soil and groundwater was identified and will require environmental remediation.

The company expects the liabilities associated with such ongoing remediation to be resolved over an extended period of time. Costs are recorded for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Accruals for environmental liabilities are adjusted periodically as facts and circumstances change, assessment and remediation efforts progress, or as additional technical or legal information becomes available. Environmental liabilities are difficult to assess and estimate due to various unknown factors such as the timing and extent of remediation, improvements in remediation technologies, and the extent to which environmental laws and regulations may change in the future. Accordingly, the company cannot presently estimate the ultimate potential costs related to these sites until such time as a substantial portion of the investigation at the sites is completed and remedial action plans are developed and, in some instances, implemented. To the extent that future environmental costs exceed amounts currently accrued by the company, net income would be adversely impacted and such impact could be material.

Accruals for environmental liabilities are included in "Accrued expenses" and "Other liabilities" in the company's consolidated balance sheets. The company has determined that there is no amount within the environmental liability range that is a better estimate than any other amount, and therefore has recorded the accruals at the minimum amount of the ranges.

As successor-in-interest to Wyle, the company is the beneficiary of various Wyle insurance policies that covered liabilities arising out of operations at Norco and Huntsville. To date, the company has recovered approximately \$47.0 million from certain insurance carriers relating to environmental clean-up matters at the Norco and Huntsville sites. The company filed suit against two insurers regarding liabilities arising out of operations at Huntsville and reached a confidential settlement with one of the insurers in 2020. The resolution of this matter against the remaining insurer will likely take several years. The company has not recorded a receivable for any potential future insurance recoveries related to the Norco and Huntsville environmental matters, as the realization of the claims for recovery are not deemed probable at this time.

Environmental Matters - Huntsville

In February 2015, the company and the Alabama Department of Environmental Management ("ADEM") finalized and executed a consent decree in connection with the Huntsville Site. Characterization of the extent of contaminated soil and groundwater is complete and has been approved by ADEM. Health-risk evaluations and a Corrective Action Development Plan were approved by ADEM in 2018, opening the way for pilot testing of on-site remediation in late 2019. Pilot testing is currently underway with annual application of bioremediation reagents, semi-annual groundwater monitoring, as well as data collection to direct future bioremediation injections. Approximately \$8.0 million has been spent to date, and the company currently anticipates no additional investigative-related expenditures. The cost of subsequent remediation at the site is estimated to be between \$2.5 million and \$10.0 million.

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Despite the amount of work undertaken and planned to date, the company is unable to estimate any potential costs in addition to those discussed above, because the complete scope of the work is not yet known, and, accordingly, the associated costs have yet to be determined.

Environmental Matters - Norco

In October 2003, the company entered into a consent decree with Wyle Laboratories and the California Department of Toxic Substance Control (“DTSC”) in connection with the Norco Site. Subsequent to the decree, a Remedial Investigation Work Plan was approved by DTSC in April 2005, the required investigations were performed, and a final Remedial Investigation Report was submitted early in 2008. In 2008, a hydraulic containment system (“HCS”) was installed as an interim remedial measure to capture and treat groundwater before it moves into the adjacent off-site area. In September 2013, the DTSC approved the final Remedial Action Plan (“RAP”) for actions in five on-site areas and one off-site area. As of 2018, the remediation measures described in the RAP had been implemented and were being monitored. A Five Year Review (“FYR”) of the HCS submitted to DTSC in December 2016 found that while significant progress was made in on-site and off-site groundwater remediation, contaminants were not sufficiently reduced in a key off-site area identified in the RAP. This exception triggered the need for additional off-site remediation that began in 2018 and was completed in mid-2019. Routine progress monitoring of groundwater and soil gas continue on-site and off-site.

Approximately \$80.0 million was spent to date on remediation, project management, regulatory oversight, and investigative and feasibility study activities. The company currently estimates that remediation, project management, regulatory oversight, and investigative activities will continue and give rise to an additional \$5.0 million to \$17.0 million in costs. Project management and regulatory oversight include costs incurred by project consultants for project management and costs billed by DTSC to provide regulatory oversight.

Despite the amount of work undertaken and planned to date, the company is unable to estimate any potential costs in addition to those discussed above because the complete scope of the work under the RAP is not yet known, and, accordingly, the associated costs have yet to be determined.

Other

In the first nine months of 2021, the company received \$12.5 million in settlement funds in connection with claims filed against certain manufacturers of aluminum, tantalum, and film capacitors who allegedly colluded to fix the price of capacitors from 2001 through 2014. These amounts were recorded as a reduction to “Selling, general, and administrative expenses” in the company’s consolidated statements of operations. The company has related on-going disputes with other manufacturers and may receive additional funds in the future. The company is unable to estimate additional amounts that may be received in the future and as such has not recorded a receivable at this time.

In 2019, the company determined that from 2015 to 2019 a limited number of non-executive employees, without first obtaining required authorization from the company or the United States government, had facilitated product shipments with an aggregate total invoiced value of approximately \$4.8 million, to resellers for reexports to persons covered by the Iran Threat Reduction and Syria Human Rights Act of 2012 or other United States sanctions and export control laws. The company voluntarily reported these activities to the United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and the United States Department of Commerce’s Bureau of Industry and Security (“BIS”). After completion of their respective investigations, BIS issued the company a warning letter without referring the matter for further proceedings or imposing any penalties, and OFAC issued the company a cautionary letter indicating that OFAC has determined not to pursue a civil monetary penalty or take other enforcement action against the company at this time.

From time to time, in the normal course of business, the company may become liable with respect to other pending and threatened litigation, environmental, regulatory, labor, product, and tax matters. While such matters are subject to inherent uncertainties, it is not currently anticipated that any such matters will materially impact the company’s consolidated financial position, liquidity, or results of operations.

Note L – Segment and Geographic Information

The company is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. The company distributes electronic components to original equipment

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manufacturers and contract manufacturers through its global components business segment and provides enterprise computing solutions to value-added resellers and managed service providers through its global ECS business segment. As a result of the company's philosophy of maximizing operating efficiencies through the centralization of certain functions, selected fixed assets and related depreciation, as well as borrowings, are not directly attributable to the individual operating segments and are included in the corporate business segment. Sales to external customers are based on the company location that maintains the customer relationship and transacts the external sale.

Sales, by segment by geographic area, are as follows:

(thousands)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Components:				
Americas	\$ 2,445,647	\$ 2,018,551	\$ 7,265,552	\$ 5,690,480
EMEA	1,935,827	1,595,985	5,671,234	4,655,249
Asia/Pacific	2,918,873	3,009,390	9,024,188	9,332,211
Global components	\$ 7,300,347	\$ 6,623,926	\$ 21,960,974	\$ 19,677,940
ECS:				
Americas	\$ 1,234,158	\$ 1,203,663	\$ 3,442,803	\$ 3,522,356
EMEA	731,927	684,802	2,397,622	2,260,645
Global ECS	\$ 1,966,085	\$ 1,888,465	\$ 5,840,425	\$ 5,783,001
Consolidated	\$ 9,266,432	\$ 8,512,391	\$ 27,801,399	\$ 25,460,941

Operating income (loss), by segment, are as follows:

(thousands)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Operating income (loss):				
Global components (a)	\$ 494,587	\$ 385,353	\$ 1,518,423	\$ 1,001,772
Global ECS	83,976	76,793	253,744	235,251
Corporate (b)	(75,869)	(57,281)	(226,269)	(192,133)
Consolidated	\$ 502,694	\$ 404,865	\$ 1,545,898	\$ 1,044,890

- (a) Global components operating income includes \$12.5 million related to proceeds from legal settlements for the first nine months of 2021 (Refer to Note K). Global components operating income for the first nine months of 2021 includes \$4.5 million in restructuring, integration, and other charges.
- (b) Corporate operating income includes restructuring, integration, and other charges (credits) of \$3.6 million and \$11.0 million for the third quarter and first nine months of 2022, and \$(3.0) million and \$7.2 million for the third quarter and first nine months of 2021, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information Relating to Forward-Looking Statements

This report includes "forward-looking statements," as the term is defined under the federal securities laws. 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. These forward-looking statements 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: disruptions or inefficiencies in the supply chain, including any potential adverse effects of the ongoing global COVID-19 pandemic, impacts of the conflict in Ukraine, industry conditions, changes in product supply, pricing and customer demand, competition, other vagaries in the global components and the global enterprise computing solutions ("ECS") markets, deteriorating economic conditions, including economic recession, inflation, tax rates, foreign currency exchange rates, or the availability of capital, changes in relationships with key suppliers, increased profit margin pressure, changes in legal and regulatory matters, non-compliance with certain regulations, such as export, antitrust, and anti-corruption laws, foreign tax and other loss contingencies, and the company's ability to generate cash flow. For a further discussion of these and other factors that could cause the company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q and the company's most recent Annual Report on Form 10-K, as well as in other filings the company makes with the Securities and Exchange Commission. 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.

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 discloses certain non-GAAP financial information, including:

- Sales and gross profit on a constant currency basis excludes the impact of changes in foreign currencies (referred to as "changes in foreign currencies") by re-translating prior period results at current period foreign exchange rates.
- Non-GAAP operating expenses excludes restructuring, integration, and other charges, and the impact of changes in foreign currencies.
- Non-GAAP operating income excludes identifiable intangible asset amortization, and restructuring, integration, and other charges.
- Non-GAAP effective tax rate and non-GAAP net income attributable to shareholders exclude identifiable intangible asset amortization, restructuring, integration, and other charges, and net gains and losses on investments.

Management believes that providing this additional information is useful to the reader to better assess and understand the company's operating performance and future prospects in the same manner as management, especially when comparing results with previous periods. Management typically monitors the business as adjusted for these items, in addition to GAAP results, to understand and compare operating results across accounting periods, for internal budgeting purposes, for short- and long-term operating plans, and to evaluate the company's financial performance. However, analysis of results on a non-GAAP basis should be used as a complement to, in conjunction with, and not as a substitute for, data presented in accordance with GAAP.

Overview

The company is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. The company has one of the world's broadest portfolios of product offerings available from leading electronic components and enterprise computing solutions suppliers, coupled with a range of services, solutions, and tools that help industrial and commercial customers introduce innovative products, reduce their time to market, and enhance their overall competitiveness. The company has two business segments: the global components business segment and the global ECS business segment. The company distributes electronic components to original equipment manufacturers ("OEMs") and contract manufacturers ("CMs") through its global components business segment and provides enterprise computing solutions to value-added resellers ("VARs") and managed service providers ("MSPs") through its global ECS business segment. For the third quarter of 2022, approximately 79% of the company's sales were from the global components business segment, and approximately 21% of the company's sales were from the global ECS business segment.

The company's strategic initiatives include the following:

- Offering a variety of value added demand creation services in the global components business, including design, engineering, global marketing and integration services to promote the future sale of suppliers' products, which generally lead to longer and more profitable relationships with our suppliers and customers.
- Also within the global components business, continuing to develop global supply chain service offerings such as procurement, logistics, warehousing, and insights from data analytics.
- Enabling customer cloud solutions through the global ECS business' cloud marketplace and management platform, ArrowSphere, which helps VARs and MSPs to manage, differentiate, and scale their cloud businesses while providing the business intelligence that IT solution providers need to drive growth.

The company's financial objectives are to grow sales faster than the market, increase the markets served, grow profits faster than sales, generate earnings per share growth in excess of competitors' earnings per share growth and market expectations, grow earnings per share at a rate that provides the capital necessary to support the company's business strategy, allocate and deploy capital effectively so that return on invested capital exceeds the company's cost of capital, and increase return on invested capital. To achieve its objectives, the company seeks to capture significant opportunities to grow across products, markets, and geographies. To supplement its organic growth strategy, the company continually evaluates strategic acquisitions to broaden its product and value-added service offerings, increase its market penetration, and expand its geographic reach.

Executive Summary

Consolidated sales for the third quarter and first nine months of 2022 increased by 8.9% and 9.2%, respectively, compared with the year-earlier periods. The increase for the third quarter of 2022 was driven by a 10.2% increase in the global components business segment sales and a 4.1% increase in global ECS business segment sales. The increase for the first nine months of 2022 was driven by an 11.6% increase in the global components business segment sales and a 1.0% increase in global ECS business segment sales. Consolidated sales on a constant currency basis increased 13.9% and 12.8% for the third quarter and first nine months of 2022, respectively, compared with the year-earlier periods.

The company reported net income attributable to shareholders of \$342.4 million and \$1.1 billion in the third quarter and first nine months of 2022, respectively, compared with \$290.0 million and \$737.0 million in the year-earlier periods. Non-GAAP net income attributable to shareholders for the third quarter and first nine months of 2022 was \$354.1 million and \$1.1 billion, respectively, compared with \$293.3 million and \$758.2 million in the year-earlier periods. Non-GAAP net income attributable to shareholders is adjusted for the following items:

Third quarters of 2022 and 2021:

- restructuring, integration, and other charges (credits) of \$3.6 million in 2022 and \$(3.0) million in 2021;
- identifiable intangible asset amortization of \$8.7 million in 2022 and \$9.2 million in 2021; and
- net loss on investments of \$3.5 million in 2022 and net gain on investments of \$1.4 million in 2021.

First nine months of 2022 and 2021:

- restructuring, integration, and other charges (credits) of \$11.0 million in 2022 and \$11.6 million in 2021;
- identifiable intangible asset amortization of \$26.5 million in 2022 and \$27.8 million in 2021; and
- net loss on investments of \$11.2 million in 2022 and net gain on investments of \$10.9 million in 2021.

During the third quarter of 2022, changes in foreign currencies reduced growth by approximately \$379.7 million on sales, \$18.1 million on operating income and \$0.17 on earnings per share on a diluted basis compared to the third quarter of 2021. During the first nine months of 2022, changes in foreign currencies reduced growth by approximately \$821.8 million on sales, \$38.4 million on operating income and \$0.35 on earnings per share on a diluted basis compared to the year-earlier period.

Significant trends impacting our business:

Below is a discussion of significant trends impacting our business. See discussion regarding the impacts of these and other risks included in Item 1A, Risk Factors, within the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and Item 1A, Risk Factors, in this Quarterly Report on Form 10-Q.

Supply chain constraints and components shortages

Supply chain constraints are being caused by shortages in electronics components markets and supply chain logistical issues resulting in extended lead times and unpredictability, which has impacted the company's global operations. Despite these challenges, the company believes it has efficiently managed the global supply chain requirements of customers and suppliers to date.

The global components business has benefited from rising demand and higher prices for certain products leading to higher sales revenues and improved profit margins globally. Accordingly, current results and financial condition discussed herein may not be indicative of future operating results and trends.

Management is actively monitoring the impact of changes in supply and demand, as well as supply chain logistical issues, on its financial condition, liquidity, operations, suppliers, customer, industry, and workforce. Prices remained elevated during the third quarter of 2022 as supply constraints continued. Gross profit margins in the global components business expanded during the third quarter and first nine months of 2022, relative to year-earlier periods. In addition to increased sales and margins, inflationary pressures along with improved supply, have contributed to higher inventory levels on the company's consolidated balance sheet, which increased by \$881.4 million as of October 1, 2022, relative to December 31, 2021. The extent to which these issues will continue to impact the company's results will depend primarily on future developments, including the severity and duration of the current conditions, and the impact of actions taken and that will be taken to address supply chain constraints and continued customer demand, among others. These future developments are highly uncertain and cannot be predicted with confidence.

Impacts of changing foreign currency exchange rates

As a large global organization, the company's consolidated results of operations and financial position are impacted by changes in foreign currency exchange rates through the translation of the company's international financial statements into U.S. dollars. Our non-U.S. dollar results of operations are negatively impacted during periods when the U.S. dollar strengthens and positively impacted during periods when the U.S. dollar weakens. During 2022, the U.S. dollar strengthened substantially against most other currencies, and as a result, during the third quarter and first nine months of 2022, changes in foreign currencies reduced earnings per share growth by \$0.17 and \$0.35, respectively, on a diluted basis compared with the year-earlier periods. These exposures may change over time and changes in foreign currency exchange rates could materially impact the company's financial results in the future.

COVID-19 Pandemic Update

As the ongoing COVID-19 pandemic has evolved, we continue to monitor and evaluate the impact on our business operations on a regional, national and global basis. The COVID-19 pandemic continues to create macroeconomic uncertainty, volatility and disruption, including supply constraints, extended lead times, and unpredictability across many markets.

During the first nine months of 2022, certain of our distribution centers and customers' facilities located in the Asia/Pacific region experienced COVID-19 related lockdowns. As a result, the global components business in the Asia/Pacific region experienced some delays in fulfilling orders, receiving inventory and exacerbated supply chain constraints. Similar disruptions could occur in the future.

Sales

Substantially all of the company's sales are made on an order-by-order basis, rather than through long-term sales contracts. As such, the nature of the company's business does not provide for the visibility of material forward-looking information from its customers and suppliers beyond a few months. Following is an analysis of net sales by reportable segment:

(millions)	Quarter Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	% Change	October 1, 2022	October 2, 2021	% Change
Consolidated sales, as reported	\$ 9,266	\$ 8,512	8.9%	\$ 27,801	\$ 25,461	9.2 %
Impact of changes in foreign currencies	—	(380)		—	(822)	
Consolidated sales, constant currency	\$ 9,266	\$ 8,133	13.9%	\$ 27,801	\$ 24,639	12.8 %
Global components sales, as reported	\$ 7,300	\$ 6,624	10.2%	\$ 21,961	\$ 19,678	11.6 %
Impact of changes in foreign currencies	—	(273)		—	(565)	
Global components sales, constant currency	\$ 7,300	\$ 6,351	15.0%	\$ 21,961	\$ 19,113	14.9 %
Global ECS sales, as reported	\$ 1,966	\$ 1,888	4.1%	\$ 5,840	\$ 5,783	1.0 %
Impact of changes in foreign currencies	—	(106)		—	(257)	
Global ECS sales, constant currency	\$ 1,966	\$ 1,782	10.3%	\$ 5,840	\$ 5,526	5.7 %

The sum of the components for sales, as reported, and sales on a constant currency basis may not agree to totals, as presented, due to rounding.

Consolidated sales for the third quarter and first nine months of 2022 increased by \$754.0 million, or 8.9%, and \$2.3 billion, or 9.2%, respectively, compared with the year-earlier periods. The increase for the third quarter of 2022 was driven by an increase in global components segment sales of \$676.4 million, or 10.2% and an increase in global ECS business segment sales of \$77.6 million, or 4.1%. The increase for the first nine months of 2022 was driven by an increase in global components segment sales of \$2.3 billion, or 11.6% and an increase in global ECS business segment sales of \$57.4 million, or 1.0%. Consolidated sales, on a constant currency basis, increased 13.9% and 12.8% for the third quarter and first nine months of 2022 compared with the year-earlier periods. The company is seeing some increased supply in both the global components and global ECS businesses.

Third quarter 2022 global components sales growth compared to the year-earlier period was primarily due to a mix of stronger demand and improved supply driving both higher sales volumes and favorable pricing, offset partially by the impact of changes in foreign exchange rates. Growth in sales for the period was greater than 20% in both the Americas and EMEA regions and increased in most major verticals. Asia/Pacific sales decreased by 3% due to lower volumes in most verticals, offset partially by increased prices.

Sales from the global ECS business benefited from a healthy IT demand environment in the third quarter of 2022 relative to the year-earlier period, especially in the EMEA region which saw strength across the region in all technologies; however, sales were reduced by changes in foreign exchange rates. The Americas region saw growth in the compute, data intelligence, and storage technologies.

Gross Profit

Following is an analysis of gross profit:

(millions)	Quarter Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	% Change	October 1, 2022	October 2, 2021	% Change
Consolidated gross profit, as reported	\$ 1,187	\$ 1,076	10.3%	\$ 3,631	\$ 3,006	20.8%
Impact of changes in foreign currencies	—	(51)		—	(111)	
Consolidated gross profit, constant currency	\$ 1,187	\$ 1,024	15.9%	\$ 3,631	\$ 2,895	25.4%
Consolidated gross profit as a percentage of sales, as reported	12.8 %	12.6 %	20 bps	13.1 %	11.8 %	130 bps
Consolidated gross profit as a percentage of sales, constant currency	12.8 %	12.6 %	20 bps	13.1 %	11.8 %	130 bps

The sum of the components for gross profit on a constant currency basis may not agree to totals, as presented, due to rounding.

The company recorded gross profit of \$1.2 billion and \$3.6 billion in the third quarter and first nine months of 2022, respectively, compared with \$1.1 billion and \$3.0 billion in the year-earlier periods. During the third quarter and first nine months of 2022, gross profit increased 10.3% and 20.8%, respectively on a GAAP basis, and 15.9% and 25.4%, respectively, on a constant currency basis, compared with the year-earlier periods. Gross profit margins in the third quarter increased by 20 bps compared with the year-earlier period. Gross profit margins in the first nine months increased by 130 bps compared with the year-earlier period.

The increases in gross profit margins during the third quarter and first nine months of 2022, compared with the year-earlier periods, related primarily to improvements in pricing and margins in Asia/Pacific region of the global components business, due to product mix shifting towards higher margin products, and the global supply chain issues discussed above. Margins in the Americas and EMEA region somewhat softened primarily due to product mix shifting towards lower margin products. Global supply chain services offerings continued to have a positive impact on gross margins during the third quarter and first nine months of 2022.

The company is currently experiencing benefits to gross margins in the global components business due to the factors discussed above, which may not be representative of future trends or conditions. As such, the current gross margins may not be sustainable.

Gross profit margins from the global ECS business also increased compared to the year-earlier periods.

Selling, General, and Administrative Expenses and Depreciation and Amortization

Following is an analysis of operating expenses:

(millions)	Quarter Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	% Change	October 1, 2022	October 2, 2021	% Change
Selling, general, and administrative expenses, as reported	\$ 634	\$ 626	1.4%	\$ 1,932	\$ 1,803	7.2%
Depreciation and amortization, as reported	46	48	(3.8)%	142	147	(3.5)%
Operating expenses*	\$ 681	\$ 674	1.0%	\$ 2,074	\$ 1,949	6.4%
Impact of changes in foreign currencies	—	(33)		—	(72)	
Non-GAAP operating expenses	\$ 681	\$ 641	6.2%	\$ 2,074	\$ 1,878	10.4%
Operating expenses as a percentage of sales	7.3 %	7.9 %	(60) bps	7.5 %	7.7 %	(20) bps
Non-GAAP operating expenses as a percentage of non-GAAP sales	7.3 %	7.9 %	(60) bps	7.5 %	7.6 %	(10) bps

* Operating expenses discussed here are presented before restructuring, integration, and other charges.

The sum of the components for selling, general, and administrative expenses and depreciation and amortization, as reported, and non-GAAP operating expenses may not agree to totals, as presented, due to rounding.

Selling, general, and administrative expenses increased by \$8.5 million, or 1.4%, and \$129.4 million, or 7.2% in the third quarter and first nine months of 2022, respectively, on a sales increase of 8.9% and 9.2% compared with the year-earlier periods. Selling, general, and administrative expenses, as a percentage of sales, was 6.8% and 6.9% for the third quarter and first nine months of 2022, respectively, compared with 7.4% and 7.1% in the year-earlier periods. In the first nine months of 2021, the company received \$12.5 million in settlement funds in connection with certain class action claims (Refer to Note K), which were recorded as a benefit within selling, general, and administrative expenses.

Decreases in operating expense as a percentage of sales during the first nine months of 2022 relate primarily to operating leverage the company generates when sales are growing. The decreases were also related to certain investments to grow the company's sales during the third quarter of 2021, partially offset by the settlement funds discussed above.

Depreciation and amortization expense as a percentage of operating expenses was 6.8% and 6.8% for the third quarter and first nine months of 2022 compared with 7.1% and 7.5% in the year-earlier periods. Included in depreciation and amortization expense is identifiable intangible asset amortization of \$8.7 million and \$26.5 million for the third quarter and first nine months of 2022 compared to \$9.2 million and \$27.8 million in the year-earlier periods.

Operating expenses as a percentage of sales during the third quarter and first nine months of 2022, respectively, was 7.3% and 7.5% compared to 7.9% and 7.7% in the year-earlier periods.

Restructuring, Integration, and Other Charges (Credits)

Restructuring initiatives and integration costs are due to the company's continued efforts to lower costs, drive operational efficiency, integrate any acquired businesses, and consolidate certain operations, as necessary. The company recorded restructuring, integration, and other charges (credits) of \$3.6 million and \$11.0 million, and \$(3.0) million and \$11.6 million for the third quarter and first nine months of 2022 and 2021, respectively. The other charges include \$4.5 million in impairment related to various long lived assets recorded during the first nine months of 2021.

As of October 1, 2022, the company does not anticipate there will be any material adjustments relating to the aforementioned restructuring and integration plans. Refer to Note H, "Restructuring, Integration, and Other Charges (Credits)," of the Notes to the Consolidated Financial Statements for further discussion of the company's restructuring and integration activities.

Operating Income

Following is an analysis of operating income:

(millions)	Quarter Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	% Change	October 1, 2022	October 2, 2021	% Change
Consolidated operating income, as reported	\$ 503	\$ 405	24.2%	\$ 1,546	\$ 1,045	47.9 %
Identifiable intangible asset amortization	9	9		27	28	
Restructuring, integration, and other charges (credits)	4	(3)		11	12	
Non-GAAP consolidated operating income	\$ 515	\$ 411	25.3%	\$ 1,583	\$ 1,084	46.0%
Consolidated operating income as a percentage of sales, as reported	5.4 %	4.8 %	60 bps	5.6 %	4.1 %	150 bps
Non-GAAP consolidated operating income, as a percentage of sales	5.6 %	4.8 %	80 bps	5.7 %	4.3 %	140 bps

The sum of the components of non-GAAP consolidated operating income may not agree to totals, as presented, due to rounding.

The company recorded operating income of \$502.7 million, or 5.4% of sales, and operating income of \$1.5 billion, or 5.6% of sales, in the third quarter and first nine months of 2022, respectively, compared with operating income of \$404.9 million, or 4.8% of sales, and operating income of \$1.0 billion, or 4.1% of sales, in the year-earlier periods. Non-GAAP operating income was \$515.0 million, or 5.6% of sales, and \$1.6 billion, or 5.7% of sales, in the third quarter and first nine months of 2022, compared with non-GAAP operating income of \$411.0 million, or 4.8% of sales, and \$1.1 billion, or 4.3% of sales, in the year-earlier periods. During the third quarter and first nine months of 2022, changes in foreign currencies reduced operating income growth by approximately \$18.1 million and \$38.4 million, respectively, when compared to the year-earlier periods.

Gain (Loss) on Investments, Net

During the third quarter and first nine months of 2022 and 2021, the company recorded a loss of \$3.5 million and \$11.2 million and a gain of \$1.4 million and \$10.9 million, respectively, which are primarily related to changes in fair value of assets related to the Arrow SERP pension plan, which consist primarily of life insurance policies and mutual fund assets.

Interest and Other Financing Expense, Net

The company recorded net interest and other financing expense of \$50.9 million and \$123.4 million for the third quarter and first nine months of 2022 compared with \$32.7 million and \$97.0 million in the year-earlier periods. The increase for the third quarter and first nine months of 2022 primarily relates to higher borrowings and interest rates on credit facilities.

Income Tax

Income taxes for the interim periods presented have been included in the accompanying consolidated financial statements on the basis of an estimated annual effective tax rate. The determination of the consolidated provision for income taxes requires management to make certain judgments and estimates. Changes in the estimated level of annual pre-tax earnings, tax laws, and changes resulting from tax audits can affect the overall effective income tax rate, which impacts the level of income tax expense and net income. Judgments and estimates related to the company's projections and assumptions are inherently uncertain, therefore, actual results could differ from projections.

Following is an analysis of the company's effective income tax rate:

	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Effective income tax rate	23.5 %	22.2 %	23.5 %	22.8 %
Identifiable intangible asset amortization	— %	0.1 %	— %	0.1 %
Non-GAAP effective income tax rate	23.5 %	22.3 %	23.5 %	22.8 %

The sum of the components for non-GAAP effective income tax rate may not agree to totals, as presented, due to rounding.

The company's effective tax rate deviates from the statutory U.S. federal income tax rate mainly due to the mix of foreign taxing jurisdictions in which the company operates and where its foreign subsidiaries generate taxable income, among other things. The change in the effective tax rate from 22.2% and 22.8% for the third quarter and first nine months of 2021, respectively, to 23.5% for the third quarter and first nine months of 2022, is primarily driven by discrete items, such as stock-based compensation, and changes in the mix of tax jurisdictions where taxable income is generated.

Net Income Attributable to Shareholders

Following is an analysis of net income attributable to shareholders:

(millions)	Quarter Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net income attributable to shareholders, as reported	\$ 342	\$ 290	\$ 1,077	\$ 737
Identifiable intangible asset amortization*	8	9	26	27
Restructuring, integration, and other charges	4	(3)	11	12
(Gain) loss on investments, net	3	(1)	11	(11)
Tax effect of adjustments above	(4)	(1)	(12)	(7)
Non-GAAP net income attributable to shareholders	\$ 354	\$ 293	\$ 1,114	\$ 758

* Identifiable intangible asset amortization also excludes amortization related to the noncontrolling interest.

The sum of the components for non-GAAP net income attributable to shareholders may not agree to totals, as presented, due to rounding.

The company recorded net income attributable to shareholders of \$342.4 million and \$1.1 billion in the third quarter and first nine months of 2022 compared with \$290.0 million and \$737.0 million in the year-earlier periods. Non-GAAP net income attributable to shareholders was \$354.1 million and \$1.1 billion for the third quarter and first nine months of 2022 compared with \$293.3 million and \$758.2 million in the year-earlier periods. During the third quarter and first nine months of 2022, changes in foreign currencies reduced net income growth by approximately \$11.8 million and \$25.7 million when compared to the year-earlier periods.

Liquidity and Capital Resources

Management believes that the company's current cash availability, its current borrowing capacity under its revolving credit facility and asset securitization programs, and its expected ability to generate future operating cash flows are sufficient to meet its projected cash flow needs for the next 12 months and the foreseeable future. The company's current committed and undrawn liquidity stands at over \$2.0 billion in addition to \$334.0 million of cash on hand at October 1, 2022. The company also may issue debt or equity securities in the future and management believes the company will have adequate access to the capital markets, if needed. The company continually evaluates its liquidity requirements and would seek to amend its existing borrowing capacity or access the financial markets as deemed necessary.

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The company's principal sources of liquidity are existing cash and cash equivalents, cash generated from operations and cash provided by its revolving credit facilities and debt. The company's principal uses of liquidity include cash used in operations, investments to grow working capital, scheduled interest and principal payments on our borrowings, and the return of cash to shareholders through share repurchases.

The following table presents selected financial information related to liquidity:

(millions)	October 1, 2022	December 31, 2021	Change
Working capital	\$ 6,762	\$ 5,709	\$ 1,053
Cash and cash equivalents	334	222	112
Short-term debt	605	383	222
Long-term debt	3,187	2,244	943

Working Capital

The company maintains a significant investment in working capital which the company defines as accounts receivable, net, plus inventories less accounts payable. The change in working capital during the first nine months of 2022 was primarily attributable to increases in inventories. The company continues to invest in inventories to help mitigate the impact of supply shortages and support growth. Additionally, inflationary pressures along with improved supply, have contributed to higher inventory levels on the company's consolidated balance sheet, which increased by \$881.4 million as of October 1, 2022, relative to December 31, 2021.

Working capital as a percentage of sales, which is defined as working capital divided by annualized sales, increased to 18.2% for the first nine months of 2022, compared to 15.2% in the year-earlier period. The increase was primarily due to higher inventory related to the factors discussed above.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments, which are readily convertible into cash, with original maturities of three months or less. At October 1, 2022 and December 31, 2021, the company had cash and cash equivalents of \$334.0 million and \$222.2 million, respectively, of which \$136.4 million and \$211.6 million, respectively, were held outside the United States. Liquidity is affected by many factors, some of which are based on normal ongoing operations of the company's business and some of which arise from fluctuations related to global economics and markets.

To achieve greater cash management agility and to further advance business objectives, during the fourth quarter of 2019, the company reversed its assertion to indefinitely reinvest a certain portion of its foreign earnings, of which approximately \$1.9 billion are still available for distribution in future periods as of October 1, 2022. The company has not reversed its assertion to indefinitely reinvest the residual \$2.9 billion of undistributed earnings of its foreign subsidiaries and recognizes that it may be subject to additional foreign taxes and U.S. state income taxes if it reverses its indefinite reinvestment assertion on these foreign earnings.

Revolving Credit Facilities and Debt

The following table summarizes the company's credit facilities by category:

(millions)	Borrowing Capacity	Outstanding Borrowings		Average Daily Balance Outstanding Nine Months Ended	
		October 1, 2022	December 31, 2021	October 1, 2022	October 2, 2021
North American asset securitization program	\$ 1,500	\$ 1,240	\$ —	\$ 903	\$ 332
Revolving credit facility	2,000	—	—	14	11
Commercial paper program (a)	1,200	265	—	451	225
Uncommitted lines of credit	200	—	—	5	—

(a) Amounts outstanding under the commercial paper program are backstopped by available commitments under the company's revolving credit facility.

The company also has an EMEA asset securitization program under which it continuously sells its interest in designated pools of trade accounts receivables of certain of its subsidiaries in the EMEA region. Receivables sold under the program are excluded from “Accounts receivable, net” and no corresponding liability is recorded on the company’s consolidated balance sheets. During the first nine months of 2022 and 2021, the average daily balance outstanding under the EMEA asset securitization program was \$430.5 million and \$399.0 million, respectively. Refer to Note E “Accounts Receivables” of the Notes to the Consolidated Financial Statements for further discussion.

The following table summarizes recent events impacting the company’s capital resources:

(millions)	Activity	Date	Notional Amount
3.50% notes, due April 2022	Repaid	February 2022	\$ 350
2.95% notes, due February 2032	Issued	December 2021	\$ 500
5.125% notes, due March 2021	Repaid	March 2021	\$ 131
North American asset securitization program	Increase in Capacity	September 2022	\$ 250
EMEA asset securitization program	Increase in Capacity	September 2022	€ 200

Refer to Note F, “Debt” of the Notes to the Consolidated Financial Statements for further discussion of the company’s short-term and long-term debt and available financing.

Cash Flows

The following table summarizes the company’s cash flows by category for the periods presented:

(millions)	October 1, 2022	October 2, 2021	Change
Net cash provided by (used for) operating activities	\$ (142)	\$ 391	\$ (533)
Net cash used for investing activities	(34)	(40)	6
Net cash provided by (used for) financing activities	456	(474)	930

Cash Flows from Operating Activities

The net amount of cash used for the company’s operating activities during the first nine months of 2022 was \$141.8 million and the net amount of cash provided by the company’s operating activities during the first nine months of 2021 was \$391.1 million. The change in cash used for operating activities during 2022, compared to the year-earlier period, related primarily to increases in inventories and the timing of payments received from customers, offset partially by the initial sales of accounts receivables under the increased capacity of the EMEA asset securitization program (see Note E), which increased operating cash flows by approximately \$130 million in 2022.

Cash Flows from Investing Activities

The net amount of cash used for investing activities during the first nine months of 2022 and 2021 was \$34.0 million and \$39.7 million, respectively. The change in cash used for investing activities related primarily to proceeds from the sale of property plant and equipment during the first nine months of 2021, offset largely by proceeds from collection of notes receivable during the first nine months of 2022.

Cash Flows from Financing Activities

The net amount of cash provided by financing activities was \$455.8 million during the first nine months of 2022 compared to a use of \$474.4 million in the year-earlier period. The change in cash provided by financing activities related primarily to higher net proceeds from long- and short-term bank borrowings during the first nine months of 2022, offset partially by increased cash used for redemption of notes and repurchases of common stock.

Capital Expenditures

Capital expenditures for the first nine months of 2022 and 2021 were \$54.8 million and \$62.3 million, respectively. The company expects capital expenditures to be approximately \$80 million for fiscal year 2022.

Share-Repurchase Program

The company repurchased 6.5 million shares of common stock for \$734.4 million and 5.7 million shares of common stock for \$650.0 million in the first nine months of 2022 and 2021, respectively. In September 2022, the company's Board of Directors approved a \$600.0 million increase to the company's share-repurchase program. As of October 1, 2022, approximately \$629.0 million remained available for repurchase. The stock-repurchase authorization does not have an expiration date and the pace of the repurchase activity will depend on factors such as the company's working capital needs, cash requirements for acquisitions and dividend payments, debt repayment obligations or repurchases of debt, stock price, and economic and market conditions. The stock-repurchase program may be accelerated, suspended, delayed or discontinued at any time subject to the approval by the company's Board of Directors.

Contractual Obligations

The company has contractual obligations for short-term and long-term debt, interest on short-term and long-term debt, purchase obligations, and operating leases that are summarized in the section titled "Contractual Obligations" in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation's in the company's Annual Report on Form 10-K for the year ended December 31, 2021.

Refer to the section above titled "Revolving Credit Facilities and Debt" for updates to our short-term and long-term debt obligations. As of October 1, 2022, there were no other material changes to the contractual obligations of the company.

Critical Accounting Estimates

The company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the company to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and related disclosure of contingent assets and liabilities. The company evaluates its estimates on an ongoing basis. The company bases its estimates on historical experience and on various other assumptions that are believed reasonable under the circumstances; the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes to our critical accounting estimates during the first nine months of 2022. Refer to the section titled "Critical Accounting Estimates" in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation's, in the company's Annual Report on Form 10-K for the year ended December 31, 2021.

Impact of Recently Issued Accounting Standards

See Note B of the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements, including the anticipated dates of adoption and the effects on the company's consolidated financial position and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in market risk for changes in foreign currency exchange rates and interest rates from the information provided in Item 7A – Quantitative and Qualitative Disclosures About Market Risk in the company's Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The company's management, under the supervision and with the participation of the company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the company's disclosure controls and procedures as of October 1, 2022 (the "Evaluation"). Based upon the Evaluation, the company's Chief Executive Officer and

Chief Financial Officer concluded that the company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) were effective as of October 1, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in the company's internal control over financial reporting during the company's most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Information set forth in Note K in Notes to Consolidated Financial Statements in Item 1 Part I of this Report, is incorporated herein by reference.

Item 1A. Risk Factors

Other than the addition of the risk factor set forth below, there have been no material changes to the company's risk factors from those discussed in Item 1A - Risk Factors in the company's Annual Report on Form 10-K for the year ended December 31, 2021.

The ongoing conflict between Ukraine and Russia could adversely affect our business, consolidated financial condition, and results of operations.

Russia's recent military actions against Ukraine have led to an unprecedented expansion of export restrictions and sanctions imposed by the United States, the European Union, the United Kingdom, and numerous other countries against Russia and Belarus. In addition, Russian authorities have imposed significant currency control measures, other sanctions, and imposed other economic and financial restrictions. The situation is rapidly evolving, and further sanctions and export restrictions could negatively impact the global economy and financial markets and could adversely affect our business, consolidated financial condition, and results of operations.

The conflict may result in an increased likelihood of cyber-attacks that could directly or indirectly impact our operations. Any attempts by cyber attackers to disrupt our services or systems, or those of our vendors, suppliers, or customers, if successful, could harm our business both reputationally and financially. Measures to remediate such cyber-attacks may be costly and could have a material adverse effect on our business, financial condition and results of operations. To date, we have not experienced any material disruptions to our infrastructure, supplies, technology systems, or networks resulting from the situation in Ukraine.

We cannot predict the progress, outcome, or impact of the conflict in Ukraine, Russia, or Belarus as the conflict, and any resulting government reactions are beyond our control. We are actively monitoring the conflict in Ukraine to assess its impact on our business, as well as on our vendors, suppliers, customers, and other parties with whom we do business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows the share-repurchase activity for the quarter ended October 1, 2022:

(in thousands except share and per share data)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Programs (a)
July 3 through July 30, 2022	451,424	\$ 115.74	451,424	\$ 236,220
July 31 through August 27, 2022	397,623	115.06	397,623	190,469
August 28 through October 1, 2022	1,678,171	96.23	1,678,171	628,981
Total	2,527,218		2,527,218	

- (a) During 2021, the company was authorized to purchase up to \$1.2 billion of the company's common stock under its share-repurchase program. In September 2022, the company's Board of Directors approved an additional share-repurchase program of \$600.0 million. Of the total authorized dollar value of shares available for repurchase, \$1.2 billion has been utilized, while the \$629.0 million in the table represents the remaining amount available for repurchase under the program as of October 1, 2022.

[Index](#)

Item 6. [Exhibits](#)

Exhibit Number	Exhibit
31(i)*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(ii)*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(i)**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(ii)**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
10(a)*	Offer of Employment from Arrow Electronics, Inc., to Rajesh K. Agrawal, dated August 11, 2022.
10(b)	Omnibus Deeds of Amendment (dated December 23, 2021 and September 20, 2022), by and among Arrow EMEA Funding Corp B.V., as the SPV; BNP Paribas, as administrative agent, a purchaser agent and as a committed purchaser; Matchpoint Finance PLC, as a conduit purchaser; ING Belgium S.A./N.V., as a purchaser agent; Mont Blanc Capital Corp. as a committed purchaser and conduit purchaser; Arrow Electronics (UK) Limited, as agent servicer, an SPV servicer and an originator; Arrow Central Europe GmbH, as an agent servicer, an SPV servicer and an originator; Arrow Electronics Inc.; Arrow Electronics FC B.V., as subordinated lender; U.S. Bank Trustees Limited, as security trustee; and Elavon Financial Services DAC, as paying agent, together with the Annexes thereto (incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated September 22, 2022, Commission File No. 1-4482).
10(c)	Amendment No. 34, dated as of September 20, 2022, to the Transfer and Administration Agreement dated March 21, 2001 (incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated September 22, 2022, Commission File No. 1-4482).
10(d)*	Form of Executive Change in Control Retention Agreement, adopted on September 14, 2022, effective August 10, 2022, prospectively.
10(e)*	Arrow Electronics, Inc. Executive Severance Policy, adopted on September 14, 2022, effective August 10, 2022, prospectively.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Documents.
101.DEF*	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* : Filed herewith.

** : Furnished herewith.

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.

ARROW ELECTRONICS, INC.

Date: November 3, 2022

By: /s/ Rajesh K. Agrawal
Rajesh K. Agrawal
Senior Vice President and Chief Financial Officer



9201 East Dry Creek Road
Centennial, CO 80112

GRETCHEN ZECH
SENIOR VICE PRESIDENT
CHIEF GOVERNANCE, SUSTAINABILITY,
AND HUMAN RESOURCES OFFICER

August 11, 2022

Mr. Rajesh K. Agrawal

Congratulations! On behalf of Arrow Electronics Inc. (the "Company"), I am delighted to extend to you an offer of employment for the position of Senior Vice President, Chief Financial Officer, located in our offices in Centennial, Colorado and reporting to Sean J. Kerins, President and Chief Executive Officer. We look forward to your joining the Company no later than September 6, 2022.

Base Salary

You will be paid a base salary at an annual rate of \$700,000.00, payable in monthly installments in accordance with the Company's standard payroll practices.

Short-Term Incentive

You will be eligible to receive an annual incentive payment under the Management Incentive Compensation Plan, (the "MICP"). The amount of your short-term incentive target is \$700,000.00. The actual incentive you earn may be higher or lower depending on business results and your individual performance, subject to a cap equal to \$1,190,000.00 and the terms and conditions of the MICP. For the 2022 plan year your short-term incentive target and the cap will not be prorated.

The Compensation Committee of Arrow Electronics' Board of Directors (the "Compensation Committee") has overall responsibility for evaluating the final results under the MICP and determining the amount of the final payout of your award and has the sole discretion to adjust awards, upward or downward, based on its evaluation of the quality of results in any year and your individual performance up until the time an award is determined and paid. Your MICP award is contingent upon approval by the Compensation Committee and is not earned or vested until it is paid.

Short-Term Incentive (continued)

You must accept your goals in the Company's Workday Human Resources System and be employed by the Company in good standing on the date of payment to earn and receive an MICP award. In the event your employment with the Company terminates for any reason other than death before the MICP award is paid, including due to your voluntary termination, the MICP award will not be earned or vested, and you will have no right to receive, and the Company will have no obligation to pay to you, your MICP award. In the event your employment relationship with the Company ends as a result of your death, your MICP award will be prorated for the time you were actively employed by the Company. Your MICP award, if any, will be paid on or before March 15 of the subsequent calendar year.

Employee Benefits

You will be eligible for the Company's market-based employee benefits (health, dental, life, short-term disability, long-term disability, and 401(k)) as described on Arrow Benefits (<http://benefits.arrow.com>). For most benefits, coverage begins on the first day of the month following one (1) calendar month of active service. You have thirty-one (31) days from your date of hire to make your benefit elections. In addition, you may participate in additional programs provided to the executive management team (the Supplemental Executive Retirement Plan, the Management Insurance Program, and the Executive Health Program). Please refer to the applicable plan documents for information about eligibility and coverage.

Long-Term Incentive Program

Beginning with the 2023 plan year, you may be eligible to participate in the Long-Term Incentive Program (the "LTIP"), as determined by the Company from time to time. Although the design and structure of the LTIP may change, recent LTIP awards have consisted of annual equity awards made in the form of time-based restricted stock units and performance stock units.

Upon acceptance of this offer and your commencing employment with the Company, at an upcoming Board of Directors' meeting, we will recommend to the Compensation Committee that you be granted a one-time, special grant of restricted stock units with a grant date value of \$4,000,000.00 (the "Welcome Aboard Award"). If approved by the Compensation Committee and subject to your continued employment with the Company as of the applicable vesting dates, the restricted stock units will vest one-fourth on each of the first four (4) anniversaries of the grant date.

The LTIP, your eligibility for participation in the LTIP, and all LTIP awards, including annual awards and the Welcome Aboard Award, shall be subject to the discretion and approval of the Compensation Committee, the terms and conditions of Arrow Electronics' 2004 Omnibus Incentive Plan, as amended from time to time, and any award agreement issued to you in connection with the grant of an LTIP award.

Equity Governance Programs and Company Policy

As a member of the Company's Executive Committee, you will be required to abide by all applicable Company policies, including the Arrow Worldwide Code of Conduct and Business Ethics, the Company's Insider Trading Policy, the Company's Trading Window, the Company's Incentive Compensation Clawback Policy (the "Clawback Policy"), the Company's Anti-Hedging and Anti-Pledging Policy, and its Executive Stock Ownership Guidelines.

The Insider Trading Policy is designed to prevent insider trading or allegations of insider trading, the misuse of insider information, and to protect the Company's reputation for integrity and ethical conduct.

As a Designated Individual, you are prohibited from transacting in any Arrow securities except when notified by the Senior Vice President, Chief Legal Officer and Secretary that a trading window is open. Accordingly, you will be free to buy or sell shares of Arrow common stock once the trading window opens and until it closes. Barring unforeseen developments, the trading window will open the day after the Company files its 10-Q/10-K and will close fifteen (15) calendar days prior to the last day of the then-current quarter (the "Trading Window").

The Clawback Policy provides for the recoupment of certain employee compensation in the event of either (a) an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws or (b) an employee's involvement in any misconduct.

The Company's Anti-Hedging and Anti-Pledging Policy restricts certain short-term and speculative transactions in the Company's securities.

Arrow Electronics' Board of Directors adopted an executive equity ownership policy to align the interests of its key executives with the interests of shareholders and further promote the Company's commitment to sound corporate governance. Although the Guidelines may be amended from time to time by the Compensation Committee, based on the Guidelines effective February 16, 2022, you will be required to own an amount of Arrow (ARW) equity whose value equals or exceeds two (2) times the amount of your annualized base salary within five (5) years of being subject to the Guidelines. In the event requirements have not been met by August 31, 2027, 100% of net shares are to be retained until requirements are met. Net shares are those shares that remain after shares are sold or netted to pay withholding taxes.

Contingencies

This employment offer is contingent upon you having no contractual commitments which are inconsistent with your obligations to the Company, successful completion of all aspects of the Company's pre-employment screening process, and your ability to satisfy the requirements of the I-9 form.

Contingencies (continued)

By signing this offer agreement and returning one copy of your offer letter to Gretchen Zech, you represent and warrant to the Company that you are under no contractual commitments, including any applicable non-competition or non-solicitation agreements, which are inconsistent with your obligations to the Company. Similarly, you agree not to bring any third party confidential or proprietary information to the Company, including that of any former employer, and that in performing your duties for the Company you will not utilize any such information.

In accordance with Company policy, the Company's pre-employment screening process includes a satisfactory check of references, the verification of your educational credentials and employment history, a review of motor vehicle report history, a review of any criminal conviction history, your successful completion of a pre-employment test for the presence of illegal drugs, as well as verification that you are fully vaccinated against COVID-19 before your employment commences on September 6, 2022. Please understand that this offer may be withdrawn and/or your employment may be terminated in the event you fail to successfully complete any of these elements.

The Company utilizes the CLEAR Health Pass App to verify vaccination status, storing limited information securely and confidentially in compliance with applicable law. Please complete all required CLEAR steps, ensuring you reach the valid green health pass screen.

As required by current United States immigration law, completing the I-9 form and the I-9 process requires you to provide documents that will establish your identity and legal authorization to work in the United States. Acceptable documentation must be provided within three (3) days of your first day of employment with the Company.

This letter shall not be construed as a contract of employment for a fixed period of time. Your employment is at-will which means that either you or the Company are free to end your employment at any time. Your post-employment obligations will be governed by Exhibit B, Form of Executive Restrictive Covenants Agreements of the Executive Change In Control Retention Agreement effective October 1, 2022, and Exhibit B, Form of Executive Restrictive Covenants Agreements of the Executive Severance Policy effective October 1, 2022.

This letter confirms all of the terms of employment and supersedes any prior understandings or agreements, whether oral or written, between you and the Company, and may not be amended or modified except by an express written agreement signed by the Senior Vice President, Chief Governance, Sustainability, and Human Resources Officer.

This employment offer will expire on Wednesday, August 24, 2022.

Raj, we look forward to your joining us, and wish you a successful and rewarding career with Arrow. Feel free to call me with any questions you may have.

Best Regards,

/s/ Gretchen Zech

Gretchen Zech

Senior Vice President, Chief Governance, Sustainability, and Human Resources Officer

Accepted and agreed to this day:

/s/ Rajesh K. Agrawal

RAJESH K. AGRAWAL

August 11, 2022

DATE

EXECUTIVE CHANGE IN CONTROL RETENTION AGREEMENT
(as adopted September 14, 2022, and effective August 10, 2022, prospectively)

THIS AGREEMENT by and between Arrow Electronics, Inc., a New York corporation (the "Company"), and **EXECUTIVE_NAME** (the "Executive") is made as of **EFFECTIVE_DATE** (the "Effective Date").

WHEREAS, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control of the Company exists and that such possibility, and the uncertainty and questions which it may raise among key personnel, may result in the departure or distraction of key personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued employment and dedication of the Company's key personnel without distraction from the possibility of a change in control of the Company and related events and circumstances.

NOW, THEREFORE, as an inducement for and in consideration of Executive remaining in its employ, the Company agrees that Executive shall receive the severance benefits set forth in this Agreement in the event Executive's employment with the Company is terminated under the circumstances described below.

1. Key Definitions.

As used herein, the following terms shall have the following respective meanings.

1.1 "Annual Bonus" means the annual bonus payable to Executive under the Company's Management Incentive Compensation Plan (MICP) or such other or successor annual bonus program in which Executive participates from time to time.

1.2 "Base Salary" means Executive's annual base salary, as in effect immediately prior to the Change in Control Date.

1.3 "Change in Control" means the occurrence of any of the following events:

(i) any Person (within the meaning of Section 13(d) or 14(d) of the Exchange Act), entity, or affiliated group becoming the beneficial owner or owners (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than thirty percent (30%) of the outstanding equity securities of the Company, or otherwise becoming entitled to vote shares representing more than thirty percent (30%) of the total voting power of the Company's then-outstanding securities eligible to vote to elect members of the Board (the "Voting Securities");

(ii) a consolidation or merger (in one transaction or a series of related transactions during the twelve (12) month period ending on the date of the most recent acquisition) of the Company pursuant to which the holders of the Company's equity securities immediately prior to such transaction (or series of related transactions during the twelve (12) month period ending on the date of the most recent acquisition) would not (i) be the holders immediately after such transaction (or series of related transactions during the twelve (12) month period ending on the date of the most recent acquisition) of more than fifty percent (50%) of the Voting Securities of the entity surviving such transaction (or series of related transactions during the twelve (12) month period ending on the date of the most recent acquisition) in substantially similar proportions that they held equity securities of the Company prior to such transaction (or series of related transactions during the twelve (12) month period ending on the date of the most recent acquisition);

(iii) the sale of all or substantially all of the assets of the Company to any other Person, in one transaction or a series of related transactions during the twelve (12) month period ending on the date of the most recent transaction (it being understood that a spin-off of shares of capital stock of any subsidiary of the Company or a distribution of other assets of the Company as a dividend to its shareholders does not constitute a sale thereof);

(iv) during any period of twelve (12) consecutive months commencing on or after the Effective Date, individuals who, as of the beginning of such period, constituted the entire Board (together with any new directors (other than those new directors elected in connection with an actual or threatened proxy contest or any other actual or threatened solicitation of proxies) whose election by such Board or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors of the Company, then still in office, who were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority thereof;

(v) the approval of the shareholders of the Company of the liquidation or dissolution of the Company;

provided, that a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially similar proportions by the Persons who hold the Company's securities immediately before such transaction.

1.4 "Change in Control Date" means the first date on which a Change in Control occurs. Notwithstanding anything in this Agreement to the contrary, if (a) a Change in Control occurs, (b) Executive's employment with the Company is terminated prior to the date on which the Change in Control occurs, and (c) it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipation of a Change in Control, then for all purposes of this Agreement the "Change in Control Date" shall mean the date immediately prior to the date of such termination of employment.

1.5 “Cause” means, subject to the conditions below, (i) Executive’s conviction of (or plea of no contest or guilty to) a felony, (ii) Executive’s willful failure to perform, in any material respect, Executive’s material duties and responsibilities to the Company (other than any failure resulting from Executive’s physical or mental injury, illness or incapacity), (iii) Executive’s willful failure to comply, in any material respect, with any lawful policy adopted by the Company and communicated to Executive in writing, or (iv) Executive’s willful misconduct in performing Executive’s duties to the Company under this Agreement. Notwithstanding the foregoing, any breach or failure described in clauses (ii), (iii), or (iv) above will constitute Cause only after (a) the Company delivers to Executive a Notice of Termination (as described in Section 2.2 hereof), and (b) Executive fails to cure that breach or failure within fifteen (15) business days following Executive’s receipt of the Company’s Notice of Termination. No act or failure to act by Executive will be deemed to be “willful” under clauses (ii), (iii), or (iv) above if that act or failure to act was committed or omitted by Executive in good faith and in a manner Executive reasonably believed to be in the best interest of the Company.

1.6 “Good Reason” means, subject to the conditions below, (i) any reduction in Executive’s Base Salary or Annual Bonus target percentage, (ii) a material failure by the Company to pay any Base Salary, Annual Bonus or other compensation, equity compensation or employee benefit to Executive when due, (iii) any adverse change in Executive’s position or title, (iii) any material diminution in Executive’s duties, responsibilities or authority, (iv) the assignment to Executive of any material duty inconsistent with Executive’s position or title (v) the relocation of Executive’s principal place of employment to more than 50 miles from the location in effect immediately prior to the Change in Control Date. Notwithstanding the foregoing, any occurrence, condition or event described in clauses (i) through (v) above will constitute Good Reason only after (1) Executive delivers to the Company a Notice of Termination (as described in Section 2.2 hereof), and (2) the Company fails to cure that occurrence, condition or event within fifteen (15) business days following the Company’s receipt of Executive’s Notice of Termination.

1.7 “Disability” means due to illness, injury, or a physical or medically recognized mental condition, (i) Executive is unable to perform Executive’s duties and responsibilities with reasonable accommodation for one hundred twenty (120) consecutive calendar days, or one hundred eighty (180) calendar days during any twelve (12) month period, as determined by a physician agreed to by the Company and Executive, or (ii) Executive is considered disabled for purposes of receiving/qualifying for long-term disability benefits under any group long-term disability insurance plan or policy offered by Company in which Executive participates.

1.8 “Release Effective Date” shall have the meaning given in Section 3.5(b) hereof.

2. Employment Status; Termination Following Change in Control.

2.1 Term of Agreement; Not an Employment Contract. The term of this Agreement shall begin on the Effective Date and shall continue in effect, with respect to a Change in Control Date that occurs during Executive's period of employment with the Company, and for such periods following any such Change in Control Date as expressly provided herein. Executive acknowledges that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain Executive as an employee and that this Agreement does not prevent Executive from terminating employment at any time. If Executive's employment with the Company terminates for any reason and subsequently a Change in Control shall occur, Executive shall not be entitled to any benefits hereunder except as otherwise provided pursuant to Section 1.4.

2.2 Termination of Employment.

(a) If the Change in Control Date occurs, any termination of Executive's employment by the Company or by Executive within twenty-four (24) months following the Change in Control Date (other than due to the death of Executive) shall be communicated by a written notice to the other party hereto (the "Notice of Termination"), given in accordance with Section 7. Any Notice of Termination shall: (i) indicate the specific termination provision (if any) of this Agreement relied upon by the party giving such notice, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specify the Date of Termination (as defined below). The effective date of an employment termination (the "Date of Termination") shall be the close of business on the date specified in the Notice of Termination (which date may not be less than fifteen (15) days or more than thirty (30) days after the date of delivery of such Notice of Termination), in the case of a termination other than one due to Executive's Disability, or the date of Executive's death, as the case may be. In the event the Company fails to satisfy the requirements of Section 2.2(a) regarding a Notice of Termination, the purported termination of Executive's employment pursuant to such Notice of Termination shall not be effective for purposes of this Agreement.

(b) The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting any such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(c) Any Notice of Termination for Cause given by the Company must be given within ninety (90) days of the occurrence of the event(s) or circumstance(s) which constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), Executive shall be entitled to a hearing before the Board at which Executive may, at Executive's election, be represented by counsel and at which Executive shall have a reasonable opportunity to be heard. Such hearing shall be held on not less than fifteen (15) days prior written notice to Executive stating the Board's intention to terminate Executive for Cause and stating in detail the particular event(s) or circumstance(s) which the Board believes constitutes Cause for termination.

(d) Any Notice of Termination for Good Reason given by Executive must be given within ninety (90) days of the occurrence of the event(s) or circumstance(s) which constitute(s) Good Reason.

3. Benefits to Executive.

3.1 Compensation. If the Change in Control Date occurs and Executive's employment with the Company terminates within twenty-four (24) months following the Change in Control Date, Executive shall be entitled to the following benefits:

(a) Termination Without Cause or for Good Reason. If Executive's employment with the Company is terminated by the Company (other than for Cause, Disability, or death) or by Executive for Good Reason within twenty-four (24) months following the Change in Control Date, then Executive shall be entitled to the following benefits:

(i) the Company shall pay to Executive a lump-sum cash payment on the Release Effective Date in the aggregate of the following amounts:

(1) an amount equal to (a) three (3) for the Chief Executive Officer and two (2) for other Executive Committee Members multiplied by (b) the sum of (x) the greater of Executive's annual Base Salary as in effect immediately prior to the Change in Control Date or the Date of Termination and (y) the greater of Executive's target Annual Bonus as in effect immediately prior to the Change in Control Date or the Date of Termination; and

(2) Executive's accrued but unpaid Base Salary through the Date of Termination, vacation pay earned but not used in the calendar year of termination, any unreimbursed reimbursable expenses, and all rights and benefits under the employee benefit plans of the Company in which Executive is then participating, and (ii) any previously awarded but unpaid Annual Bonus for a completed calendar year prior to the Date of Termination (collectively, the "Accrued Obligations");

(i) the Company will also pay Executive a lump-sum cash payment equal to the product of (A) the Annual Bonus, if any, that Executive would have earned for the calendar year in which the Date of Termination occurs, based on actual achievement of the applicable performance goals for such year (as determined on a basis consistent with that for other senior executives) and (B) a fraction, the numerator of which is the number of days Executive was employed by the Company during the year of termination and the denominator of which is the number of days in such year (the "Pro-Rata Bonus"). This amount shall be paid on the date that Annual Bonuses are normally paid, but in no event later than March 15 of the year following the year in which the Date of Termination occurs;

(ii) the Executive and Executive's eligible dependents will remain covered by the Company's medical, vision, and dental plans under the same terms and conditions as an active employee through the Date of Termination, such coverage will terminate on the Date of Termination, and the Company will pay to the Executive, in one lump sum payment, the equivalent cash value of the premiums for the coverage that Executive and Executive's eligible dependents would have received (less the employee portion of the premiums for such benefits) under the Company's health care plan, based on the level of coverage as of the Date of Termination, for a period of twenty-four (24) months, such payment to be made within sixty (60) days after the Date of Termination. After such Date of Termination, the Executive shall be eligible for continuation of coverage for the Executive and the Executive's eligible dependents under the Company's medical, vision, and dental plans pursuant to the COBRA continuation of coverage provisions of such plans, at the Executive's sole expense under applicable COBRA rates, beginning upon the Date of Termination; and

(iii) to the extent not previously paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or which Executive is eligible to receive following Executive's termination of employment under any plan, program, policy, practice, contract or agreement of the Company and its affiliated companies (other than severance benefits) (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Resignation without Good Reason; Termination for Cause or by Reason of Death or Disability. If Executive voluntarily terminates Executive's employment with the Company within twenty-four (24) months following the Change in Control Date, excluding a termination for Good Reason, or if Executive's employment with the Company is terminated by reason of Executive's death or Disability within twenty-four (24) months following the Change in Control Date, then the Company shall (i) pay Executive (or Executive's estate, if applicable), a lump sum cash payment within thirty (30) days after the Date of Termination, in an amount equal to the Accrued Obligations and (ii) timely pay or provide to Executive the Other Benefits.

3.2 Equity Compensation. For the avoidance of doubt, in addition to the rights and benefits otherwise provided under this Agreement, Executive shall be entitled to all rights and benefits set forth under any of the Company's equity compensation plans (and applicable award agreements), including upon a Change in Control, which shall be governed by the terms and conditions of such plans and award agreements.

3.3 Parachute Payments. Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) to or for the benefit of Executive, whether paid or payable pursuant to this Agreement (including, without limitation, the accelerated vesting of any equity or incentive awards held by Executive) or otherwise would be subject to the excise tax imposed by Section 4999 of the Code, then Executive shall be entitled to receive (A) the greatest amount so that no portion the payments shall be an excess parachute payment (the "Limited Amount"), or (B) if the amount of payments otherwise paid or provided (without regard to clause (A)) reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code) would be greater than the Limited Amount reduced by all taxes applicable thereto, then the amount of payments shall be the amount otherwise payable. Any reductions described in the preceding sentence shall be done in the manner that is least economically disadvantageous to Executive. Where the decision to cut back between two amounts is economically equivalent, but the amounts are payable at different times, the amounts will be reduced on a pro rata basis.

3.4 Compliance with Section 409A.

(a) Six Month Delay for Specified Employees. If any payment, compensation or other benefit provided to Executive in connection with Executive's employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and Executive is a specified employee as defined in Section 409A(2)(B)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after Executive's employment is terminated (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to Executive during the period between the date of termination and the New Payment Date shall be paid to Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

(b) Compliance. To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code, so as to prevent inclusion in gross income of any amounts payable or benefits provided hereunder in a taxable year that is prior to the taxable year or years in which such amounts or benefits would otherwise actually be distributed, provided or otherwise made available to Executive. This Agreement shall be construed, administered, and governed in a manner consistent with this intent. If and to the extent that any payment or benefit under this Agreement is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A of the Code and is payable to Executive by reason of Executive's termination of employment, then such payment or benefit shall be made or provided to Executive only upon a "separation from service" as defined for purposes of Section 409A of the Code. Each severance payment under this Agreement will be considered a "separate payment" and not one of a series of payments for purposes of Section 409A of the Code. In no event will the Company or its affiliates be liable for any additional tax, interest, or penalties that may be imposed on Executive under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

3.5 Mitigation. Executive shall not be required to mitigate the amount of any payment or benefits provided for in this Section 3 by seeking other employment or otherwise. Further, the amount of any payment or benefits provided for in this Section 3 shall not be reduced by any compensation earned by Executive as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company or otherwise.

3.6 Release.

(a) As a condition precedent to receiving the payments and benefits as provided in Section 3.1, Executive agrees to execute (and not revoke) a general release of claims (the "Release"), in the form attached as Exhibit A hereto. If Executive fails to execute and deliver the Release, or revokes the Release, Executive agrees that Executive shall not be entitled to receive the payments and benefits described in Section 3.1. For purposes of this Agreement, the Release shall be considered to have been executed by Executive if it is signed by Executive's legal representative in the case of legal incompetence or on behalf of Executive's estate in the case of Executive's death.

(b) Payment of any amounts described hereunder that are subject to the Release will begin on the sixtieth (60th) day following the Date of Termination (the "Release Effective Date"), with the first such payment to include any amounts attributable to payroll intervals occurring prior to such date, provided, however, that, to the extent that the payments are exempt from Section 409A, such exempt payments shall be made beginning with the first payroll date following the effectiveness of the Release.

4. Restrictive Covenants Agreement. In consideration of Executive's employment by the Company and the rights and benefits of Employee provided by the Agreement, on the Effective Date, Employee will enter into the Restrictive Covenants Agreement in the form attached as Exhibit B hereto.

5. Dispute Resolution.

5.1 Governing Law/Dispute Resolution. This Agreement shall be construed and governed in all respects according to the laws of the State of Colorado without regard to principles of conflict of laws. Any dispute or controversy arising under or in connection with this Agreement or Executive's employment with the Company shall be settled exclusively by arbitration, conducted before a single arbitrator in Denver, Colorado in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of outcome, each party shall pay all of its own costs and expenses, including attorneys' fees. Notwithstanding the foregoing, any action for injunctive relief under the Restrictive Covenants Agreement shall be settled exclusively by a state or Federal court located in the State of Colorado.

5.2 Expenses. Promptly upon request, but no later than ninety (90) days after the fees and expenses are incurred, the Company shall pay all reasonable legal fees and related expenses incurred by Executive in connection with the Agreement following a Change in Control of the Company including, without limitation, all such fees and expenses, if any, incurred in contesting or disputing any such termination, in seeking advice with respect to the matters set forth in Section 3.2 or in seeking to obtain or enforce any right or benefit provided by this Agreement.

6. Successors.

6.1 Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a breach of this Agreement and shall constitute Good Reason if Executive elects to terminate employment, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to its business or assets as aforesaid, which assumes and agrees to perform this Agreement, by operation of law or otherwise.

6.2 Successor to Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to Executive or Executive's family hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

7. Notice. All notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid and addressed, to Executive at the address on record with the Company, or to the Company directed to the attention of the Chairman or the Board or the President of the Company, with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of a change of address shall be effective only upon receipt.

8. Miscellaneous.

8.1 Severability. In the event that one or more provisions in this Agreement are deemed invalid, illegal, or unenforceable, the court making such determination shall modify the provisions to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If any such provisions are deemed invalid, illegal, or unenforceable and cannot be reformed, those provisions shall be considered severable, and the remaining provisions will continue in full force and effect.

8.2 Waivers. No waiver by Executive at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the Company shall be deemed a waiver of that or any other provision at any subsequent time.

8.3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same instrument.

8.4 Tax Withholding. Any payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state, or local law.

8.5 Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations, or warranties,

whether oral or written, by any officer, employee, or representative of any party hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and canceled.

8.6 Amendments. This Agreement may be amended or modified only by a written instrument executed by both the Company and Executive.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first set forth above.

ARROW ELECTRONICS, INC.

Gretchen Zech
Senior Vice President, Chief Governance, Sustainability, and Human Resources Officer

EXECUTIVE:

EXECUTIVE_NAME **DATE** _____

EXHIBIT A
RELEASE

EXECUTIVE NAME ("Executive") hereby executes this Release of Claims (this "Release") as of the date hereof, pursuant to the terms of the Executive Change in Control Retention Agreement of Arrow Electronics, Inc. (the "Company"), as in effect on the date hereof (the "Change in Control Agreement"). As of the date hereof, Executive and the Company have also entered into a Restrictive Covenants Agreement (the "Restrictive Covenants Agreement") pursuant to the terms of the Change in Control Agreement.

1. Executive Change in Control Agreement

Executive has been terminated from employment with the Company under circumstances that entitle Executive to certain rights and benefits under the Change in Control Agreement, subject to the terms of this Release. The rights and benefits of Executive under the Change in Control Agreement are in consideration of and subject to Executive's execution, nonrevocation, and compliance with the terms of this Release.

2. Release of Claims by Executive

a. With the intention of binding Executive and Executive's heirs, executors, administrators and assigns (collectively, and together with Executive, the "Executive Releasors"), hereby releases, remises, acquits and forever discharges the Company and each of its subsidiaries and affiliates (the "Company Affiliated Group"), and their past and present directors, employees, agents, attorneys, accountants, representatives, plan fiduciaries, and the successors, predecessors and assigns of each of the foregoing (collectively, and together with the members of the Company Affiliated Group, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected, that arise out of, or relate in any way to, Executive's employment with the Company or the termination of such employment (collectively, "Released Claims") and that Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any Company Released Party in any capacity, including any and all Released Claims (i) arising out of or in any way connected with Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity (including as an employee, officer or director), or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, salary, or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm, or other tort, (iv) for any violation of applicable federal, state, or local labor and employment laws (including all laws concerning unlawful and unfair labor and employment practices) and (v) for employment discrimination under any applicable federal, state, or local statute, provision, order, or regulation, and including, without limitation, any claim under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Age Discrimination in Employment Act ("ADEA") and any similar or analogous state statute, excepting only that no claim in respect of any of the following rights shall constitute a Released Claim:

1. any right arising under, or preserved by, this Release or the Change in Control Agreement;
2. any claim related solely to Executive's status as an equityholder of the Company or any affiliate thereof;
3. for avoidance of doubt, any right to indemnification under (i) applicable law, (ii) the Change in Control Agreement, (iii) the by-laws or certificate of incorporation of any Company Released Party, (iv) any other agreement between Executive and a Company Released Party or (v) as an insured under any director's and officer's liability insurance policy now or previously in force; or
4. for avoidance of doubt, any claim for benefits under any health, disability, retirement, life insurance, or similar employee benefit plan of the Company Affiliated Group.

a. Nothing in this Release is intended to or does prevent the Executive from reporting possible violations of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from cooperating in the investigation of any such possible violations of federal or state law to the extent required or compelled by law, legal process, or subpoena.

b. In the event any action, suit, claim, charge, or proceeding within the scope of this Section 2 is brought by any government agency, putative class representative, or other third-party to vindicate any alleged rights of Executive, Executive hereby waives any right to monetary relief arising from any such action, suit, claim, charge, or proceeding, and if any monetary damages, inclusive of attorneys' fees, are required to be paid to Executive by the Company as a consequence of such action, suit, claim, charge, or proceeding, Executive shall repay all such amounts to the Company within ten (10) calendar days of Executive's receipt thereof.

c. The amounts and other benefits set forth in the Change in Control Agreement, to which Executive would not otherwise be entitled, are being paid to Executive in return for Executive's execution and nonrevocation of this Release and Executive's agreements and covenants contained in the Restrictive Covenants Agreement. Executive acknowledges and agrees that the release of claims set forth in this Section 2 is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.

d. The release of claims set forth in this Section 2 applies to any relief in respect of any Released Claim of any kind, no matter how called, including wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages, damages for pain or suffering, costs, and attorney's fees and expenses. Executive specifically acknowledges that Executive's acceptance of the terms of the release of claims set forth in this Section 2 is, among other things, a specific waiver of Executive's rights, claims, and causes of action under Title VII, ADEA, and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything contained herein purport, to be a waiver of any right or claim or cause of action which by law Executive is not permitted to waive.

3. Voluntary Execution of Agreement.

BY EXECUTIVE'S SIGNATURE BELOW, EXECUTIVE ACKNOWLEDGES THAT:

- b. EXECUTIVE HAS RECEIVED A COPY OF THIS RELEASE AND WAS OFFERED A PERIOD OF TWENTY-ONE (21) DAYS TO REVIEW AND CONSIDER IT;
- c. IF EXECUTIVE SIGNS THIS RELEASE PRIOR TO THE EXPIRATION OF TWENTY-ONE (21) CALENDAR DAYS, EXECUTIVE KNOWINGLY AND VOLUNTARILY WAIVES AND GIVES UP THIS RIGHT OF REVIEW;
- d. EXECUTIVE HAS THE RIGHT TO REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) CALENDAR DAYS AFTER EXECUTIVE SIGNS IT BY MAILING OR DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE COMPANY NO LATER THAN THE CLOSE OF BUSINESS ON THE SEVENTH (7TH) CALENDAR DAY AFTER THE DAY ON WHICH EXECUTIVE SIGNED THIS RELEASE;
- e. THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE FOREGOING SEVEN (7) DAY REVOCATION PERIOD HAS EXPIRED WITHOUT THE RELEASE HAVING BEEN REVOKED;
- f. THIS RELEASE WILL BE FINAL AND BINDING AFTER THE EXPIRATION OF THE FOREGOING REVOCATION PERIOD REFERRED TO IN SECTION 3(c), AND FOLLOWING SUCH REVOCATION PERIOD EXECUTIVE AGREES NOT TO CHALLENGE ITS ENFORCEABILITY;
- g. EXECUTIVE IS AWARE OF EXECUTIVE'S RIGHT TO CONSULT AN ATTORNEY, IS BEING ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY, AND HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY, IF DESIRED, PRIOR TO SIGNING THIS RELEASE;
- h. NO PROMISE OR INDUCEMENT FOR THIS RELEASE HAS BEEN MADE EXCEPT AS SET FORTH IN THE CHANGE IN CONTROL AGREEMENT AND THIS RELEASE;
- i. EXECUTIVE HAS CAREFULLY READ THIS RELEASE, ACKNOWLEDGES THAT EXECUTIVE HAS NOT RELIED ON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, NOT SET FORTH IN THIS DOCUMENT OR THE CHANGE IN CONTROL AGREEMENT, AND WARRANTS AND REPRESENTS THAT EXECUTIVE IS SIGNING THIS RELEASE KNOWINGLY AND VOLUNTARILY.

[Signature page follows]

IN WITNESS WHEREOF, Executive has acknowledged, executed, and delivered this Release as of

_____.

ARROW ELECTRONICS, INC.

EXECUTIVE:

EXHIBIT B
RESTRICTIVE COVENANTS AGREEMENT

THIS RESTRICTIVE COVENANTS AGREEMENT (the "Agreement") is made as of **EFFECTIVE_DATE**, (the "Effective Date") by and between Arrow Electronics Inc. (the "Company") and **EXECUTIVE_NAME** ("Executive"), pursuant to the terms of the Executive Change in Control Retention Agreement as in effect on the date hereof (the "Change in Control Agreement").

WHEREAS, Executive acknowledges and recognizes the highly competitive nature of the business of the Company;

WHEREAS, Executive acknowledges that Executive has been and/or will be provided with access to the Company's trade secrets and other confidential and proprietary information and will be provided with the opportunity to develop relationships with clients, prospective clients, employees, and other agents of the Company, which, in each case, Executive acknowledges and agrees constitutes valuable assets of the Company;

WHEREAS, in connection with Executive's execution of the Change in Control Agreement, Executive agrees to be subject to the restrictive covenants as set forth in this Agreement;

NOW, THEREFORE, for good and valuable consideration, including Executive's rights under the Change in Control Agreement, as of the Effective Date, the parties agree as follows:

1. Restrictive Covenants.

(a) Disclosure of Information. During the period of Executive's employment with the Company (the "Period of Employment") and for all periods thereafter, Executive will not, directly or indirectly, use, attempt to use, disclose, or otherwise make known Company Information (as defined below) to any person or entity (other than to the Board of Directors of the Company or otherwise in the course of the business of the Company, its subsidiaries, or affiliates and except as may be required by applicable law).

(i) "Company Information" shall include all of the Company's trade secrets (that is, any information that derives independent economic value from not being generally known or readily ascertainable by the public, whether or not written or stored in any medium), including without limitation, the identity, preferences and selling and purchasing tendencies of actual Company suppliers and customers and their respective decision-makers; the Company's marketing plans, information and/or strategies for the development and growth of the Company's products, its business and/or its customer base; the terms of the Company's deals and dealings with its customers and suppliers; information regarding employees, including but not limited to their skills, training, contacts, prospects, and abilities; the Company's unique sales training techniques and programs; the Company's costs, prices, technical data, inventory position and data processing and management information systems, programs, and practices; the Company's inventions, discoveries, processes, formulae, and related data and records; and the Company's personnel policies and procedures and any other information regarding human resources at the Company obtained in the course of Executive's employment with the Company.

(ii) "Company Information" does not include: (1) information the Executive obtained through general training, knowledge, skill, or experience, whether gained in the course of the Executive's employment with the Company or otherwise; (2) information that is readily ascertainable to the public; or (3) information that the Executive otherwise has a right to disclose as legally protected conduct.

(a) Non-Competition. During the Restricted Period (as defined below), and in any geographic area in which the Executive had Company-related responsibilities during the Executive's employment with the Company, the Executive will not, directly or indirectly, engage in or become interested in (whether as an owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise):

(iii) the business of two-tier distribution of enterprise IT solutions, distributing electronic parts, components, supplies or systems, system assembly, production, and development of information databases, online engineering tools, and reverse logistics, providing services to industrial and commercial users of electronic components, providing enterprise computing solutions; or

(iv) any of the following entities, including such entities' affiliates or subsidiaries: Apollo Global Management, Inc.; Avnet, Inc.; Carahsoft Technology Corp; China Electronic Appliance Corporation; D&H Distributing; Digikey Electronics; Exclusive Networks Ltd.; Future Electronics; HNA Group Co., Ltd.; IHS Markit Ltd.; Future Electronics; Mouser Electronics; Premier Farnell Corporation; Richardson Electronics, Ltd.; RFMW, LTD.; Rutronik Elektronische Bauelemente GmbH; ScanSource, Inc.; SYNEX Corporation; Wayside Technology Group; WPG Holdings; and WT Microelectronics Co., Ltd. (the "Non-Compete Entities"); or

(v) any other Competing Business in any geographic area in which the Executive had Company-related responsibilities. "Competing Business" means any business which, directly or indirectly, provides the same or substantially similar products or services as those provided by the organization, business units or groups, or any other business in which the Company engages as of the Change in Control Date (as defined in the Change in Control Agreement), or any other business that is competitive with the principal business or businesses then conducted by the Company, its subsidiaries or affiliates.

(vi) Provided, however, that nothing contained herein shall prevent the Executive from acquiring or owning less than one percent (1%) of the issued and outstanding capital stock or debentures of a corporation whose securities are listed on the New York Stock Exchange, American Stock Exchange, or the National Association of Securities Dealers Automated Quotation System if such investment is otherwise permitted by the Company's Human Resource and Conflict of Interest policies.

(vii) The "Restricted Period" means a period of time beginning on the effective date of the Executive's termination of employment with the Company for any reason and ending after twenty-four (24) months for the Chief Executive Officer and eighteen (18) months for other Executive Committee Members.

(viii) In the event that this Section 1 or any provisions herein are deemed invalid, illegal, or unenforceable, the court shall modify such provisions to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If Section 1 or any provisions herein are deemed invalid, illegal, or unenforceable and cannot be reformed, such provisions shall be considered severable, and the remaining provisions will continue in full force and effect.

(b) Non-Solicitation of Business. In order to protect the Company's trade secrets, defined in Section (1)(a)(i) as Company Information, during the Restricted Period, Executive will not, directly or indirectly, solicit or participate in the solicitation of any business of any type conducted by the Company, its subsidiaries or affiliates, from any person, firm, or other entity which, during the Period of Employment or the Restricted Period, is or was a supplier or customer, or prospective supplier or customer, of the Company, its subsidiaries or affiliates. In the event that this provision is deemed invalid, illegal, or unenforceable, the court shall modify this provision to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If this provision is deemed invalid, illegal, or unenforceable and cannot be reformed, this provision shall be considered severable, and the remaining provisions will continue in full force and effect.

(c) Non-Solicitation of Personnel. In order to protect the Company's trade secrets, defined in Section (1)(a)(i) as Company Information, during the Restricted Period, Executive will not, directly or indirectly, employ, retain, solicit, or arrange to have any other person, firm, or other entity employ, retain, or solicit, or otherwise participate in the employment, retention, or solicitation of any person who is or was an employee or consultant of the Company, its subsidiaries, or affiliates, at any time during the period of twelve (12) consecutive months immediately preceding such employment, retention, or solicitation. In the event that this provision is deemed invalid, illegal, or unenforceable, the court shall modify this provision to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If this provision is deemed invalid, illegal, or unenforceable and cannot be reformed, this provision shall be considered severable, and the remaining provisions will continue in full force and effect.

(d) Non-Disparagement. During the Period of Employment, the Restricted Period, and thereafter, Executive will not make any disparaging statements about the Company, any of its subsidiaries, or affiliates, or any of their respective officers and directors.

(e) Preservation of Business. During the Period of Employment, Executive will use Executive's best efforts to advance the business and organization of the Company, its subsidiaries and affiliates, to keep available to the Company, its subsidiaries and affiliates, the services of present and future employees and to advance the business relations with its suppliers, distributors, customers, and others.

(f) Patents and Copyrights, etc. Executive agrees, without additional compensation, to make available to the Company all knowledge possessed by Executive relating to any methods, developments, inventions, processes, discoveries, or improvements (whether patented, patentable or unpatentable) which concern in any way the business of the Company, its subsidiaries or affiliates, whether acquired by Executive before or during Executive's Period of Employment. Any methods, developments, inventions, processes, discoveries, or improvements (whether patented, patentable or unpatentable) which Executive conceived of or made, related directly or indirectly to the business or affairs of the Company, its subsidiaries or affiliates, or any part thereof, during the Period of Employment, shall be and remain the property of the Company. Executive agrees promptly to communicate and disclose all such methods, developments, inventions, processes, discoveries, or improvements to the Company and to execute and deliver to it any instruments deemed necessary by the Company to affect the disclosure and assignment thereof to it. Executive also agrees, on request and at the expense of the Company, to execute patent applications and any other instruments deemed necessary by the Company for the prosecution of such patent applications or the acquisition of Letters Patent in the United States or any other country and for the assignment to the Company of any patents which may be issued. The Company shall indemnify and hold Executive harmless from any and all costs, expenses, liabilities, or damages sustained by Executive by reason of having made such patent applications or being granted such patents.

(g) Writings and Other Materials. Any writings or other materials written or produced by Executive or under Executive's supervision (whether alone or with others and whether or not during regular business hours), during the Period of Employment which are related, directly or indirectly, to the business or affairs of the Company, its subsidiaries or affiliates, or are capable of being used therein, and the copyright thereof, common law or statutory, including all renewals and extensions, shall be and remain the property of the Company. Executive agrees promptly to communicate and disclose all such writings or materials to the Company and to execute and deliver to it any instruments deemed necessary by the Company to affect the disclosure and assignment thereof to it. Executive further agrees, on request and at the expense of the Company, to take any and all action deemed necessary by the Company to obtain copyrights or other protections for such writings or other materials or to protect the Company's right, title and interest therein. The Company shall indemnify, defend, and hold Executive harmless from any and all costs, expenses, liabilities, or damages sustained by Executive by reason of Executive's compliance with the Company's request.

(h) Return of Documents. Executive will promptly furnish in writing to the Company, its subsidiaries, or affiliates any information reasonably requested by the Company (including any third-party confirmations) with respect to any activity or interest Executive may have in any business.

(i) Acknowledgment. Executive agrees and acknowledges that the restrictions in this Section 1 are reasonable in scope and duration.

2. Enforcement

(a) Executive acknowledges and agrees that the Restricted Period is reasonable and properly required for the adequate protection of the business and the goodwill of the Company. In the event the Restricted Period is deemed to be unreasonable by any court of competent jurisdiction, Executive agrees to the reduction of the Restricted Period to such period which such court shall deem reasonable. Executive acknowledges that the Company has no adequate remedy at law and will be irreparably harmed if Executive breaches or threatens to breach the provisions of this Agreement, and, therefore, agrees that the Company shall be entitled to injunctive relief to prevent any breach or threatened breach of this Agreement, and that the Company shall be entitled to specific performance of the terms of this Agreement in addition to any other legal or equitable remedy it may have. Nothing in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement.

(b) Except as expressly herein provided, nothing contained herein is intended to prevent Executive, at any time after the effective date of Executive's termination, from either (i) being gainfully employed or (ii) exercising Executive's skills and abilities, provided in either case the provisions of this Agreement are complied with.

3. Consideration. Executive acknowledges that Executive's severance entitlements under the Change in Control Retention Agreement between the Company and Executive constitute valid consideration for the promises and commitments made in this Agreement.

4. General Terms

(a) Integration, Governing Law, Choice of Forum. This Agreement shall be construed and governed in all respects according to the laws of the State of Colorado without regard to principles of conflict of laws. Any action for injunctive relief under this Agreement shall be settled exclusively by a state or Federal court located in the State of Colorado. Any other dispute or controversy arising under or in connection with this Agreement or the Employee's employment with the Company shall be settled exclusively by arbitration, conducted before a single arbitrator in Denver, Colorado in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of the outcome, each party shall pay all of its own costs and expenses, including attorneys' fees.

(b) Severability. In the event that one or more provisions in this Agreement are deemed invalid, illegal, or unenforceable, the court making such determination shall modify the provisions to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If any such provisions are deemed invalid, illegal, or unenforceable and cannot be reformed, those provisions shall be considered severable, and the remaining provisions will continue in full force and effect.

(c) Non-Assignment. This Agreement, and the rights and obligations hereunder, may not be assigned by the Company or Executive without written consent signed by the other party, provided that the Company may assign the Agreement to **any** successor that continues the business of the Company. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

(d) Headings. The headings in this Agreement are included for the convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have acknowledged, executed, and delivered this Agreement as of the date noted below.

ARROW ELECTRONICS, INC.

Gretchen Zech
Senior Vice President, Chief Governance, Sustainability, and Human Resources Officer

EXECUTIVE:

EXECUTIVE_NAME DATE _____

ARROW ELECTRONICS, INC.
EXECUTIVE SEVERANCE POLICY

(as adopted September 14, 2022, and effective August 10, 2022, prospectively)

This Arrow Electronics, Inc. Executive Severance Policy has been adopted by the Compensation Committee of the Board of Directors of the Company to apply to selected executive employees of the Company. In consideration of employment or continued employment, Executives will be eligible for coverage under the Policy for the payment of severance benefits upon termination of employment under certain circumstances, subject to the conditions set forth below. This Policy shall be effective as of the Effective Date as provided herein.

1. Definitions. As used herein, the following terms shall have the following respective meanings:

1.1 “Accrued Rights” shall have the meaning given in Section 3.7 hereof.

1.2 “Annual Bonus” means the annual bonus payable to Executive under the Company’s Management Incentive Compensation Plan (MICP) or such other or successor annual bonus program in which Executive participates from time to time.

1.3 “Cause” means, subject to the conditions below, (i) Executive’s conviction of (or plea of no contest or guilty to) a felony, (ii) Executive’s willful failure to perform, in any material respect, Executive’s material duties and responsibilities to the Company (other than any failure resulting from Executive’s physical or mental injury, illness or incapacity), (iii) Executive’s willful failure to comply, in any material respect, with any lawful policy adopted by the Company and communicated to Executive in writing, or (iv) Executive’s willful misconduct in performing Executive’s duties to the Company under this Policy. Notwithstanding the foregoing, any breach or failure described in clauses (ii), (iii), or (iv) above will constitute Cause only after (a) the Company delivers to Executive notice of the Company’s intention to terminate Executive’s employment for Cause, which notice describes in reasonable detail the alleged breach or failure constituting Cause and the related relevant facts and circumstances, and (b) Executive fails to cure that breach or failure within fifteen (15) business days following Executive’s receipt of the Company’s notice. No act or failure to act by Executive will be deemed to be “willful” under clauses (ii), (iii), or (iv) above if that act or failure to act was committed or omitted by Executive in good faith and in a manner he reasonably believed to be in the best interest of the Company.

1.4 “Company” means Arrow Electronics, Inc., a New York corporation.

1.5 “Code” means the Internal Revenue Code of 1986, as amended.

1.6 “Compensation Committee” means the Compensation Committee of the Board of Directors of the Company.

1.7 “Date of Termination” means the effective date of the relevant Executive’s termination of employment with the Company.

1.8 “Disability” means due to illness, injury, or a physical or medically recognized mental condition, (i) Executive is unable to perform Executive’s duties and responsibilities with reasonable accommodation for one hundred twenty (120) consecutive calendar days, or one hundred eighty (180) calendar days during any twelve (12) month period, as determined by a physician agreed to by the Company and Executive, or (ii) Executive is considered disabled for purposes of receiving/qualifying for long-term disability benefits under any group long-term disability insurance plan or policy offered by Company in which Executive participates.

1.9 “Effective Date” means April 1, 2013, or such later date as determined by the Compensation Committee with respect to an Executive.

1.10 “Executive” means the following executive employees of the Company and its subsidiaries who are eligible to participate in the Policy: (i) the Chief Executive Officer and (ii) all other Executive Committee Members.

1.11 “Participation Agreement” means an agreement between an Executive and the Company providing for the terms and conditions of an Executive’s participation in the Policy. A Participation Agreement is not required for participation in the Policy if an Executive is otherwise eligible to participate under the terms hereof.

1.12 “Policy” means this Arrow Electronics, Inc. Executive Severance Policy.

1.13 “Severance Period” means the period of time to which the severance benefits under this Policy shall relate following the Date of Termination for a relevant Executive, as follows: (i) for the Chief Executive Officer, twenty-four (24) months, and (ii) for other Executive Committee Members, eighteen (18) months.

1. Term of Policy. The term of this Policy shall begin on the Effective Date and shall continue in effect until modified or terminated by the Company pursuant to Section 16 hereof.

2. Termination without Cause. The Company may terminate the employment of Executive for any reason and at any time, with or without Cause. In the event that the Company terminates the employment of Executive during the term of the Policy without Cause (as may be modified in an Executive’s Participation Agreement), Executive shall be entitled to the following rights and benefits under this Section 3, subject to Executive’s duty to mitigate under Section 3.9 hereof:

1.14 Salary Continuation Payments. The Company will pay Executive salary continuation through the Severance Period at an annual rate equal to Executive’s then-current base salary. Salary continuation under this Section 3.1 shall be paid in equal monthly installments in accordance with the Company’s customary payroll practices.

1.15 Annual Bonus Payments.

(i) Pro-Rata Bonus. The Company will pay Executive a payment equal to the product of (A) the Annual Bonus, if any, that Executive would have earned for the calendar year in which the Date of Termination occurs, based on achievement of the applicable performance goals for each such calendar year, as uniformly applied to other Executives who remain employed and (B) a fraction, the numerator of which is the number of days Executive was employed by the Company during the calendar year of termination, and the denominator of which is the number of days in such calendar year (the "Pro-Rata Bonus"). This amount shall be paid on the date that Annual Bonuses are normally paid, but in no event later than March 15 of the year following the year in which the Date of Termination occurs;

(ii) Bonus for Severance Period. The Company will pay Executive the Annual Bonus, if any, that Executive would have earned during the Severance Period (including pro rata portions for partial years during the Severance Period), based on the Company's achievement of the applicable performance goals for each such calendar year, as uniformly applied to other Executives who remain employed, but adjusted to assume 0% achievement on "MBO/market share" performance measures (or comparable substitute measures). This amount shall be paid on the date that Annual Bonuses are normally paid, but in no event later than March 15 of the year following the year to which the applicable Annual Bonus relates.

1.16 Treatment of Equity Awards.

(i) Continued Vesting of Awards. Notwithstanding anything to the contrary provided in the applicable award agreement, any equity-based awards held by Executive immediately prior to the Date of Termination under the Company's equity incentive compensation plans, including, without limitation, stock options, restricted stock units, and performance stock units, will continue to vest in accordance with their respective vesting schedules for the duration of the Severance Period, without regard to Executive's continued employment and based, if applicable, on the Company's achievement of the relevant performance goals for the relevant period, as uniformly applied to other Executives who remain employed and hold equity awards. Any Company equity-based awards that are not vested prior to the expiration of the Severance Period shall be forfeited.

(ii) Exercise Period of Stock Options. Any vested stock options (by reason of Section 3.3(i) or otherwise) will remain exercisable until the expiration of the Severance Period or, if earlier, the original expiration date of such stock option as provided in the applicable award agreement, without regard to any other post-termination of employment exercise period specified therein.

1.17 Health Benefit Coverage. The Executive and Executive's eligible dependents will remain covered by the Company's medical, vision, and dental plans under the same terms and conditions as an active employee through the date of the Executive's termination of employment. As of the Executive's employment termination date, such coverage will terminate, and the Company will pay to the Executive, in one lump sum payment, the equivalent cash value of the premiums for the coverage that Executive and Executive's eligible dependents would have received (less the employee portion of the premiums for such benefits) under the Company's health care plan, based on the level of coverage as of the employment termination date, during the Severance Period. Such payment shall be made within sixty (60) days after the employment termination date.

1.18 COBRA. Executive shall be eligible for continuation of coverage for Executive and Executive's eligible dependents under the Company's medical, vision, and dental plans pursuant to the COBRA continuation of coverage provisions under such plans, at Executive's sole expense under applicable COBRA rates, beginning upon the employment termination date.

1.19 Outplacement Services. The Company will reimburse Executive for the cost of outplacement services up to a maximum of \$75,000 for the Chief Executive Officer and \$50,000 for other Executive Committee Members.

1.20 Accrued Rights. Within fifteen (15) days following the Date of Termination, the Company will pay or provide Executive with (i) all accrued but unpaid base salary through the Date of Termination, (ii) vacation pay accrued but not used in accordance with the Company's vacation pay policy, (iii) any previously awarded but unpaid Annual Bonus for a completed calendar year prior to the Date of Termination, (iv) any unreimbursed business expenses that are reimbursable under the Company's business expense policy, and (v) all accrued rights and benefits under the employee benefit plans of the Company in which Executive is then participating, (collectively, the "Accrued Rights").

1.21 No Additional Rights. Executive's participation under any benefit plan, program, policy, or arrangement sponsored or maintained by the Company shall cease and be terminated on the Date of Termination. Without limiting the generality of the foregoing, Executive's eligibility for, and active participation in, any of the tax-qualified pension plans maintained by the Company will end as of the Date of Termination, and Executive will earn no additional benefits under those plans after that date. Executive shall be treated as a terminated employee for purposes of all such benefit plans and programs effective as of the Date of Termination and shall receive all payments and benefits due under such plans and programs in accordance with the terms and conditions thereof.

1.22 Affirmative Duty to Mitigate. During the Severance Period, an Executive shall have an affirmative obligation to seek substitute employment that is reasonably comparable to Executive's position with the Company, in order to mitigate the severance payments and benefits under this Section 3 (other than the Accrued Rights). Executive shall not be obligated to mitigate payments or benefits by accepting a new position which is not reasonably comparable to Executive's employment with the Company. Any amounts payable or benefits provided by any such substitute employment shall offset the amounts and benefits under this Section 3; provided, however, that the vesting and exercise periods of any equity-based awards held by Executive shall not be affected by this Section 3.9 and shall continue as provided in Section 3.3. In the event of a breach of this Section 3.9 by Executive, the payments and benefits under this Section 3 shall cease. Executive shall have an affirmative obligation to inform the Company of Executive's acceptance of any substitute employment during the Severance Period and shall respond to reasonable inquiries from the Company with respect to compliance with this Section 3.9.

3. Termination by Reason of Death or Disability. In the event that the employment of Executive is terminated during the term of the Policy by reason of death or Disability, Executive shall be entitled to the following rights and benefits under this Section 4:

1.23 Annual Bonus. The Company will pay Executive the Pro-Rata Bonus, which shall be paid on the date that Annual Bonuses are normally paid, but in no event later than March 15 of the year following the year in which the Date of Termination occurs.

1.24 Treatment of Equity Awards.

(i) Accelerated Vesting of Awards. Notwithstanding anything to the contrary provided in the applicable award agreement, all unvested equity-based awards, including, without limitation, stock options, restricted stock units or shares, and performance stock units or shares, shall vest immediately as of the date of death or Disability, as applicable.

(ii) Exercise Period of Stock Options. Any vested stock options (by reason of Section 4.2(i) or otherwise) will remain exercisable until the expiration date of such stock option as provided in the applicable award agreement, without regard to any other post-termination of employment exercise period specified therein.

(iii) Performance Stock Units. Notwithstanding anything to the contrary provided in the applicable award agreement, any shares to which Executive is entitled by reason of a vested performance stock unit (by reason of Section 4.2(i) or otherwise) shall be delivered to Executive within thirty (30) days of the date of death or Disability as follows: (a) if the date of death or Disability occurs before the end of the applicable performance cycle, Executive shall be entitled to the target number of performance stock units specified in the applicable award agreement; or (b) if the date of death or Disability occurs after the end of the applicable performance cycle, Executive shall be entitled to a number of performance stock units determined by reference to the Company's actual performance for that cycle.

(iv) Accrued Rights. Within fifteen (15) days following the date of death or Disability, the Company will pay or provide Executive with all Accrued Rights.

1.25 Health Benefit Coverage. If Executive's employment is terminated by reason of Executive's Disability, the Company will provide to Executive and Executive's eligible dependents continued medical coverage under the Company's health plan at the same level of coverage to which Executive was entitled as of the date of Disability, subject to eligibility requirements and other conditions contained in the applicable plan, including the requirement that Executive continue to pay the "employee portion" of the cost thereof, for one hundred eighty (180) days following the date of Disability. The Executive and the Executive's eligible dependents will remain covered by the Company's medical, vision, and dental plans under the same terms and conditions as an active employee through the date of the Executive's termination of employment by reason of the Executive's Disability. As of the Executive's termination by reason of Disability, such coverage will terminate, and the Company will pay to the Executive, in one lump sum payment, the equivalent cash value of the premiums for the coverage that Executive and Executive's eligible dependents would have received (less the employee portion of the premiums for such benefits) under the Company's health care plan, based on the level of coverage as of the employment termination date, for a period of one hundred eighty (180) days. Such payment shall be made within sixty (60) days after the Executive's termination due to Disability. After such termination due to Disability, the Executive shall be eligible for continuation of coverage for the Executive and the Executive's eligible dependents under the Company's medical, vision, and dental plans pursuant to the COBRA continuation of coverage provisions of such plans, at the Executive's sole expense under applicable COBRA rates, beginning upon the employment termination date.

1.26 Life Insurance. If Executive's employment is terminated by reason of Executive's Disability, Executive's life insurance policy under the Management Insurance Plan shall be transferred to Executive's name, subject to the obligation of Executive to pay the future premiums therefor.

4. Termination by the Company for Cause. The Company may terminate the employment of Executive for any reason and at any time, with or without Cause. In the event that the Company terminates the employment of Executive during the term of the Policy for Cause, the Company will pay or provide Executive with all Accrued Rights.

5. Voluntary Termination; Retirement. Executive shall not be entitled to any payments or benefits under this Policy by reason of Executive's voluntary termination of employment from the Company, except as otherwise provided in Executive's Participation Agreement. This Policy shall have no effect on the rights and benefits to which Executive is entitled upon retirement under (without limitation) any retirement or savings plan of the Company (including the Company's Supplemental Executive Retirement Plan (the "SERP")), nor under the Company's equity incentive compensation plans (including applicable award agreements), each of which shall be governed exclusively by the terms of such plans and agreements, as applicable.

6. Release.

1.27 As a condition precedent to receiving the payments and benefits as provided herein, Executive will execute (and not revoke) a general release of claims (the "Release"), in the form attached as Exhibit A hereto. If Executive fails to execute and deliver the Release, or revokes the Release, Executive agrees that Executive shall not be entitled to receive the payments and benefits described herein. For purposes of this Policy, the Release shall be considered to have been executed by Executive if it is signed by Executive's legal representative in the case of legal incompetence or on behalf of Executive's estate in the case of Executive's death.

1.28 Except as otherwise specified, payment of any amounts described hereunder that are subject to the Release will begin on the sixtieth (60th) day following the Date of Termination, with the first such payment to include any amounts attributable to payroll intervals occurring prior to such date, provided, however, that, to the extent that the payments are exempt from Section 409A, such exempt payments shall be made beginning with the first payroll date following the effectiveness of the Release.

7. Indemnification. The Company shall indemnify Executive for any and all liabilities to which Executive may be subject as a result of Executive's employment with the Company, as well as the costs of any legal action brought by or threatened against Executive as a result of such employment, to the fullest extent permitted by law, in accordance with the Company's by-laws.

8. Restrictive Covenants. In consideration of Executive's employment by the Company and the rights and benefits of Employee provided by this Policy, on the Effective Date, Executive will enter into the Restrictive Covenants Agreement in the form attached as Exhibit B hereto.

9. Compliance with Section 409A.

1.29 Six Month Delay for Specified Executives. If any payment, compensation or other benefit provided to Executive in connection with Executive's employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and Executive is a specified employee as defined in Section 409A(2)(B)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after Executive's employment is terminated (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to Executive during the period between the date of termination and the New Payment Date shall be paid to Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Policy.

1.30 Compliance. To the extent applicable, it is intended that this Policy comply with the provisions of Section 409A of the Code, so as to prevent inclusion in gross income of any amounts payable or benefits provided hereunder in a taxable year that is prior to the taxable year or years in which such amounts or benefits would otherwise actually be distributed, provided or otherwise made available to Executive. This Policy shall be construed, administered, and governed in a manner consistent with this intent. If and to the extent that any payment or benefit under this Policy is determined by the Company to constitute “non-qualified deferred compensation” subject to Section 409A of the Code and is payable to Executive by reason of Executive’s termination of employment, then such payment or benefit shall be made or provided to Executive only upon a “separation from service” as defined for purposes of Section 409A of the Code. Each severance payment under this Policy will be considered a “separate payment” and not one of a series of payments for purposes of Section 409A of the Code. In no event will the Company or its affiliates be liable for any additional tax, interest, or penalties that may be imposed on Executive under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

10. Withholding Taxes. All compensation payable pursuant to this Policy shall be subject to reduction by all applicable withholding, social security, and other federal, state, and local taxes and deductions, and the Company shall be authorized to make all such withholdings to the extent it determines necessary under applicable law.

11. Acknowledgment. Executive acknowledges that this Policy does not constitute a contract of employment or impose on the Company any obligation to retain Executive as an employee and that this Policy does not prevent Executive from terminating employment at any time.

12. Non-Duplication of Benefits; CIC Agreements. The Severance Benefit under this Policy is not intended to duplicate any other benefits provided by the Company in connection with the termination of an employee’s employment, such as wage replacement benefits, pay-in-lieu-of-notice, severance pay, or similar benefits under any other benefit plans, severance programs, employment contracts, or applicable federal or state laws, such as the WARN Acts. Should such other benefits be payable, the Severance Benefits under this Policy will be reduced accordingly or, alternatively, Severance Benefits previously paid under this Policy will be treated as having been paid to satisfy such other benefit obligations. In either case, the Company will determine how to apply this provision and may override other provisions in this Policy in doing so. In addition, and notwithstanding anything else provided herein, to the extent Executive is entitled to severance payments and benefits upon termination of employment under the Company’s Executive Change in Control Retention Agreement, this Policy will cease to apply, and Executive’s entitlement to severance benefits shall be governed solely by the Change in Control Agreement.

13. Parachute Payments. Notwithstanding anything in this Policy to the contrary, in the event it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) to or for the benefit of Executive, whether paid or payable pursuant to this Policy (including, without limitation, the accelerated vesting of any equity or incentive awards held by Executive) or otherwise would be subject to the excise tax imposed by Section 4999 of the Code, then Executive shall be entitled to receive (A) the greatest amount so that no portion the payments shall be an excess parachute payment (the "Limited Amount"), or (B) if the amount of payments otherwise paid or provided (without regard to clause (A)) reduced by all taxes applicable thereto (including, for the avoidance of doubt, the excise tax imposed by Section 4999 of the Code) would be greater than the Limited Amount reduced by all taxes applicable thereto, then the amount of payments shall be the amount otherwise payable. Any reductions described in the preceding sentence shall be done in the manner that is least economically disadvantageous to Executive. Where the decision to cut back between two amounts is economically equivalent, but the amounts are payable at different times, the amounts will be reduced on a pro rata basis.

14. Administration. The Compensation Committee is responsible for the administration of this Policy and shall have all powers and duties necessary to fulfill its responsibilities. The Compensation Committee shall determine any and all questions of fact, resolve all questions of interpretation of the Policy which may arise, and exercise all other powers and discretion necessary to be exercised under the terms of the Policy which it is herein given or for which no contrary provision is made. The Compensation Committee shall have full power and discretion to interpret the Policy and related documents, to resolve ambiguities, inconsistencies, and omissions, to determine any question of fact, and to determine the rights and benefits, if any, of any Executive or other employee, in accordance with the provisions of the Policy. The Compensation Committee's decision with respect to any matter shall be final and binding on all parties concerned. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious. The Compensation Committee may, from time to time, by the action of its appropriate officers, delegate to designated persons or entities the right to exercise any of its powers or the obligation to carry out its duties under the Policy.

15. Amendment and Termination. The Company reserves the right to amend or terminate this Policy at any time and in any manner, without consent or advance notice to Executives or other employees. No amendment or termination of the Policy shall affect the rights of an Executive whose Date of Termination has occurred prior to the date of such amendment or termination of the Policy and who remains entitled to severance payments or benefits under this Policy. The application of any amendment or termination of this Policy to an individual Executive is subject to the terms of such Executive's Participation Agreement, if applicable.

EXHIBIT A **RELEASE**

EXECUTIVE_NAME ("**Executive**") hereby executes this Release of Claims (this "**Release**") as of the date hereof, pursuant to the terms of Executive Severance Policy of Arrow Electronics, Inc. (the "**Company**"), as in effect on the date hereof (the "**Severance Policy**"). As of the date hereof, Executive and the Company have also entered into a Restrictive Covenants Agreement (the "**Restrictive Covenants Agreement**") pursuant to the terms of the Severance Policy.

1. Executive Severance Policy

Executive has been terminated from employment with the Company under circumstances that entitle Executive to certain rights and benefits under the Severance Policy, subject to the terms of this Release. The rights and benefits of Executive under the Severance Policy are in consideration of and subject to Executive's execution, nonrevocation, and compliance with the terms of this Release.

2. Release of Claims by Executive

a. With the intention of binding Executive and Executive's heirs, executors, administrators and assigns (collectively, and together with Executive, the "**Executive Releasors**"), Executive hereby releases, remises, acquits and forever discharges the Company and each of its subsidiaries and affiliates (the "**Company Affiliated Group**"), and their past and present directors, employees, agents, attorneys, accountants, representatives, plan fiduciaries, and the successors, predecessors, and assigns of each of the foregoing (collectively, and together with the members of the Company Affiliated Group, the "**Company Released Parties**"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees, and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected, that arise out of, or relate in any way to, Executive's employment with the Company or the termination of such employment (collectively, "**Released Claims**") and that Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any Company Released Party in any capacity, including any and all Released Claims (i) arising out of or in any way connected with Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity (including as an employee, officer or director), or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, salary or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm, or other tort, (iv) for any violation of applicable federal, state, or local labor and employment laws (including all laws concerning unlawful and unfair labor and employment practices) and (v) for employment discrimination under any applicable federal, state, or local statute, provision, order, or regulation, and including, without limitation, any claim under Title VII of the Civil Rights Act of 1964 ("**Title VII**"), the Age Discrimination in Employment Act ("**ADEA**") and any similar or analogous state statute, excepting only that no claim in respect of any of the following rights shall constitute a Released Claim:

1. any right arising under, or preserved by, this Release or the Severance Policy;
 2. any claim related solely to Executive's status as an equityholder of the Company or any affiliate thereof;
 3. for avoidance of doubt, any right to indemnification under (i) applicable law, (ii) the Severance Policy, (iii) the by-laws or certificate of incorporation of any Company Released Party, (iv) any other agreement between Executive and a Company Released Party or (v) as an insured under any director's and officer's liability insurance policy now or previously in force; or
 4. for avoidance of doubt, any claim for benefits under any health, disability, retirement, life insurance, or similar employee benefit plan of the Company Affiliated Group.
- a. Nothing in this Release is intended to or does prevent Executive from reporting possible violations of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from cooperating in the investigation of any such possible violations of federal or state law to the extent required or compelled by law, legal process, or subpoena.
 - b. In the event any action, suit, claim, charge, or proceeding within the scope of this Section 2 is brought by any government agency, putative class representative, or other third party to vindicate any alleged rights of Executive, Executive hereby waives any right to monetary relief arising from any such action, suit, claim, charge, or proceeding, and if any monetary damages, inclusive of attorneys' fees, are required to be paid to Executive by the Company as a consequence of such action, suit, claim, charge or proceeding, Executive shall repay all such amounts to the Company within ten (10) calendar days of Executive's receipt thereof.
 - c. The amounts and other benefits set forth in the Severance Policy, to which Executive would not otherwise be entitled, are being paid to Executive in return for Executive's execution and nonrevocation of this Release and Executive's agreements and covenants contained in the Restrictive Covenants Agreement. Executive acknowledges and agrees that the release of claims set forth in this Section 2 is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.
 - d. The release of claims set forth in this Section 2 applies to any relief in respect of any Released Claim of any kind, no matter how called, including wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages, damages for pain or suffering, costs, and attorney's fees and expenses. Executive specifically acknowledges that Executive's acceptance of the terms of the release of claims set forth in this Section 2 is, among other things, a specific waiver of Executive's rights, claims, and causes of action under Title VII, ADEA, and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything contained herein purport, to be a waiver of any right or claim or cause of action which by law Executive is not permitted to waive.

3. Voluntary Execution of Agreement.

BY EXECUTIVE'S SIGNATURE BELOW, EXECUTIVE ACKNOWLEDGES THAT:

- b. EXECUTIVE HAS RECEIVED A COPY OF THIS RELEASE AND WAS OFFERED A PERIOD OF TWENTY-ONE (21) DAYS TO REVIEW AND CONSIDER IT;
- c. IF EXECUTIVE SIGNS THIS RELEASE PRIOR TO THE EXPIRATION OF TWENTY-ONE (21) CALENDAR DAYS, EXECUTIVE KNOWINGLY AND VOLUNTARILY WAIVES AND GIVES UP THIS RIGHT OF REVIEW;
- d. EXECUTIVE HAS THE RIGHT TO REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) CALENDAR DAYS AFTER EXECUTIVE SIGNS IT BY MAILING OR DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE COMPANY NO LATER THAN THE CLOSE OF BUSINESS ON THE SEVENTH (7TH) CALENDAR DAY AFTER THE DAY ON WHICH EXECUTIVE SIGNED THIS RELEASE;
- e. THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE FOREGOING SEVEN (7) DAY REVOCATION PERIOD HAS EXPIRED WITHOUT THE RELEASE HAVING BEEN REVOKED;
- f. THIS RELEASE WILL BE FINAL AND BINDING AFTER THE EXPIRATION OF THE FOREGOING REVOCATION PERIOD REFERRED TO IN SECTION 3(c), AND FOLLOWING SUCH REVOCATION PERIOD EXECUTIVE AGREES NOT TO CHALLENGE ITS ENFORCEABILITY;
- g. EXECUTIVE IS AWARE OF EXECUTIVE'S RIGHT TO CONSULT AN ATTORNEY, IS BEING ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY, AND HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY, IF DESIRED, PRIOR TO SIGNING THIS RELEASE;
- h. NO PROMISE OR INDUCEMENT FOR THIS RELEASE HAS BEEN MADE EXCEPT AS SET FORTH IN THE SEVERANCE POLICY AND THIS RELEASE;
- i. EXECUTIVE HAS CAREFULLY READ THIS RELEASE, ACKNOWLEDGES THAT EXECUTIVE HAS NOT RELIED ON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, NOT SET FORTH IN THIS DOCUMENT OR THE SEVERANCE POLICY, AND WARRANTS AND REPRESENTS THAT EXECUTIVE IS SIGNING THIS RELEASE KNOWINGLY AND VOLUNTARILY.

[Signature page follows]

IN WITNESS WHEREOF, Executive has acknowledged, executed and delivered this Release as of _____.

ARROW ELECTRONICS, INC.

EXECUTIVE:

EXHIBIT B
RESTRICTIVE COVENANTS AGREEMENT

THIS RESTRICTIVE COVENANTS AGREEMENT (the "Agreement") is made as of **EFFECTIVE_DATE**, (the "Effective Date") by and between Arrow Electronics Inc. (the "Company") and **EXECUTIVE_NAME** ("Executive"), pursuant to the terms of Executive Severance Policy as in effect on the date hereof (the "Severance Policy").

WHEREAS, Executive acknowledges and recognizes the highly competitive nature of the business of the Company;

WHEREAS, Executive acknowledges that Executive has been and/or will be provided with access to the Company's trade secrets and other confidential and proprietary information and will be provided with the opportunity to develop relationships with clients, prospective clients, employees, and other agents of the Company, which, in each case, Executive acknowledges and agrees constitutes valuable assets of the Company;

WHEREAS, in connection with Executive's execution of the Severance Policy, Executive agrees to be subject to the restrictive covenants as set forth in this Agreement;

NOW, THEREFORE, for good and valuable consideration, including Executive's rights under the Severance Policy, as of the Effective Date, the parties agree as follows:

1. Restrictive Covenants.

(a) Disclosure of Information. During the period of Executive's employment with the Company (the "Period of Employment") and for all periods thereafter, Executive will not, directly or indirectly, use, attempt to use, disclose, or otherwise make known Company Information (as defined below) to any person or entity (other than to the Board of Directors of the Company or otherwise in the course of the business of the Company, its subsidiaries or affiliates and except as may be required by applicable law).

(i) "Company Information" shall include all of the Company's trade secrets (that is, any information that derives independent economic value from not being generally known or readily ascertainable by the public, whether or not written or stored in any medium), including without limitation, the identity, preferences and selling and purchasing tendencies of actual Company suppliers and customers and their respective decision-makers; the Company's marketing plans, information and/or strategies for the development and growth of the Company's products, its business and/or its customer base; the terms of the Company's deals and dealings with its customers and suppliers; information regarding employees, including but not limited to their skills, training, contacts, prospects, and abilities; the Company's unique sales training techniques and programs; the Company's costs, prices, technical data, inventory position and data processing and management information systems, programs, and practices; the Company's inventions, discoveries, processes, formulae, and related data and records; and the Company's personnel policies and procedures and any other information regarding human resources at the Company obtained in the course of Executive's employment with the Company.

(ii) "Company Information" does not include: (1) information the Executive obtained through general training, knowledge, skill, or experience, whether gained in the course of the Executive's employment with the Company or otherwise; (2) information that is readily ascertainable to the public; or (3) information that the Executive otherwise has a right to disclose as legally protected conduct.

(b) Non-Competition. During the Restricted Period, (as defined below), and in any geographic area in which the Executive had Company-related responsibilities during the Executive's employment with the Company, the Executive will not, directly or indirectly, engage in or become interested in (whether as an owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise):

(i) the business of two-tier distribution of enterprise IT solutions, distributing electronic parts, components, supplies or systems, system assembly, production, and development of information databases, online engineering tools, and reverse logistics, providing services to industrial and commercial users of electronic components, providing enterprise computing solutions; or

(ii) any of the following entities, including such entities' affiliates or subsidiaries: Apollo Global Management, Inc.; Avnet, Inc.; Carahsoft Technology Corp; China Electronic Appliance Corporation; D&H Distributing; Digikey Electronics; Exclusive Networks Ltd.; Future Electronics; HNA Group Co., Ltd.; IHS Markit Ltd.; Future Electronics; Mouser Electronics; Premier Farnell Corporation; Richardson Electronics, Ltd.; RFMW, LTD.; Rutronik Elektronische Bauelemente GmbH; ScanSource, Inc.; SYNEX Corporation; Wayside Technology Group; WPG Holdings; and WT Microelectronics Co., Ltd. (the "Non-Compete Entities"); or

(iii) any other Competing Business in any geographic area in which the Executive had Company-related responsibilities. "Competing Business" means any business which, directly or indirectly, provides the same or substantially similar products or services as those provided by the organization, business units or groups, or any other business in which the Company engages as of the Date of Termination (as defined in the Severance Policy), or any other business that is competitive with the principal business or businesses then conducted by the Company, its subsidiaries or affiliates.

(iv) Provided, however, that nothing contained herein shall prevent the Executive from acquiring or owning less than one percent (1%) of the issued and outstanding capital stock or debentures of a corporation whose securities are listed on the New York Stock Exchange, American Stock Exchange, or the National Association of Securities Dealers Automated Quotation System, if such investment is otherwise permitted by the Company's Human Resource and Conflict of Interest policies.

(v) The "Restricted Period" means a period of time beginning on the effective date of the Executive's termination of employment with the Company for any reason and ending after twenty-four (24) months for the Chief Executive Officer and eighteen (18) months for other Executive Committee Members.

(vi) In the event that this Section 1 or any provisions herein are deemed invalid, illegal, or unenforceable, the court shall modify such provisions to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If Section 1 or any provisions herein are deemed invalid, illegal, or unenforceable and cannot be reformed, such provisions shall be considered severable, and the remaining provisions will continue in full force and effect.

(c) Non-Solicitation of Business. In order to protect the Company's trade secrets, defined in Section (1)(a)(i) as Company Information, during the Restricted Period, Executive will not, directly or indirectly, solicit or participate in the solicitation of any business of any type conducted by the Company, its subsidiaries or affiliates, from any person, firm, or other entity which, during the Period of Employment or the Restricted Period, is or was a supplier or customer, or prospective supplier or customer, of the Company, its subsidiaries or affiliates. In the event that this provision is deemed invalid, illegal, or unenforceable, the court shall modify this provision to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If this provision is deemed invalid, illegal, or unenforceable and cannot be reformed, this provision shall be considered severable, and the remaining provisions will continue in full force and effect.

(d) Non-Solicitation of Personnel. In order to protect the Company's trade secrets, defined in Section (1)(a)(i) as Company Information, during the Restricted Period, Executive will not, directly or indirectly, employ, retain, solicit, or arrange to have any other person, firm, or other entity employ, retain, or solicit, or otherwise participate in the employment, retention, or solicitation of any person who was an employee or consultant of the Company, its subsidiaries or affiliates, at any time during the period of twelve (12) consecutive months immediately preceding such employment or retention. In the event that this provision is deemed invalid, illegal, or unenforceable, the court shall modify this provision to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If this provision is deemed invalid, illegal, or unenforceable and cannot be reformed, this provision shall be considered severable, and the remaining provisions will continue in full force and effect.

(e) Non-Disparagement. During the Period of Employment, the Restricted Period, and thereafter, Executive will not make any disparaging statements about the Company, any of its subsidiaries or affiliates, or any of their respective officers and directors.

(f) Preservation of Business. During the Period of Employment, Executive will use Executive's best efforts to advance the business and organization of the Company, its subsidiaries and affiliates, to keep available to the Company, its subsidiaries and affiliates, the services of present and future employees and to advance the business relations with its suppliers, distributors, customers and others.

(g) Patents and Copyrights, etc. Executive agrees, without additional compensation, to make available to the Company all knowledge possessed by Executive relating to any methods, developments, inventions, processes, discoveries, or improvements (whether patented, patentable or unpatentable) which concern in any way the business of the Company, its subsidiaries or affiliates, whether acquired by Executive before or during Executive's Period of Employment. Any methods, developments, inventions, processes, discoveries, or improvements (whether patented, patentable or unpatentable) which Executive conceived of or made, related directly or indirectly to the business or affairs of the Company, its subsidiaries or affiliates, or any part thereof, during the Period of Employment, shall be and remain the property of the Company. Executive agrees promptly to communicate and disclose all such methods, developments, inventions, processes, discoveries, or improvements to the Company and to execute and deliver to it any instruments deemed necessary by the Company to affect the disclosure and assignment thereof to it. Executive also agrees, on request and at the expense of the Company, to execute patent applications and any other instruments deemed necessary by the Company for the prosecution of such patent applications or the acquisition of Letters Patent in the United States or any other country and for the assignment to the Company of any patents which may be issued. The Company shall indemnify and hold Executive harmless from any and all costs, expenses, liabilities, or damages sustained by Executive by reason of having made such patent applications or being granted such patents.

(h) Writings and Other Materials. Any writings or other materials written or produced by Executive or under Executive's supervision (whether alone or with others and whether or not during regular business hours), during the Period of Employment which are related, directly or indirectly, to the business or affairs of the Company, its subsidiaries or affiliates, or are capable of being used therein, and the copyright thereof, common law or statutory, including all renewals and extensions, shall be and remain the property of the Company. Executive agrees promptly to communicate and disclose all such writings or materials to the Company and to execute and deliver to it any instruments deemed necessary by the Company to affect the disclosure and assignment thereof to it. Executive further agrees, on request and at the expense of the Company, to take any and all action deemed necessary by the Company to obtain copyrights or other protections for such writings or other materials or to protect the Company's right, title and interest therein. The Company shall indemnify, defend, and hold Executive harmless from any and all costs, expenses, liabilities, or damages sustained by Executive by reason of Executive's compliance with the Company's request.

(i) Return of Documents. Executive will promptly furnish in writing to the Company, its subsidiaries, or affiliates any information reasonably requested by the Company (including any third-party confirmations) with respect to any activity or interest Executive may have in any business.

(j) Acknowledgment. Executive agrees and acknowledges that the restrictions in this Section 1 are reasonable in scope and duration.

2. Enforcement

(a) Executive acknowledges and agrees that the Restricted Period is reasonable and properly required for the adequate protection of the business and the goodwill of the Company. In the event the Restricted Period is deemed to be unreasonable by any court of competent jurisdiction, Executive agrees to the reduction of the Restricted Period to such period which such court shall deem reasonable. Executive acknowledges that the Company has no adequate remedy at law and will be irreparably harmed if Executive breaches or threatens to breach the provisions of this Agreement, and, therefore, agrees that the Company shall be entitled to injunctive relief to prevent any breach or threatened breach of this Agreement, and that the Company shall be entitled to specific performance of the terms of this Agreement in addition to any other legal or equitable remedy it may have. Nothing in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement.

(b) Except as expressly herein provided, nothing contained herein is intended to prevent Executive, at any time after the effective date of Executive's termination, from either (i) being gainfully employed or (ii) exercising Executive's skills and abilities, provided in either case the provisions of this Agreement are complied with.

3. Consideration. Executive acknowledges that Executive's severance entitlements under the Severance Policy between the Company and Executive constitute valid consideration for the promises and commitments made in this Agreement.

4. General Terms

(a) Integration, Governing Law, Choice of Forum. This Agreement shall be construed and governed in all respects according to the laws of the State of Colorado without regard to principles of conflict of laws. Any action for injunctive relief under this Agreement shall be settled exclusively by a state or Federal court located in the State of Colorado. Any other dispute or controversy arising under or in connection with this Agreement or the Employee's employment with the Company shall be settled exclusively by arbitration, conducted before a single arbitrator in Denver, Colorado in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of the outcome, each party shall pay all of its own costs and expenses, including attorneys' fees.

(b) Severability. In the event that one or more provisions in this Agreement are deemed invalid, illegal, or unenforceable, the court making such determination shall modify the provisions to effect the original intent of the Parties to the maximum extent permissible, and the remaining provisions will continue in full force and effect. If any such provisions are deemed invalid, illegal, or unenforceable and cannot be reformed, those provisions shall be considered severable, and the remaining provisions will continue in full force and effect.

(c) Non-Assignment. This Agreement, and the rights and obligations hereunder, may not be assigned by the Company or Executive without written consent signed by the other party, provided that the Company may assign the Agreement to **any** successor that continues the business of the Company. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

(d) Headings. The headings in this Agreement are included for the convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Executive have acknowledged, executed, and delivered this Agreement as of the date noted below.

ARROW ELECTRONICS, INC.

Gretchen Zech
Senior Vice President, Chief Governance, Sustainability, and Human Resources Officer

EXECUTIVE:

EXECUTIVE_NAME DATE _____

Arrow Electronics, Inc.
Certification of Chief Executive Officer Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002

I, Sean J. Kerins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arrow Electronics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2022

By: /s/ Sean J. Kerins
Sean J. Kerins
President and Chief Executive Officer

Arrow Electronics, Inc.
Certification of Chief Financial Officer Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002

I, Rajesh K. Agrawal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arrow Electronics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2022

By: /s/ Rajesh K. Agrawal

Rajesh K. Agrawal

Senior Vice President and Chief Financial Officer

Arrow Electronics, Inc.
Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant
to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906")

In connection with the Quarterly Report on Form 10-Q of Arrow Electronics, Inc. (the "company") for the quarter ended October 1, 2022 (the "Report"), I, Sean J. Kerins, President and Chief Executive Officer of the company, certify, pursuant to the requirements of Section 906, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: November 3, 2022

By: /s/ Sean J. Kerins

Sean J. Kerins

President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the company and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.

Arrow Electronics, Inc.
Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906")

In connection with the Quarterly Report on Form 10-Q of Arrow Electronics, Inc. (the "company") for the quarter ended October 1, 2022 (the "Report"), I, Rajesh K. Agrawal, Senior Vice President and Chief Financial Officer of the company, certify, pursuant to the requirements of Section 906, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: November 3, 2022

By: /s/ Rajesh K. Agrawal

Rajesh K. Agrawal

Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the company and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.