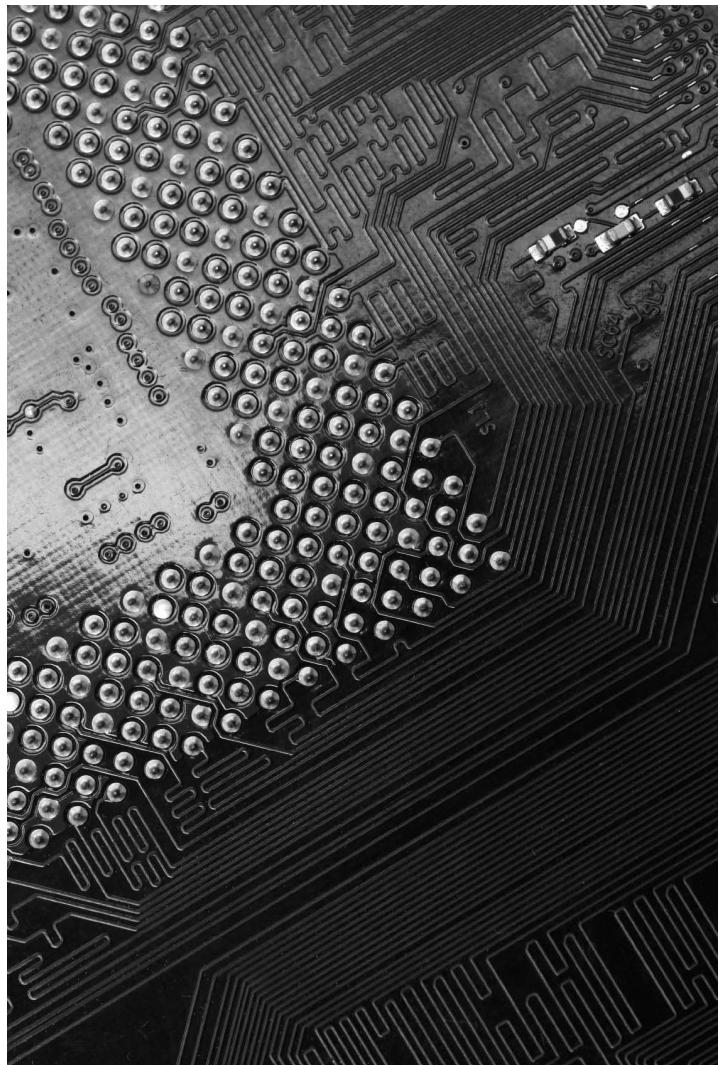


**Notice of 2018 Annual Meeting
of Shareholders and Proxy Statement**





OUR 2018 ANNUAL MEETING AND PROXY STATEMENT

Thursday, May 10, 2018
at 8:00 a.m. MT
The Ritz-Carlton
1881 Curtis Street
Denver, Colorado 80202

March 28, 2018

Dear Shareholder:

You are invited to Arrow's Annual Meeting on Thursday, May 10, 2018. The formal notice of the Annual Meeting and the Proxy Statement soliciting your vote at the Annual Meeting appear on the following pages.

The matters scheduled to be considered at the Annual Meeting are:

- > the election of the Board of Directors;
- > the ratification of the selection of the independent registered public accounting firm; and
- > the holding of an advisory vote on executive compensation.

These matters are discussed more fully in the Proxy Statement.

Under the rules adopted by the United States Securities and Exchange Commission, we are furnishing proxy materials to our shareholders online rather than mailing printed copies to each shareholder. Accordingly, you will not receive a printed copy of the proxy materials unless you request one. The Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting (the "Notice") includes instructions on how to access and review the materials, and how to access your proxy card and vote online. If you would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice.

Please make sure you vote whether or not you plan to attend the Annual Meeting. You can cast your vote in person at the Annual Meeting, online by following the instructions on either the proxy card or the Notice, by telephone, or, if you received paper copies of our proxy materials, by mailing your proxy card in the postage-paid return envelope.

Sincerely yours,

Michael J. Long
Chairman of the Board

**WHEN:**

Thursday, May 10, 2018
8:00 a.m. MT

WHERE:

The Ritz-Carlton
1881 Curtis Street
Denver, Colorado 80202

AGENDA:

1. Elect the Board of Directors for the ensuing year.
2. Ratify the appointment of Ernst & Young LLP as Arrow's independent registered public accounting firm for the fiscal year ending December 31, 2018.
3. Hold an advisory vote on executive compensation.
4. Transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 28, 2018

You are invited to Arrow's Annual Meeting. Only shareholders of record at the close of business on March 12, 2018 are entitled to notice of and to vote at the Annual Meeting.

Shareholders can vote online, by telephone, by completing and returning the proxy card, or by attending the Annual Meeting. The Notice and the proxy card itself have detailed instructions for voting, including voting deadlines.

**Internet**

Visit the website noted on your proxy card to vote online.

**Telephone**

Use the toll-free telephone number on your proxy card to vote by telephone.

**Mail**

Sign, date, and return your proxy card in the enclosed envelope to vote by mail.

**In Person**

Cast your vote in person at the annual meeting.

Shareholders may revoke a proxy (change or withdraw their votes) at any time prior to the Annual Meeting by following the instructions in the Proxy Statement.

If you wish to receive a printed copy of the proxy materials and Arrow's 2017 Annual Report you must request a copy. The Notice has instructions on how to access and review our proxy materials online, as well as instructions for online voting. You can obtain copies of the Arrow Annual Report and Proxy Statement by calling 1-800-579-1639, by sending an e-mail to investor@arrow.com, or by visiting the following website: www.arrow.com/annualreport2017.

Arrow's 2017 Annual Report (which is not a part of the proxy soliciting material) and this Proxy Statement will be available through www.proxyvote.com on or about March 28, 2018, and at the Company's website at www.arrow.com/annualreport2017.

By Order of the Board of Directors,

Gregory Tarpinian
Secretary

ARROW ELECTRONICS, INC.

Annual Meeting of Shareholders

To Be Held May 10, 2018

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ARROW ELECTRONICS, INC.
9201 East Dry Creek Road
Centennial, Colorado 80112

PROXY STATEMENT

In Connection with the 2018 Annual Meeting

THE PURPOSE OF THIS STATEMENT

The Board of Directors of Arrow Electronics, Inc., a New York corporation ("Arrow" or the "Company"), is furnishing this Proxy Statement to shareholders of record to solicit proxies to be voted at the 2018 Annual Meeting. By returning a completed proxy card, or voting over the telephone or internet, you are giving instructions on how your shares are to be voted at the Annual Meeting. The Proxy Statement is available through www.proxyvote.com.

VOTING INSTRUCTIONS

Please vote your shares by telephone or online, or if you received printed copies of the proxy materials, complete, sign, and date your proxy card and return it promptly in the postage-paid return envelope provided. Whether or not you plan to attend the Annual Meeting, your prompt response will assure a quorum and reduce solicitation expenses.

If shares are held in "street name" (that is, in the name of a bank, broker, or other holder of record), such holder should receive instructions from the record shareholder that must be followed in order for such shares to be voted (including at the Annual Meeting). Internet and/or telephone voting will also be offered to shareholders owning shares through most banks and brokers.

Unless you indicate otherwise, the persons named as proxies on the proxy card will vote your shares "FOR" all of the nominees for director named in this Proxy Statement, "FOR" the ratification of the appointment of Ernst & Young LLP as Arrow's independent registered public accounting firm, and "FOR" approval of the executive compensation as described in the Compensation Discussion and Analysis.

INVITATION TO THE ANNUAL MEETING

Shareholders of record at the close of business on March 12, 2018 are invited to attend the 2018 Annual Meeting on Thursday, May 10, 2018, beginning at 8:00 a.m. MT.

The Annual Meeting will be held at:

The Ritz-Carlton
1881 Curtis Street
Denver, Colorado 80202



SHAREHOLDERS ENTITLED TO VOTE

Only shareholders of record of Arrow's common stock at the close of business on March 12, 2018 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 87,633,886 shares of Arrow common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting. The presence in person or by proxy of a majority of the shares entitled to vote at the Annual Meeting shall constitute a quorum.

For those who hold shares as a participant in Arrow's 401(k) Plan, the shareholder has the right to direct Vanguard Fiduciary Trust Company (the "Trustee"), who is the holder of record, how to vote the shares of common stock credited to the participant's account at the Annual Meeting. If voting instructions for the shares of common stock in the 401(k) Plan are not received, those shares will be voted by the Trustee in the same proportions as the shares for which voting instructions were received from other participants in the 401(k) Plan. Voting (including any revocations) by 401(k) Plan participants will close at 11:59 p.m. Eastern Time on May 7, 2018. The Trustee will then vote all shares of common stock held in the 401(k) Plan by the established deadline. For all other shareholders, voting (including any revocations) will close at 11:59 p.m. Eastern Time on May 9, 2018.

REVOCATION OF PROXIES

The person giving a proxy may revoke it at any time prior to the time it is voted at the Annual Meeting by giving written notice to Arrow's Secretary, Gregory Tarpinian, at Arrow Electronics, Inc., 9201 East Dry Creek Road, Centennial, Colorado 80112. If the proxy was given by telephone or through the internet, it may be revoked in the same manner. You may also revoke your proxy by attending the Annual Meeting and voting in person. If your shares are held in "street name," you must contact the record holder of the shares regarding how to revoke your proxy.

COST OF PROXY SOLICITATION

Arrow pays the cost of soliciting proxies. Arrow has retained D.F. King & Co., Inc. to assist in soliciting proxies at an anticipated cost of approximately \$20,000, plus expenses. Arrow will supply soliciting materials to the brokers and other nominees holding Arrow common stock in a timely manner so that the brokers and other nominees may send the material to each beneficial owner. Arrow will reimburse the brokers and other nominees for their expenses in so doing. In addition to this solicitation by mail, employees of the Company may solicit proxies in person or by telephone.

PROPOSALS REQUIRING YOUR VOTE

PROPOSAL	BOARD'S VOTING RECOMMENDATION
1 Election of Board of Directors of Arrow for the ensuing year	FOR Each Nominee
2 Ratification of appointment of Ernst & Young LLP as Arrow's independent registered public accounting firm for the fiscal year ending December 31, 2018	FOR
3 Advisory vote on executive compensation	FOR

VOTING YOUR SHARES

Shareholders can vote online, by telephone, by completing and returning the proxy card, or by attending the Annual Meeting. The Notice and the proxy card have detailed instructions for voting, including voting deadlines.

 Internet	 Telephone	 Mail	 In Person
Visit the website noted on your proxy card to vote online.	Use the toll-free telephone number on your proxy card to vote by telephone.	Sign, date, and return your proxy card in the enclosed envelope to vote by mail.	Cast your vote in person at the annual meeting.

Arrow's Board of Directors recommends the approval of all proposals as being in the best interests of Arrow, and urges you to read the Proxy Statement carefully before you vote. Your vote is important regardless of the number of shares you own.



CERTAIN SHAREHOLDERS

HOLDERS OF MORE THAN 5% OF COMMON STOCK

The following Table sets forth certain information with respect to the only shareholders known to the Company to own beneficially more than 5% of the outstanding common stock of Arrow as of March 12, 2018.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
BlackRock Inc. (1) 55 East 52nd Street New York, New York 10055	8,300,258	9.5 %
The Vanguard Group (2) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	7,711,447	8.8 %
Wellington Management Group LLP (3) 280 Congress Street Boston, Massachusetts 02210	5,894,482	6.7 %
JPMorgan Chase & Co. (4) 270 Park Avenue New York, New York 10017	5,402,362	6.2 %
Boston Partners (5) One Beacon Street - 30th Floor Boston, Massachusetts 02108	5,382,351	6.1 %

(1) Based upon a Schedule 13G filed with the United States Securities and Exchange Commission (the "SEC") on January 29, 2018, BlackRock Inc., a parent holding company, has sole voting power with respect to 7,581,296 shares and sole dispositive power with respect to all shares.

(2) Based upon a Schedule 13G filed with the SEC on February 12, 2018, The Vanguard Group, a registered investment adviser, has shared voting power with respect to 15,369 shares, shared dispositive power with respect to 78,414 shares, sole dispositive power with respect to 7,633,033 shares, and sole voting power with respect to 68,203 shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 39,901 shares as a result of it serving as an investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., another wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 66,171 shares as a result of it serving as an investment manager of Australian investment offerings.

(3) Based upon a Schedule 13G filed with the SEC on February 8, 2018, Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP, each holding companies, have shared voting power with respect to 1,451,826 shares and shared dispositive power with respect to all shares. Wellington Management Company LLP, a registered investment adviser, has shared voting power with respect to 1,170,840 shares and shared dispositive power with respect to 5,586,838 shares. The shares reported are owned by clients of the following investment advisers: Wellington Management Company LLP; Wellington Management Canada LLC; Wellington Management Singapore Pte Ltd; Wellington Management Hong Kong Ltd; Wellington Management International Ltd; Wellington Management Japan Pte Ltd; and, Wellington Management Australia Pty Ltd (collectively, the "Wellington Investment Advisers"). Wellington Investment Advisers Holdings LLP controls directly, or indirectly through Wellington Management Global Holdings, Ltd., the Wellington Investment Advisers. Wellington Investment Advisers Holdings LLP is owned by Wellington Group Holdings LLP, which is owned by Wellington Management Group LLP.

(4) Based upon a Schedule 13G filed with the SEC on January 16, 2018, JPMorgan Chase & Co., a parent holding company, has sole voting power with respect to 5,300,905 shares and sole dispositive power with respect to 5,401,347 shares.

(5) Based upon a Schedule 13G filed with the SEC on February 12, 2018, Boston Partners, a registered investment adviser, has sole voting power with respect to 4,244,623 shares and sole dispositive power with respect to all shares.

SHAREHOLDINGS OF EXECUTIVE OFFICERS AND DIRECTORS

The following Table shows, as of March 12, 2018, the beneficial ownership of the Company's common stock for each director, each of the "Named Executive Officers" (the Chief Executive Officer, the Chief Financial Officer, and each of the other three most highly compensated executive officers of the Company, referred to as the "NEOs"), and other executive officers who file Section 16(a) reports.

Shares of Common Stock Beneficially Owned				
Name	Currently Owned (1)	Common Stock Units (2)	Acquirable within 60 Days	% of Outstanding Common Stock
Michael J. Long	473,768	—	—	*
Christopher D. Stansbury	41,662	—	—	*
Sean J. Kerins	65,273	—	—	*
Andrew D. King	52,912	—	—	*
Gretchen K. Zech	46,929	—	—	*
Barry W. Perry	—	57,956	—	*
Philip K. Asherman	—	28,332	—	*
Steven H. Gunby	—	220	—	*
Gail E. Hamilton	91	22,605	—	*
Richard S. Hill	4,891	28,463	—	*
M.F. (Fran) Keeth	—	36,392	—	*
Andrew C. Kerin	4,891	19,426	—	*
Stephen C. Patrick	—	46,869	—	*
Total Executive Officers' and Directors' Beneficial Ownership as a group (18 individuals)	892,090	240,263	—	1.3 %

* Represents holdings of less than 1%.

- (1) Includes vested stock options granted under the Arrow Electronics, Inc. 2004 Omnibus Incentive Plan, as amended (the "Omnibus Incentive Plan"), as well as shares owned independently.
- (2) Includes common stock units deferred by non-management directors and restricted stock units granted under the Omnibus Incentive Plan.



PROPOSAL 1: ELECTION OF DIRECTORS

THE BOARD RECOMMENDS A VOTE “FOR” ALL OF THE NOMINEES NAMED BELOW.

Each nominee for election as a member of the Board of Directors of Arrow (the “Board”) is to be elected to hold office until the next Annual Meeting.

All nominees identified below are current members of the Board. All have been recommended for re-election to the Board by the Corporate Governance Committee and approved and nominated for re-election by the Board. The Board does not anticipate that any of the nominees named below will be unable or unwilling to serve as a director. If any nominee should refuse or be unable to serve, the proxy will be voted for a person designated by the Board, or in lieu thereof, the Board may reduce the number of directors. In accordance with the Company’s bylaws, the nine nominees receiving a plurality of votes cast at the Annual Meeting will be elected directors, subject to the Director Resignation Policy described below.

An uncontested election of directors is not considered “routine” under the New York Stock Exchange rules. As a result, if a shareholder holds shares in “street name” through a broker or other nominee, the broker or nominee is not permitted to exercise voting discretion with respect to this proposal. For this reason, if a shareholder does not give his or her broker or nominee specific instructions, the shareholder’s shares will not be voted on this proposal. If you vote to “abstain,” your shares will be counted as present at the meeting, and your abstention will have the effect of a vote against the proposal.

BOARD MEMBERSHIP REQUIREMENTS

In accordance with the Company’s corporate governance guidelines, members of the Board should have the education, business experience, and insight necessary to understand the Company’s business. Members of the Board must be able to evaluate and oversee its direction and performance for the Company’s continued success. The directors should also possess such functional skills, corporate leadership, and international experience required to contribute to the development and expansion of the Board’s knowledge and capabilities. Moreover, the directors should have the willingness and ability to objectively and constructively appraise the performance of executive management and, when necessary, recommend appropriate changes.

The Corporate Governance Committee has a thoughtful policy regarding diversity. Whenever the Corporate Governance Committee evaluates a potential candidate, it considers that individual in the context of the composition of the Board as a whole. The Board believes that its membership should reflect diversity in its broadest sense and, consistent with that philosophy, the Board does consider a candidate’s experience, education, gender, race, ethnicity, geographic location, and difference of viewpoint when evaluating his or her qualifications for election to the Board. Based on the nominee’s experience, attributes, and skills, which exemplify the sought-after characteristics described above, the Board has concluded that each nominee possesses the appropriate qualifications to serve as a director of the Company.

Barry W. Perry, 71 director since 1999

Mr. Perry has been the Lead Director of the Company since May 2011. He was Chief Executive Officer and Chairman of the Board of Engelhard Corporation, a surface and materials science company, for more than five years prior to his retirement in June 2006. Mr. Perry is currently a director of the Albemarle Corporation and Ashland Inc.

While he was Chief Executive Officer of Engelhard Corporation, Mr. Perry established the company's vision and strategy, selected key management personnel, and evaluated the risks of participating in various markets. Further, his experience as a director of a number of public multinational companies provides him with the skills to objectively and accurately evaluate the financial performance and corporate strategies of a large company.



Philip K. Asherman, 67 director since 2010

Mr. Asherman was President, Chief Executive Officer and a director of Chicago Bridge & Iron Company ("CB&I") from 2006 until July 2017. He previously served as an Executive Vice President and Chief Marketing Officer of CB&I from 2001 to 2006 and Managing Director of CB&I from 2002 to 2006. Prior thereto, Mr. Asherman served in various executive positions with Fluor Corporation and its operating subsidiaries. He has more than 35 years of experience in the engineering and construction industry in a variety of project management, operations management, and sales and marketing roles.

Mr. Asherman has also had a number of expatriate assignments in Asia Pacific, Europe, and South America. He serves as a director of the Fletcher School at Tufts University, and is a member of the board of the National Safety Council. He has been chosen to serve as a director of the Company because of his service as Chief Executive Officer of a multinational public company and his knowledge of international business. Mr. Asherman is considered an "audit committee financial expert" as the term is defined in Item 407(d) of Regulation S-K.



Steven H. Gunby, 60 director since 2017

Mr. Gunby has been President, Chief Executive Officer, and a director of FTI Consulting, Inc. ("FTI") since January 2014. Prior to that, he had a 30-year career with The Boston Consulting Group ("BCG"), a leading business strategy consulting services firm. While at BCG, Mr. Gunby's roles included Global Leader, Transformation, from 2011 to January 2014, and Chairman, North and South America, from 2003 to 2009. He also held other major managerial roles in his capacity as a Senior Partner and Managing Director and serving as a member of BCG's Executive Committee.

After being named President and CEO of FTI, Mr. Gunby transformed FTI from a company that had net losses in 2013 to a company with net income of \$58.8 million in 2014. He created a new vision for FTI, focusing on organic growth and assembling the right leadership team and culture. While at BCG, Mr. Gunby turned its Americas region from a period of declining revenues and market share to a period of the region's greatest success. The Board believes that Mr. Gunby's experience as a President and CEO of an international consulting firm and his proven track record of successes make him a valuable member of the Board.



Gail E. Hamilton, 68 director since 2008

Ms. Hamilton was Executive Vice President of Symantec Corporation, an infrastructure software and services provider, from March 2000 to January 2005. Previously, she served as the General Manager of the Communications Division of Compaq Computer Corporation and as the General Manager of the Telecom Platform Division for Hewlett-Packard Company. She is currently a director of OpenText Corporation and Westmoreland Coal Company. Within the past five years, Ms. Hamilton also served as a director of Ixia.

Ms. Hamilton was responsible for designing, manufacturing, and selling electronic systems for more than 20 years. While at Symantec, Ms. Hamilton oversaw the operations of the enterprise and consumer business. In that role, she was responsible for business planning and helped steer the company through an aggressive acquisition strategy. The Board believes Ms. Hamilton's experience at Symantec, a leading software company, makes her particularly valuable in providing guidance to Arrow's Enterprise Computing Solutions business with regard to its direction and strategy.

**Richard S. Hill, 66 director since 2006**

Mr. Hill was Chief Executive Officer and Chairman of the Board of Novellus Systems, Inc., a maker of devices used in the manufacture of advanced integrated circuits, from 2006 until it was acquired by Lam Research Corporation in June 2012. He is currently the Chairman of the Board of Marvell Technology Group Ltd. He is also the Chairman of the Board of Xperi Corporation (formerly Tessera Technologies, Inc.) and served as its interim Chief Executive Officer from April 15, 2013 until May 29, 2013. Mr. Hill is the lead director of Cabot Microelectronics Corporation and a director of Autodesk, Inc. Within the past five years, Mr. Hill served as a director of Planar Systems, Inc., Yahoo Inc., and LSI Corporation, and as Chair and executive committee member of the University of Illinois Foundation.



Mr. Hill has had a broad base of experience as the Chief Executive Officer of Novellus. In that role, he set the strategy by evaluating market risks to determine the ultimate direction of that company. Novellus was in the business of developing, manufacturing, and selling equipment used in the fabrication of integrated circuits. As a result, Mr. Hill has a thorough understanding of the semiconductor market in which Arrow operates. He has experience in the international marketplace as a result of serving on a number of boards for companies with global operations.

M.F. (Fran) Keeth, 71 director since 2004

Mrs. Keeth was Executive Vice President of Royal Dutch Shell plc and Chief Executive Officer and President of Shell Chemicals Limited, a services company responsible for Royal Dutch Shell's global petrochemical businesses, from January 2005 to December 2006. She served as Executive Vice President of Customer Fulfillment and Product Business Units for Shell Chemicals Limited from 2001 to 2006 and was President and Chief Executive Officer of Shell Chemical LP, a U.S. petrochemical member of the Royal Dutch/ShellGroup, from July 2001 to July 2006. Mrs. Keeth also serves as the lead director of Verizon Communications Inc. Within the past five years, she has served as a director of Peabody Energy Corporation.

Mrs. Keeth's knowledge and expertise helped guide the direction, culture, and operational excellence of Shell Chemicals Limited. She held a number of senior financial positions, including Principal Accounting Officer and Controller. As a result of this experience and associated expertise, Mrs. Keeth is considered an "audit committee financial expert" as the term is defined in Item 407(d) of Regulation S-K. In addition to her extensive financial expertise, Mrs. Keeth brings to the Board executive leadership experience as a chief executive officer and a global business perspective from her service as an executive officer of a large multinational company and her service on other public company boards.



Andrew C. Kerin, 54 director since 2010

Mr. Kerin has been Chief Executive Officer of Towne Park since September 2017. He served as Chief Executive Officer and a director of The Brickman Group, Ltd. from May 2012 until July 2016. Prior to that, he was Executive Vice President, Aramark Corporation and Group President, Global Food, Hospitality and Facility Services, Aramark Corporation from June 2009 until March 2012. He served as Executive Vice President, Aramark Corporation and Group President, North America Food, from 2006 to 2009. In 2004, Mr. Kerin was elected as an executive officer of Aramark Corporation as Senior Vice President and served as President, Aramark Healthcare and Education. Prior thereto, starting in 1995, Mr. Kerin served in a number of management roles within Aramark Corporation. Under his leadership were all of Aramark's food, hospitality, and facilities businesses, including the management of professional services in healthcare institutions, universities, schools, business locations, entertainment and sports venues, correctional facilities, and hospitality venues.



The Board believes that Mr. Kerin's extensive experience in the service industry makes him particularly valuable in providing guidance to the Company as it continues to build its services businesses. He is considered an "audit committee financial expert" as the term is defined in Item 407(d) of Regulation S-K.

Michael J. Long, 59 director since 2008

Mr. Long was appointed Chief Executive Officer of Arrow in May 2009 and Chairman of the Board effective January 2010. He was appointed President (and currently holds this position) and Chief Operating Officer of Arrow in February 2008. He served as Senior Vice President of the Company from January 2006 to February 2008, and, prior thereto, he served as Vice President of the Company for more than five years. He was appointed President, Arrow Global Components in September 2006. Mr. Long served as President, North America and Asia/Pacific Components from January 2006 until September 2006; President, North America from May 2005 to December 2005; and President and Chief Operating Officer of Arrow Enterprise Computing Solutions from 1999 to 2005. Mr. Long also serves as a director of AmerisourceBergen Corporation and is on the Board of Trustees of the Denver Zoo.



As a result of his numerous years in leadership roles at the Company and in the distribution industry, Mr. Long understands the competitive nature of the business and has an in-depth knowledge of the Company, a strong management background, and broad executive experience.

Stephen C. Patrick, 68 director since 2003

Mr. Patrick was Vice Chairman of Colgate-Palmolive Company, a global consumer products company, from January 2011 until his retirement in March 2011. Prior thereto, he served as the Chief Financial Officer of Colgate-Palmolive for approximately 14 years. In his more than 25 years at Colgate-Palmolive, he held positions as Vice President, Corporate Controller, and Vice President of Finance for Colgate Latin America.



Mr. Patrick's experience and education make him an expert in financial matters. As the Chief Financial Officer of a successful public company, Mr. Patrick was responsible for assuring that all day-to-day financial transactions were accurately recorded, processed, and reported in all public filings. All of this requires a thorough understanding of finance, treasury, and risk management functions. In addition to his extensive financial expertise, Mr. Patrick brings to the Board executive leadership experience as a chief financial officer of a large multinational company. Mr. Patrick is considered an "audit committee financial expert" as the term is defined in Item 407(d) of Regulation S-K.

DIRECTOR RESIGNATION POLICY

The Board has adopted a Director Resignation Policy, which provides that in an uncontested election any director nominee that receives a greater number of votes “withheld” from his or her election than votes “for” his or her election must tender a letter of resignation to the Board within five days of the certification of the shareholder vote. The Corporate Governance Committee must then consider whether to accept or reject the director’s resignation and make a recommendation to the Board. The Board will then consider the resignation and, within 90 days following the date of the shareholders’ meeting at which the election occurred, shall publicly disclose its decision. A director whose resignation is under consideration may not participate in any deliberation regarding his or her resignation. The Director Resignation Policy can be found at the “Leadership & Governance” sublink of the Investor Relations dropdown menu on investor.arrow.com.



THE BOARD AND ITS COMMITTEES

The Board meets in general sessions with the Chairman of the Board presiding, in meetings limited to non-management directors (which are led by the Lead Director), and in various committees. Committee meetings are open to all members of the Board.

Committee memberships and chair assignments are reviewed annually by the Corporate Governance Committee, which makes appointment and chair recommendations to the Board.

The Table below reflects committee memberships for calendar year 2017.

Name	Independent	Committee					
		Audit		Compensation		Corporate Governance	
		Jan - May	May - Dec	Jan - May	May - Dec	Jan - May	May - Dec
Barry W. Perry	X			M	M		
Philip K. Asherman	X	M		M	C		
Steven H. Gunby (1)	X						
Gail E. Hamilton	X		M			C	M
John N. Hanson (2)	X		M	C	M		
Richard S. Hill	X			M	M	M	M
M.F. (Fran) Keeth	X	C	C				
Andrew C. Kerin	X	M				M	C
Michael J. Long							
Stephen C. Patrick	X	M	M			M	M

C = Chair M = Member

(1) Mr. Gunby was appointed as a board member effective December 12, 2017.

(2) Mr. Hanson retired as a board member effective December 13, 2017.

LEAD DIRECTOR

In accordance with the Company's corporate governance guidelines, the Board appointed Mr. Perry to serve as the Lead Director. The Lead Director chairs Board meetings when the Chairman is not present. He also chairs the sessions of the non-management directors held in connection with each regularly scheduled Board meeting. The Lead Director serves as a liaison between the Chairman and the independent, non-management directors, and reviews and approves Board agendas and meeting schedules. The Lead Director has the authority to call meetings of the non-management directors.

CHIEF EXECUTIVE OFFICER AND CHAIRMAN POSITIONS

The Company's Chief Executive Officer currently serves as Chairman of the Board. In his position as Chief Executive Officer, Mr. Long has primary responsibility for the day-to-day operations of the Company and provides consistent leadership on the Company's key strategic objectives. In his role as Chairman, he sets the strategic priorities for the Board, presides over its meetings, and communicates its findings and guidance to management. The Board believes that the combination of these two roles is the most appropriate structure for the Company at this time because: (i) this structure provides more consistent communication and coordination throughout the organization, which results in a more effective and efficient implementation of corporate strategy; (ii) it unifies the Company's strategy behind a single vision; (iii) the Chief Executive Officer is the most knowledgeable member of the Board regarding risks the Company may be facing and, in his role as Chairman, is able to facilitate the Board's oversight of such risks; (iv) the structure has a long-standing history of serving the Company's shareholders well through many economic cycles, business challenges, and succession of multiple leaders; (v) the Company's current corporate governance processes, including those set forth in the various Board committee charters and corporate governance guidelines, preserve and foster independent communication amongst non-management directors as well as independent evaluations of and discussions with the Company's senior management, including the Company's Chief Executive Officer; and (vi) the role of the Lead Director, which fosters better communication among non-management directors, fortifies the Company's corporate governance practices, making the separation of the positions of Chairman of the Board and Chief Executive Officer unnecessary at this time.

CEO PAY RATIO

In compliance with the pay ratio disclosure requirement of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company determined that the 2017 annual total compensation of the median compensated of all its employees who were employed as of December 31, 2017, other than its CEO, Mr. Long, was \$53,310; Mr. Long's 2017 annual total compensation was \$10,994,551, and the ratio of these amounts was 1-to-206.

The following summarizes the methodology, material assumptions, adjustments, and estimates the Company used for calculating the CEO pay ratio:

- Employee Measurement Date: The Company utilized the entire global population of approximately 19,000 eligible employees on December 31, 2017.
- Exclusions: The number of US and non-US employees prior to exemption were approximately 7,000 and 12,000, respectively. Employees from the following non-US jurisdictions that collectively constitute 5% or less of the total global workforce were excluded: India, Indonesia, Latvia, Lithuania, Malaysia, Ukraine, and Vietnam. The total number of employees excluded was approximately 900. Therefore, the total number of US and non-US employees used in the final analysis was 7,000 and 11,100, respectively.
- Compensation Time Period: The Company measured compensation for the above employees using the 12-month period ending December 31, 2017.
- Consistently Applied Compensation Measure: Target total cash (base + target bonus) was selected as the consistently applied compensation measure used to identify the median employee. The Company used existing data from its global Human Resource information system to identify the median employee. Base pay for hourly employees was calculated based on a reasonable estimate of hours worked (including overtime) in 2017, and on salary levels for all remaining employees.
- Determining the Median Employee: Using this methodology, the Company determined that its median employee was a full-time, hourly employee, with wages and overtime pay for the 12-month period ending December 31, 2017 in the amount of \$50,919.



- Determining Median Employee's Pay for CEO Ratio: With respect to its median employee, the Company then identified and calculated the elements of such employee's compensation for fiscal 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation in the amount of \$53,310. The difference between such employee's wages and the employee's annual total compensation represents the estimated value of such employee's retirement-related benefits, which is \$2,391.
- Determining CEO's Pay for CEO Ratio: With respect to the annual total compensation of its CEO, the Company used the amount reported in the "Total" column of its 2017 Summary Compensation Table included in this Proxy Statement.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on Arrow's payroll and employment records and the methodology described above. Because the SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

COMMITTEES

Each of the committees of the Board operates under a charter, copies of which are available at the "Leadership & Governance" sublink of the Investor Relations drop down menu on investor.arrow.com. As a matter of practice, the Board determined that a director that acts as a chair for a committee will not serve as a member of any other committee.

Audit Committee

Members	The Audit Committee Responsibilities
M.F. (Fran) Keeth, Chair	<ul style="list-style-type: none">➤ reviews and evaluates Arrow's financial reporting process and other matters including its accounting policies, reporting practices, and internal accounting controls
Gail E. Hamilton	
Stephen C. Patrick	<ul style="list-style-type: none">➤ monitors the scope and reviews the results of the audit conducted by Arrow's independent registered public accounting firm➤ reviews the following with the Corporate Audit Department (which reports to the Audit Committee) and management:<ul style="list-style-type: none">➤ the scope of the annual corporate audit plan;➤ the results of the audits carried out by the Corporate Audit Department, including its assessments of the adequacy and effectiveness of disclosure controls and procedures, and internal control over financial reporting; and➤ the sufficiency of the Corporate Audit Department's resources.

The Board has determined that Mrs. Keeth and Mr. Patrick are qualified as "audit committee financial experts," as the term is defined in Item 407(d) of Regulation S-K.

Compensation Committee

Members	The Compensation Committee Responsibilities
Philip K. Asherman, Chair	<ul style="list-style-type: none"> > develops and reviews Arrow's executive compensation philosophy
Richard S. Hill	<ul style="list-style-type: none"> > implements compensation philosophy through compensation programs and plans to further Arrow's strategy, drive long-term profit growth, and increase shareholder value
Barry W. Perry	<ul style="list-style-type: none"> > reviews and approves the corporate goals and objectives relevant to executive compensation > subject to review and ratification by all non-management Board members, reviews and approves the base salary, annual cash incentives, performance and stock-based awards, retirement, and other benefits for the Company's principal executives > reviews the performance of each of the NEOs and the Company as a whole

In 2017, the Compensation Committee directly engaged Pearl Meyer & Partners as a consultant to examine and report exclusively to the Compensation Committee on best practices in the alignment of compensation programs for the Chief Executive Officer and other members of senior management by providing competitive benchmarking data, analyses, and recommendations with regard to plan design and target compensation. Pearl Meyer & Partners does not provide any other services to the Company. These services to the Compensation Committee have not raised any conflicts of interest.

Corporate Governance Committee

Members	The Corporate Governance Committee Responsibilities
Andrew C. Kerin, Chair	<ul style="list-style-type: none"> > develops the corporate governance guidelines for Arrow
Gail E. Hamilton	<ul style="list-style-type: none"> > makes recommendations with respect to committee assignments and other governance issues
Richard S. Hill	<ul style="list-style-type: none"> > evaluates each Board member before recommending him or her to the full Board as nominees for re-election
Stephen C. Patrick	<ul style="list-style-type: none"> > reviews and makes recommendations to the Board regarding the compensation of non-management directors > identifies and recommends new candidates for nomination to fill existing or expected director vacancies

The Corporate Governance Committee considers shareholder recommendations of nominees for membership on the Board as well as those recommended by current directors, Company officers, employees, and others. Such recommendations may be submitted to Arrow's Secretary, Gregory Tarpinian, at Arrow Electronics, Inc., 9201 East Dry Creek Road, Centennial, Colorado 80112, who will forward them to the Corporate Governance Committee. Possible candidates suggested by shareholders are evaluated by the Corporate Governance Committee in the same manner as other possible candidates.



The Corporate Governance Committee retains the services of a third-party executive recruitment firm to assist its members in the identification and evaluation of potential nominees for the Board. The Corporate Governance Committee's initial review of a potential candidate is typically based on any written materials provided to it. The committee then determines whether to interview the nominee. If warranted, the Corporate Governance Committee, the Chairman of the Board and Chief Executive Officer, the Lead Director, and others, as appropriate, interview the potential nominees.

The Corporate Governance Committee's expectations as to the specific qualities and skills required for directors, including those nominated by shareholders, are set forth in Section 4 of Arrow's Corporate Governance Guidelines (available at the "Leadership & Governance" sublink of the Investor Relations drop down menu on investor.arrow.com).

ENTERPRISE RISK MANAGEMENT

The role of the Board is to promote the best interests of the Company and its shareholders by overseeing the management of Arrow's business, assets, and affairs. Management is responsible for the day-to-day analysis and review of the risks facing the Company, including timely identification of risk and risk controls related to significant business activities, and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward, and the appropriate manner in which to control risk. The Board implements its risk oversight responsibilities by having management provide regular briefing and information sessions on the significant risks that the Company faces and how the Company seeks to control those risks when appropriate. In some cases, risk oversight in specific areas is the responsibility of a Board committee, such as: the Audit Committee's oversight of issues related to internal controls over financial reporting and regulatory compliance; the Corporate Governance Committee's oversight of the Board's succession planning and governance; and the Compensation Committee's oversight of risks related to compensation programs. Arrow's Chief Executive Officer has the ultimate management authority for enterprise risk management, including responsibility for capability development, risk identification and assessment, and policies and governance, as well as strategies and actions to address enterprise risk.

COMPENSATION RISK ANALYSIS

The Company believes that its executive compensation program reflects an appropriate mix of compensation elements and balances current and long-term performance objectives, cash and equity compensation, and risks and rewards associated with executive roles. The following features of the Company's executive incentive compensation program illustrate this point:

- performance goals and objectives reflect a balanced mix of performance measures to avoid excessive weight on a certain goal or performance measure;
- annual and long-term incentives provide a defined range of payout opportunities (ranging from 0% to 200% of target for annual cash incentives for the NEOs and 0% to 185% for long-term incentives);
- total direct compensation levels are heavily weighted on long-term, equity-based incentive awards that vest over a number of years;
- equity incentive awards that vest over a number of years are granted annually so executives always have unvested awards that could decrease significantly in value if the business is not managed for the long-term;
- the Company has implemented meaningful executive stock ownership guidelines so that the component of an executive's personal wealth that is derived from compensation from the Company is significantly tied to the long-term success of the Company; and
- the Compensation Committee retains discretion to adjust compensation based on the quality of Company and individual performance and adherence to the Company's ethics and compliance programs, among other things.



Based on the above combination of program features, the Company believes that: (i) its executives are encouraged to manage the Company in a prudent manner; and (ii) its incentive programs are not designed in a manner that encourages executives to take risks that are inconsistent with the Company's best interests.

Further, at the Compensation Committee's request, in 2017, Pearl Meyer & Partners conducted an assessment of risks associated with the Company's annual cash incentives and long-term incentive programs, the results of which were discussed by the Compensation Committee in its meeting in May 2017. The Compensation Committee concluded that the overall design of the Company's compensation programs maintained an appropriate level of risk. Pearl Meyer & Partners did not suggest any plan design changes to further mitigate risk exposure.

It is the Company's opinion that its compensation policies and practices for all employees are not likely to create risks that could have a material adverse effect on the Company. The Company delivers, to its entire employee base in the aggregate, most of its compensation in the form of base salary, with smaller portions delivered in the form of cash incentives and long-term incentives. The Company's cash incentive compensation plans, which represent the primary variable component of compensation, have been designed to drive performance of employees working in management, sales, and sales-related roles. These plans are typically tied to achievement of sales/financial goals that include maximums that prevent "windfall" payouts.

INDEPENDENCE

The Company's corporate governance guidelines provide that the Board should consist primarily of independent, non-management directors. For a director to be considered independent under the guidelines, the Board must determine that the director does not have any direct or indirect material relationships with the Company and that he or she is not involved in any activity or interest that conflicts with or might appear to conflict with his or her fiduciary duties. A director must also meet the independence standards in the New York Stock Exchange listing rules, which the Board has adopted as its standard.

The Board has determined that all of its directors and nominees, other than Mr. Long, satisfy both the New York Stock Exchange's independence requirements and the Company's guidelines.

As required by the Company's corporate governance guidelines and the New York Stock Exchange's listing rules, all members of the Audit, Compensation, and Corporate Governance Committees are independent. Non-management directors and all members of the Audit Committee and Compensation Committee also satisfy the independence requirements.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is a present or former employee of the Company. Additionally, no member of the Compensation Committee has a relationship that requires disclosure of a Compensation Committee interlock.

MEETINGS AND ATTENDANCE

Consistent with the Company's corporate governance guidelines, it is the practice of the Board for all of its non-management directors to meet separately (without Company management present) either prior to or after each regularly scheduled Board meeting, with the Lead Director presiding. In 2017, these non-management director meetings totaled four in number.

During 2017, there were six meetings of the Board, eight meetings of the Audit Committee, four meetings of the Compensation Committee, and four meetings of the Corporate Governance Committee. All of the directors attended 75% or more of all of the meetings of the Board and the committees on which they served. It is the policy of the Board that all of its members attend the Annual Meeting absent exceptional cause, and all members of the Board did so in 2017.



DIRECTOR COMPENSATION

The independent, non-management members of the Board (that is, all members except Mr. Long) receive the following fees in cash:

Annual fee	\$ 100,000
Annual fee for service as Corporate Governance Committee Chair	\$ 10,000
Annual fee for service as Compensation or Audit Committee Chair	\$ 20,000

In addition to the cash fees, each non-management director receives an annual grant of restricted stock units ("RSUs") valued at \$150,000, based on the fair market value of Arrow common stock on the date of grant. Further, the Lead Director receives another annual award of RSUs valued at \$30,000 in recognition of the additional responsibilities associated with such position.

The following Table shows the total dollar value of compensation received by all non-management directors in or in respect of 2017.

Name	Non-Management Director Compensation			
	Fees Earned (\$)(1)	Stock Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Barry W. Perry	90,281	180,000	—	270,281
Philip K. Asherman	100,281	150,000	—	250,281
Steven H. Gunby	—	—	—	—
Gail E. Hamilton	95,281	150,000	600	245,881
John N. Hanson	100,281	150,000	—	250,281
Richard S. Hill	90,281	150,000	1,500	241,781
M.F. (Fran) Keeth	110,281	150,000	—	260,281
Andrew C. Kerin	95,281	150,000	300	245,581
Stephen C. Patrick	90,281	150,000	—	240,281

(1) During 2017, the annual retainer was increased from \$80,000 to \$100,000. Messrs. Asherman and Kerin deferred 100% of their retainers in deferred stock units; and Mr. Perry deferred 50% of his retainer in deferred stock units and 50% of his retainer into the Non-Employee Director Deferred Compensation Plan. Messrs. Hanson and Patrick deferred 50% and 25%, respectively, of their retainers in deferred stock units.

(2) Amounts shown under the heading "Stock Awards" reflect the grant date fair values of the restricted stock units granted to each director during 2017 computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, *Compensation — Stock Compensation*.

(3) Amount shown under the heading "All Other Compensation" reflects spousal travel and expenses to attend Board meetings.

Under the terms of the Non-Employee Director Deferred Compensation Plan, non-management directors may defer the payment of all or a portion of their annual retainers until the end of their service on the Board. Unless a different amount is chosen by the director, 50% of the director's annual retainer fee is automatically deferred and converted to units of Arrow common stock. The units held by each director are included under the heading "Common Stock Units" in the Shares of Common Stock Beneficially Owned Table. The amounts deferred by each director for 2017, to the extent there are any, are included under the heading "Fees Earned" on the Non-Management Director Compensation Table. All deferrals under the Plan will be paid after termination of director service on the Board.

For stock awards outlined in the Non-Management Director Compensation Table, each director is given the option to have his or her RSUs converted to shares one year after grant. Ms. Hamilton and Messrs. Hanson, Hill, and Kerin have selected that option for their 2017 grants.

STOCK OWNERSHIP BY DIRECTORS

The Board believes that stock ownership by its directors strengthens their commitment to the long-term future of the Company and further aligns their interests with those of the shareholders generally. As a result, the corporate governance guidelines specifically state that directors are expected over time to own beneficial shares of the Company's common stock having a value of at least three times their annual retainer fee (including shares owned outright and RSUs and common stock units in a deferred compensation account). All directors are in compliance with this requirement.



AUDIT COMMITTEE REPORT

The Audit Committee represents and assists the Board by overseeing: (i) the Company's financial statements and internal controls; (ii) the independent registered public accounting firm's qualifications and independence; and (iii) the performance of the Company's corporate audit function and of its independent registered public accounting firm.

The Audit Committee currently consists of three directors, all of whom are independent in accordance with New York Stock Exchange listing standards and other applicable regulations. The Board has determined that committee members Mrs. Keeth and Mr. Patrick are "audit committee financial experts" as defined by the SEC.

Company management has the primary responsibility for the preparation of the financial statements and for the reporting process, including the establishment and maintenance of Arrow's system of internal control over financial reporting. The Company's independent registered public accounting firm is responsible for auditing the financial statements prepared by management, expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, and auditing the Company's internal control over financial reporting.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with both management and the independent registered public accounting firm, the Company's quarterly earnings releases, Quarterly Reports on Form 10-Q, and the 2017 Annual Report on Form 10-K. Such reviews included a discussion of critical or significant accounting policies, the reasonableness of significant judgments, the quality (not just the acceptability) of the accounting principles, the reasonableness and clarity of the financial statement disclosures, and such other matters as the independent registered public accounting firm is required to review with the Audit Committee under the standards promulgated by the Public Company Accounting Oversight Board. The Audit Committee also discussed with both management and the Company's independent registered public accounting firm the design and efficacy of the Company's internal control over financial reporting.

In addition, the Audit Committee received from and discussed with representatives of the Company's independent registered public accounting firm the written disclosure and the letter required by the applicable requirements of the Public Company Accounting Oversight Board (regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence) and considered the compatibility of non-audit services rendered to Arrow with the independence of the Company's independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, and as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee also discussed with the independent registered public accounting firm and Arrow's corporate audit group the overall scope and plans for their respective audits. The Audit Committee periodically met with the independent registered public accounting firm, with and without management present, to discuss the results of their work, their evaluations of Arrow's internal controls, and the overall quality of Arrow's financial reporting.

In reliance on these reviews and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

M.F. (Fran) Keeth, Chair

Gail E. Hamilton

Stephen C. Patrick

PRINCIPAL ACCOUNTING FIRM FEES

The aggregate fees billed by Arrow's principal accounting firm, Ernst & Young LLP, for auditing the annual financial statements and the Company's internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and related regulations included in the Annual Report on Form 10-K, the reviews of the quarterly financial statements included in the Quarterly Reports on Form 10-Q, statutory audits, assistance with and review of documents filed with the SEC, and consultations on certain accounting and reporting matters for each of the last two fiscal years are set forth as "Audit Fees" in the Table below.

Also set forth for the last two fiscal years are "Audit-Related Fees." Such fees are for services rendered in connection with business acquisitions, employee benefit plan audits, and other accounting consultations. "Tax Fees" relate to assistance with tax return preparation, tax audits, and compliance in various tax jurisdictions around the world. "Other Fees" refer to advice, planning, and consulting other than as set forth above. Ernst & Young LLP did not provide any services to the Company related to financial information systems design or implementation, nor did it provide any personal tax work or other services for any of the Company's executive officers or members of the Board.

	2017	2016
Audit Fees	\$ 9,195,135	\$ 8,094,050
Audit-Related Fees	238,652	182,879
Tax Fees	1,883,030	660,608
Other Fees	7,155	2,000
Total	\$ 11,323,972	\$ 8,939,537

The amounts in the Table above do not include fees charged by Ernst & Young LLP to Marubun/Arrow, a joint venture between the Company and the Marubun Corporation. Audit fees for Marubun/Arrow totaled \$446,514 in 2017, and \$430,088 in 2016.

Consistent with the Audit Committee charter, audit, audit-related, tax, and other services were approved by the Audit Committee, or by a designated member thereof. The Audit Committee has determined that the provision of the non-audit services described above is compatible with maintaining Ernst & Young LLP's independence.



PROPOSAL 2: RATIFICATION OF APPOINTMENT OF AUDITORS

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP.

Shareholders are asked to ratify the appointment of Ernst & Young LLP as Arrow's independent registered public accounting firm for the fiscal year ending December 31, 2018. Arrow expects that representatives of Ernst & Young LLP will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and that they will be available to answer appropriate inquiries raised at the Annual Meeting. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the Annual Meeting.

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

THE BOARD RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE EXECUTIVE COMPENSATION AS DISCLOSED IN THIS PROXY STATEMENT.

The Board of Directors has decided that the Company will hold an advisory vote each year in connection with its Annual Meeting, until the next vote on the frequency of shareholder votes on the compensation of the NEOs, which will be 2023, or until the Board of Directors otherwise determines that a different frequency for such advisory votes is in the best interests of the shareholders.

Shareholders have an opportunity to cast an advisory vote on compensation of the NEOs. This proposal, commonly known as “say-on-pay,” gives shareholders the opportunity to approve, reject, or abstain from voting with respect to the Company’s executive compensation programs and policies and the compensation paid to the NEOs.

The Company is requesting shareholder approval of the compensation of its NEOs as disclosed in this Proxy Statement. Proposal 3 requires the affirmative vote of a majority of votes cast at the Annual Meeting. For purposes of determining the number of votes cast with respect to this Proposal 3, only those votes cast “FOR” or “AGAINST” are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the Annual Meeting. As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, this is an advisory vote, which means that this proposal is not binding on the Company. The Compensation Committee, however, values the opinions expressed by the Company’s shareholders and will carefully consider the outcome of the vote when making future compensation decisions for the Company’s NEOs.

The Company asks that you review in detail the disclosure contained in this Proxy Statement regarding compensation of the Company’s NEOs (including the Company’s Compensation Discussion and Analysis, the compensation tables, and the narrative disclosures that accompany such tables) and indicate your support for the compensation of the Company’s NEOs that is described in this Proxy Statement.

Based on the foregoing, and as a matter of good corporate governance, the Board is asking shareholders to approve the following advisory resolution at the 2018 Annual Meeting:

“RESOLVED that the shareholders of the Company approve, on an advisory basis, the compensation of the Company’s Named Executive Officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related tables, notes, and narrative in the Proxy Statement for the Company’s 2018 Annual Meeting.”



REPORT OF THE COMPENSATION COMMITTEE

The substantive discussion of the material elements of all of the Company's executive compensation programs and the determinations by the Compensation Committee with respect to compensation and executive performance for 2017 are contained in the Compensation Discussion and Analysis that follows below. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the management representatives responsible for its preparation and the Compensation Committee's advisors. In reliance on these reviews and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the definitive Proxy Statement on Schedule 14A for Arrow's 2018 Annual Meeting for filing with the SEC and be incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Philip K. Asherman, Chair

Richard S. Hill

Barry W. Perry

COMPENSATION DISCUSSION AND ANALYSIS ("CD&A")

EXECUTIVE COMPENSATION

This CD&A explains the executive compensation program for the Company's NEOs listed below. The CD&A also describes the Compensation Committee's process for making pay decisions, as well as its rationale for specific decisions related to fiscal 2017.

Name	Title
Michael J. Long	Chairman, President, and Chief Executive Officer
Christopher D. Stansbury	Senior Vice President, Chief Financial Officer
Sean J. Kerins	President, Global Enterprise Computing Solutions
Andrew D. King	President, Global Components
Gretchen K. Zech	Senior Vice President, Chief Human Resources Officer

EXECUTIVE SUMMARY

2017 Business Strategy and Highlights

Industrial automation, edge computing, cloud computing, connected devices, home automation, smart cities, and growing electronic content for transportation, are some of the important opportunities for the Company. Investments in engineering, technical sales, digital, and software (including cloud) capabilities position the Company to take advantage of these opportunities. Through a network of more than 345 locations serving over 80 countries, the Company aggregates disparate sources of electronics components, infrastructure software, and IT hardware to increasingly provide complete solutions for customers and suppliers. The Company's goal is to leave no segments of the market underserved in terms of the products it offers and services it provides. The Company aims to accelerate its customers' time to market, and to drive growth on behalf of its suppliers.

Financial Performance Achievements

The Company delivered unprecedented growth and strong results in 2017. Sales in 2017 increased \$3 billion, grew 13% compared to 2016, and reached an all-time record level of \$26.8 billion. Gross profit of \$3.4 billion, operating income of \$928 million, and non-GAAP earnings per share ("EPS") on a diluted basis of \$7.56 also achieved all-time records. Non-GAAP EPS increased by \$.93 and grew 14% compared to 2016. The Company delivered on its financial objectives to grow sales faster than the market, increase markets served, and grow profits faster than sales.

The Company's organic investments, acquisitions, and strong execution resulted in 29% three-year adjusted EPS growth. This growth was third highest of the eight companies among Arrow and its Peer Group. Three-year average return on invested capital ("ROIC") was 2.7 percentage points above the three-year weighted average cost of capital ("WACC"). Total shareholder return for the three-year period was 39% compared to 29% for the Peer Group and 38% for the S&P 500 stock index.



The Company believes that a non-GAAP EPS calculation is appropriate in assessing and understanding the company's operating performance and trends in the Company's business because it removes financial information outside the company's core operating results. For example, in the fourth quarter of 2017, the Company recognized a net, non-cash charge related to U.S. tax reform that reduced reported net income by \$125 million and reported EPS on a diluted basis by \$1.40. As a result, all references to EPS in this Proxy Statement are to non-GAAP EPS.

Strategic Performance Achievements

The Company's diverse worldwide customer base consists of original equipment manufacturers, value-added resellers, Managed Service Providers, contract manufacturers, and other commercial customers. In 2017, the Company expanded its customer base from 125,000 to 150,000, and no customer contributed more than 2% of sales.

In 2017, the Company entered into several significant new distribution agreements intended to help the Company maintain its leadership position in the electronic component and information technology solutions markets. These agreements include relationships with semiconductor, passive electromechanical component, information technology hardware and software, and cloud-based solution providers. The Company continues to expand and diversify the products, solutions, and services it can offer. No single supplier's products contributed more than 8% of sales.

The Company's investments in key strategic growth areas have started to yield returns. Digital, internet of things ("IoT"), and sustainable technology solutions each contributed to the Company's growth in 2017.

Over the past three years, the Company completed 16 strategic acquisitions to broaden product and service offerings, to further expand geographic reach, and to increase digital capabilities to meet the evolving needs of customers and suppliers.

2017 Shareholder Engagement and Say-On-Pay

In 2017, the Company's executive compensation program for 2016 was submitted to an advisory vote of the shareholders and it received the support of approximately 89% of the total votes cast at the Annual Meeting. Based on the high level of approval received from shareholders and the Compensation Committee's determination that the Company's existing programs were operating properly, the Company made no significant changes to its executive compensation programs in 2017. The Compensation Committee continues to carefully consider any shareholder feedback in its executive compensation decisions.

Best Compensation Practices and Policies

What We Do	What We Don't Do
✓ Heavy emphasis on variable compensation	✗ No guaranteed salary increases
✓ All long-term incentives vest based on performance	✗ No "single trigger" change-in-control cash payments
✓ Rigorous stock ownership guidelines	✗ No tax gross ups on compensation equity
✓ Independent compensation consultant	✗ No option backdating or repricing
✓ Annual risk assessments	✗ No hedging or pledging
✓ Non-equity incentives are provided based on incentive plans and are not solely discretionary	✗ No extensive perquisites

2017 Compensation Actions

The Compensation Committee took several actions in 2017 to ensure market-competitive NEO compensation, emphasizing performance-based compensation programs tied directly to value creation for the Company's shareholders.

Base Salary

The Committee targets a competitive positioning of NEO salaries relative to the defined Peer Group, the larger general industry, and individual professional development. As such, Messrs. Stansbury and King were provided with salary increases to align them with a competitive market position.

Annual Cash Incentives ("MICP")

Annual cash incentives are based on the achievement of two key performance measures: EPS and strategic goals. For 2017, the Company's EPS grew by 14%, accounting for the majority of the annual cash incentive payout while achievement on strategic goals was 100%. This resulted in awards that were above target levels for the NEOs.

Long-Term Incentive Plan ("LTIP")

The majority of the compensation delivered to the NEOs continues to be in the form of equity under the LTIP. In 2017, the NEOs were awarded an LTIP grant with a mixture of 50% performance stock units ("PSUs"), 25% RSUs, and 25% stock options. The Committee believes the use of these equity vehicles creates strong alignment with the Company's shareholders by linking NEO compensation closely to stock performance and the effective use of capital.

The performance period for the 2015 PSU awards concluded at the end of fiscal year 2017. The Company's EPS growth relative to its peer companies and efficient use of capital resulted in a payout at 143% of target for these PSUs.

WHAT GUIDES THE COMPANY'S PROGRAM

As a large global provider of technology solutions operating in a highly competitive market, the Company views its people as critical assets and key drivers of its success. The Company's executive compensation program is designed to motivate, attract, and retain talented executives who are capable of successfully leading the Company's complex global operations and creating long-term shareholder value.

The program is structured to support Arrow's strategic goals and reinforce high performance with a clear emphasis on accountability and performance-based pay for achievement of stated goals. As such, a significant portion of total direct compensation ("TDC") is directly linked to the Company's short- and long-term performance in the form of cash and equity-based incentive awards. This provides executives with an opportunity to earn above median compensation if the Company delivers superior results or below median when performance targets are not achieved. The portion of pay tied to performance is consistent with Arrow's executive compensation philosophy and market practices.



The Principal Elements of Pay: Total Direct Compensation

The Company's compensation philosophy is supported by the following principal elements of pay:

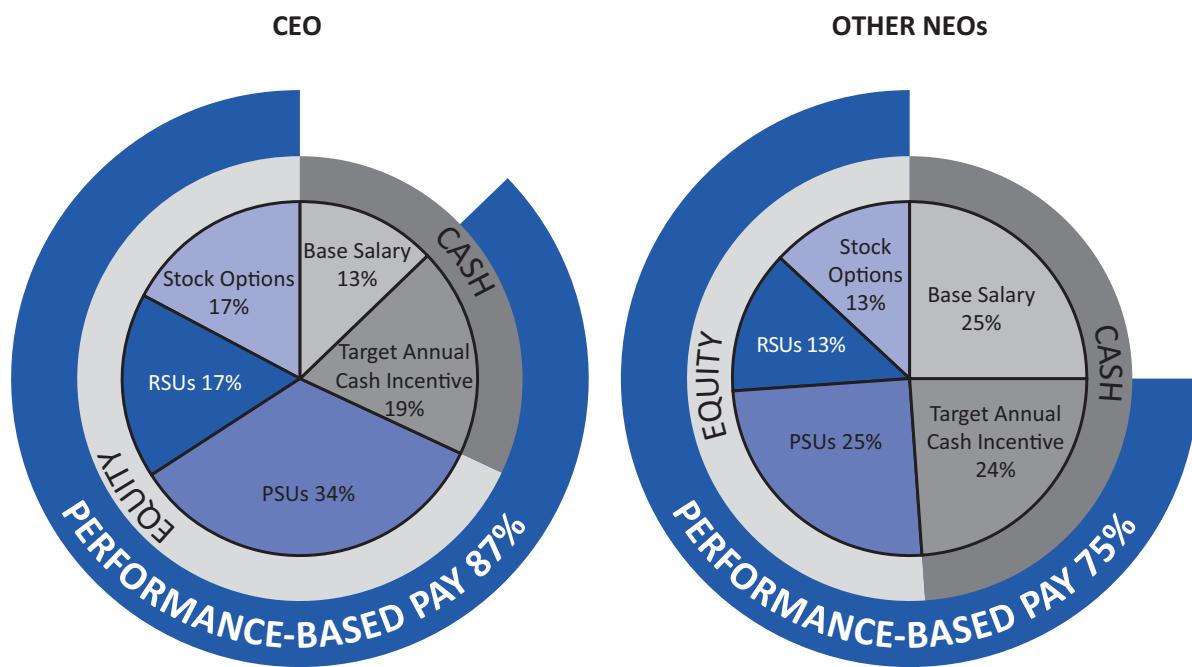
Pay Element	How Paid	What It Does
Base Salary	Cash (Fixed)	Provides a competitive rate — approximately the 50th percentile paid for comparable jobs at similar companies — relative to similar positions in the market, and enables the Company to attract and retain critical executive talent.
Annual Cash Incentive Awards	Cash (Variable)	Rewards individuals for performance if they attain pre-established financial and strategic targets that are set by the Compensation Committee at the beginning of the year.
Long-Term Incentive Awards	Equity (Variable)	Promotes a balanced focus on driving performance, retaining talent, and aligning the interests of the Company's executives with those of its shareholders.

Pay Mix

The charts below show the target TDC of the Company's CEO and other NEOs for fiscal 2017 (rounded to the nearest whole percentages). Annual and long-term incentives play a significant role in the executives' overall compensation at Arrow. They are essential to linking pay to performance, aligning compensation with organizational strategies and financial goals, and rewarding executives for the creation of shareholder value.

In fiscal 2017, in the aggregate, 82% of the NEOs' target TDC was variable and tied to corporate performance, measured by EPS, ROIC, WACC, stock performance, and team goals (87% for the Company's CEO and an average of 75% for the other NEOs).

The following charts reflect the weighted average distribution of the elements of the CEO's and remaining NEOs' target compensation based on grant date values. The charts show that, excluding the value of the Supplemental Executive Retirement Plan ("SERP"), 87% of the Company's CEO's and 75% of the Company's NEOs' target compensation was performance-based, including 68% and 51% delivered in the form of Arrow equity to the CEO and NEOs, respectively. Tying pay to the Company's performance reflects the Compensation Committee's emphasis on "at-risk" compensation and accountability in support of the Company's strategic goals. The Compensation Committee has weighted the pay components to establish a total compensation package that effectively motivates the Company's leaders to drive superior performance in a manner that benefits the interests of shareholders but does not encourage excessive risk taking.



Why the Company Uses EPS in Both Short-Term and Long-Term Incentive Plans

EPS is an important financial performance metric in determining the outcomes of the Company's annual and long-term incentive awards. The Compensation Committee believes that, even though the formulas and approach for determining annual and long-term incentive awards are different, having EPS as a common focus is in the best interest of shareholders. The Compensation Committee believes that it continues to result in shareholder value creation over time. It also allows Arrow to create greater line-of-sight for its NEOs, which facilitates an effective goal-setting process and makes discussions about performance against goals more meaningful for participants.

OTHER NEOs



The Company's Decision-Making Process

The Role of the Compensation Committee

The Compensation Committee is comprised of independent, non-management members of the Board. The Compensation Committee works very closely with its independent consultant and management to examine the effectiveness of the Company's executive compensation program throughout the year. Details of the Compensation Committee's authority and responsibilities are specified in its charter, a copy of which is available at the "Leadership & Governance" sublink of the Investor Relations drop down menu on investor.arrow.com.

The Compensation Committee is responsible for developing and reviewing Arrow's executive compensation philosophy. It implements that philosophy through compensation programs and plans designed to further Arrow's strategy; drive long-term, profitable growth; and increase shareholder value. The Compensation Committee reviews and approves the corporate goals and objectives relevant to executive compensation and, subject to review and ratification by the other non-management members of the Board, reviews and approves the compensation and benefits for the CEO and the Company's other NEOs. In making its decisions, the Compensation Committee also reviews the performance of each of the NEOs and the Company as a whole. It also considers the compensation of other Company executives, levels of responsibility, prior experience, breadth of knowledge, and job performance in reviewing target total compensation levels.

The Compensation Committee considers performance reviews prepared by the CEO for his direct reports and conducts its own performance review of the CEO. The Compensation Committee reviews the Company's performance on the metrics relevant to the execution of its strategy and evaluates the CEO's performance in light of that execution. For NEOs other than the CEO, the Compensation Committee's review includes input provided by the CEO. The CEO's compensation is evaluated in executive session without the CEO present. All decisions regarding NEO compensation are ultimately made by the Compensation Committee (subject to ratification by the Board in the case of the CEO's compensation).

The Role of Management

Compensation Committee meetings are regularly attended by the Company's CEO, the Chief Legal Officer, the Chief Human Resources Officer, and the Chief Financial Officer. Each of the management attendees provides the Compensation Committee with his or her specific expertise and the business and financial context necessary to understand and properly target financial and performance metrics. None of the members of management are present during the Compensation Committee's deliberations regarding their own compensation, but the Company's independent compensation consultant, Pearl Meyer & Partners, may participate in those discussions.

The Role of the Independent Compensation Consultant

The Compensation Committee has selected and engaged Pearl Meyer & Partners as its independent compensation consultant to provide the Committee with expertise on various compensation matters, including competitive practices, market trends, and specific program design. Additionally, Pearl Meyer & Partners provides the Committee with competitive data regarding market compensation levels at the 25th, 50th, and 75th percentiles for total compensation and for each major element of compensation.

Pearl Meyer & Partners reports directly to the Compensation Committee and does not provide any other services to the Company or its management. The Committee annually assesses the independence and any potential conflicts of interest of compensation advisors in accordance with applicable law and New York Stock Exchange listing standards. Pearl Meyer & Partners' services to the Compensation Committee have not raised any conflicts of interests between the Committee, Arrow, and Arrow management.

The Role of Peer Companies

To ensure that executive compensation plans and levels are appropriate and competitive, the Compensation Committee reviews analyses on peer company practices at various times throughout the year. Information on

total compensation levels is considered in the context of peer performance analyses in order to effectively link compensation to absolute and relative performance. Through this process, and with input from its independent compensation consultant and management, the Compensation Committee determines appropriate benchmarking targets each year.

The Compensation Committee believes targeting TDC at the market 50th percentile is appropriate. For the purpose of Arrow's annual competitive benchmarking study, Pearl Meyer & Partners reviews compensation data of the Peer Group (as defined below), as well as general industry survey data published by third parties. General industry survey data serves as a broader reference point for specific business units where the breadth and relevance of Peer Group data is not as comprehensive as desired, and in cases where the NEO's position and responsibilities are broader than the typical benchmarks.

The Compensation Committee evaluates the appropriateness of each NEO's compensation as positioned around the market 50th percentile based on factors that include Company and business unit performance, job scope, individual performance, time in position, and other relevant factors. To the extent the Compensation Committee deems that the compensation level associated with an NEO's position versus the market is not aligned with the relevant factors, the Compensation Committee may choose to modify one or more of the NEO's compensation components.

The Compensation Committee, with input from its independent compensation consultant, annually reviews and approves the compensation Peer Group to ensure it continues to meet the Company's objectives. At the Compensation Committee's request, Pearl Meyer & Partners conducted a comprehensive review of the Peer Group used in 2017. The Peer Group companies reflect a combination of direct and broader industry peers and are as follows:

Peer Group Companies
Anixter International Inc.
Avnet, Inc.
Celestica Inc.
Flextronics International Ltd.
Jabil Circuit, Inc.
Tech Data Corporation
WESCO International, Inc.

Overall Peer Group Data (Millions)		
Percentile	Revenue*	Market Cap
25th	7,803	2,892
50th	18,231	3,742
75th	22,218	4,752
Arrow	26,813	7,113
Percentile Rank	87%	91%

* Trailing Twelve Months



The Compensation Committee also reviews other benchmarking data when deemed necessary and appropriate. This data can cover a variety of areas such as equity vesting practices, the prevalence of performance metrics among peer companies, types of equity vehicles used by peer companies, severance practices, equity burn rates, and any other market data the Compensation Committee believes it needs to consider when evaluating the Company's executive compensation program.

THE 2017 EXECUTIVE COMPENSATION PROGRAM IN DETAIL

This section of the CD&A provides details about the three principal elements of pay — base salary, annual cash incentive awards, and long-term incentive awards. Arrow's pay-for-performance focus is evident in the substantially greater weight given to incentive-based compensation versus fixed compensation.

Base Salary

Base salary represents annual fixed compensation and is a standard element of compensation necessary to attract and retain talent. To attract the necessary executive talent and maintain a stable executive team, the Compensation Committee generally targets executive officer base salaries at approximately the 50th percentile for comparable jobs at similar companies. In making base salary decisions, the Committee considers the CEO's recommendations, each NEO's position and level of responsibility within the Company, as well as a number of other factors, including:

- > Individual performance;
- > Company or business unit performance;
- > Job responsibilities;
- > Relevant benchmarking data; and
- > Internal budget guidelines.

Subject to ratification by the Board, the CEO's base salary is determined by the Compensation Committee in executive session based on its evaluation of his individual performance, the Company's performance, and relevant benchmarking data. The Compensation Committee, in consultation with its independent compensation consultant, met in December 2016 to conduct its annual review of base salaries and determined the appropriate annual base salary rate for each then current NEO to be as follows:

Name	2016	2017
Michael J. Long	\$ 1,150,000	\$ 1,150,000
Christopher D. Stansbury	\$ 500,000	\$ 550,000
Sean J. Kerins	\$ 550,000	\$ 550,000
Andrew D. King	\$ 500,000	\$ 525,000
Gretchen K. Zech	\$ 455,000	\$ 455,000

In 2017, Messrs. Stansbury and King received salary increases of 10% and 5%, respectively. These increases were intended to keep salaries competitive and consistent with the Company's compensation philosophy and the performance of the incumbent.

Annual Cash Incentives: The Management Incentive Compensation Plan (“MICP”)

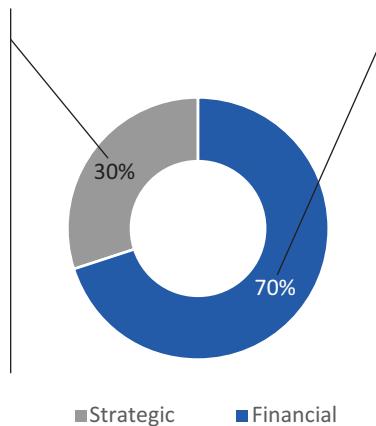
Arrow's annual cash incentives are designed to reward individuals for performance against pre-established targets that are set by the Compensation Committee at the beginning of the year. Each of the Company's NEOs is assigned an annual cash incentive target. Annual cash incentive targets are established based on market compensation analysis within the context of targeting TDC at the 50th percentile, provided that the actual incentive levels may be higher or lower than the 50th percentile based upon a number of factors, such as Company and individual performance. Actual award payouts depend on the achievement of pre-established performance objectives and can range from 0% to 200% of target award amounts. Target annual award opportunities were established by the NEO's level of responsibility and his or her ability to impact overall results. The Compensation Committee also considers market data in setting target award amounts.

2017 MICP Performance Objectives and Results

The annual cash incentive for each of the NEOs follows the structure of the Company's MICP, which is based on a combination of financial and strategic goals. The financial goals account for 70% and the strategic goals account for 30% of the total annual cash incentive award.

Strategic Goals

Each NEO can earn between 0% and 200% based on performance against pre-established, strategic goals. The strategic goals are designed to further the objectives of the Company. For 2017, the strategic component of the award was based on team performance goals.



Financial Goals

Each NEO can earn between 0% and 200% based on the achievement of pre-established, financial goals. For 2017, the financial performance metric was EPS. The Compensation Committee selected EPS to reinforce the Company's overall profit objectives, based on the rationale that EPS is a primary driver of shareholder value.

The 2017 annual cash incentive metrics and results against those metrics were as follows:

Performance Metric	Performance Range	Achievement Percentage	Weighting	Weighted Achievement %
Arrow EPS	\$ 4.91 - 8.19 **	125.00 %	70 %	87.50 %
Strategic Goals	0 - 200 %	100.00 %	30 %	30.00 %
Total	—	—	100 %	117.50 %

** Achievement of each performance metric at the midpoint of the performance range would result in a payout of 100% of the target opportunity for such metric and all other payments are interpolated based on the applicable performance range. For example, with respect to the EPS metric, if EPS equals \$6.55, the resulting payout would be 100% of the target opportunity. Achievement below \$4.91 or above \$8.19 would result in payouts of 0% or 200% of the target opportunity, respectively, on that performance metric.

The Company attained an EPS performance of \$6.96, resulting in an achievement percentage of 125.0% for each of the NEO's financial goals. The NEOs can also earn between 0% and 200% of the 30% strategic component of the MICP based on the Compensation Committee's evaluation of each individual's performance against his or her pre-established, strategic goals. The strategic goals are designed to be specific and measurable and to further the objectives of the Company. For 2017, the strategic component of the MICP was based on team performance goals.



The Compensation Committee applied the same basic methodology described above to Mr. Long, including the 70% financial component based on the above EPS performance range. He attained 125.0% achievement on his financial goal. The Compensation Committee tied the 30% strategic component for Mr. Long's annual cash incentive to team contributions made relative to the Company's strategic business imperatives. Based on the Compensation Committee's assessment of Mr. Long's successful performance on his strategic objectives, it awarded him 100.0% on his strategic goals. This resulted in a total weighted achievement percentage of 117.5% for Mr. Long and an annual cash incentive of \$1,997,500.

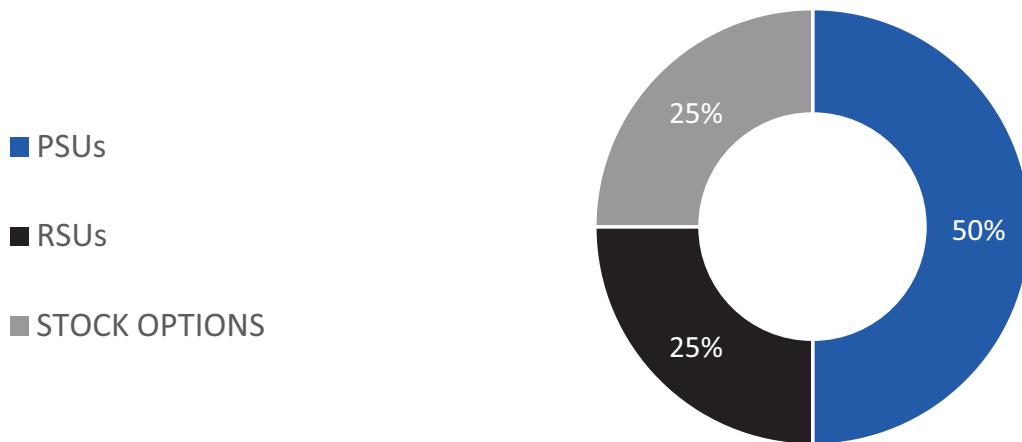
The table below provides a summary of the awards earned for EPS and strategic goal performance by each NEO:

Name	Target Award (\$)	EPS Payout (70% Weighting)	Strategic Goal Payout (30% Weighting)	Total Payout (\$)	Total Payout as % of Target
Michael J. Long	1,700,000	125.0%	100.0%	1,997,500	117.50%
Christopher D. Stansbury	550,000	125.0%	100.0%	646,250	117.50%
Sean J. Kerins	500,000	125.0%	100.0%	587,500	117.50%
Andrew D. King	475,000	125.0%	100.0%	558,125	117.50%
Gretchen K. Zech	455,000	125.0%	100.0%	534,625	117.50%

Long-Term Incentive Awards

Long-term incentive awards are designed to promote a balanced focus on driving performance, retaining talent, and aligning the interests of the Company's NEOs with those of its shareholders. Under the LTIP, awards are expressed in dollars and normally granted annually. The LTIP includes a mix of PSUs, stock options, and RSUs.

LTIP STRUCTURE



PSUs	Stock Options	RSUs
<p>PSUs are rewards for three-year EPS growth relative to Arrow's Peer Group Companies (weighted at 60%), as adjusted for Arrow's three-year ROIC in excess of WACC (weighted at 40%).</p> <ul style="list-style-type: none"> > The number of PSUs earned (from 0% to 185% of target number of PSUs granted) is based on the Company's performance over a three-year period > Vesting is contingent upon the Company achieving a net income, as adjusted, greater than zero in the fiscal year of the initial grant > PSUs are paid out in shares of Arrow stock at the end of the three-year vesting term 	<p>Stock Options reward price appreciation.</p> <ul style="list-style-type: none"> > Stock options vest in four equal annual installments beginning on the first anniversary of the grant > Exercise price is determined by using the closing price on date of grant > Options expire ten years from grant date 	<p>RSUs support retention.</p> <ul style="list-style-type: none"> > RSUs generally vest in four equal annual installments beginning on the first anniversary of the grant > Vesting is contingent upon the Company achieving a net income, as adjusted, greater than zero in the fiscal year of the initial grant > RSUs are paid out in shares of Arrow stock when vested



2017 Target LTIP Award Opportunities

The Compensation Committee makes LTIP award decisions for executives based on input from the CEO (other than for himself), prior grant history, the Compensation Committee's own assessment of each executive's contribution, potential contribution, performance during the prior year, peer compensation benchmarking analysis, and the long-term incentive award practices of the Peer Group discussed above. The target LTIP award level is set at approximately the 50th percentile of the benchmark data gathered and adjusted by the Compensation Committee's assessment of each executive based on the elements described above.

The Compensation Committee also evaluates the Chief Executive Officer's performance in light of the factors discussed above to determine his annual long-term incentive award. That award and those for the other NEOs for 2017 are set forth below. For more detail, including the expense to the Company associated with each grant, see the Grants of Plan-Based Awards Table.

The Compensation Committee generally makes annual equity grants at the first regularly scheduled Board meeting of the calendar year. Hiring and promotion grants are made at the next regularly scheduled meeting of the Board that follows such an event, and in instances where retention awards or other ad-hoc awards are advisable, grants are made at the appropriate meeting. All stock option grants are made with exercise prices equal to the value of the Company stock on the grant date closing price to ensure participants derive value only as shareholders realize corresponding gains over an extended time period. None of the options granted by the Company, as discussed throughout this Proxy Statement, have been repriced, replaced, or modified in any way since the time of the original grant. The Company's three-year average burn rate of 1.19% of weighted average basic common shares outstanding reflects its prudent management of equity shares used under its LTIP. The 2017 LTIP awards were granted as follows:

Name	PSUs	Stock Options	RSUs
Michael J. Long	40,617	74,981	20,309
Christopher D. Stansbury	6,770	12,498	3,384
Sean J. Kerins	7,785	14,370	3,893
Andrew D. King	7,447	13,746	3,723
Gretchen K. Zech	6,363	11,747	3,182

A Closer Look at PSUs: 2017 Grants

The 2017 PSU awards are tied to Arrow's three-year (2017-2019) EPS growth as compared to the EPS growth of Arrow's Peer Group and Arrow's three-year average ROIC in excess of its three-year WACC. The Compensation Committee chose EPS and ROIC as performance metrics in order to reward participants for successfully balancing profit maximization and the efficient use of capital, both key drivers in creating shareholder value.

The EPS variable is weighted at 60%, and the ROIC/WACC variable at 40%. Provided the Company achieves a net income, as adjusted, of greater than zero, participants may earn up to 185% of their targeted PSUs based on the matrix below, subject to the individual's continued employment through the applicable vesting date and any rights provided under the Severance Policy and Participation Agreements.

Performance Payout for 2015 PSU Grants

The Table below applies to 2015 PSU grants

3-YEAR ROIC-WACC (40%)		PAYOUT AS PERCENT OF TARGET*							
Maximum (200%)	3.0%+	80%	95%	119%	137%	146%	152%	164%	185%
Target (100%)	1.5%	40%	55%	79%	97%	106%	112%	124%	145%
Threshold (50%)	≥ 0%	20%	35%	59%	77%	86%	92%	104%	125%
	< 0%	0%	15%	39%	57%	66%	72%	84%	105%
		8	7	6	5	4	3	2	1
EPS RANKING VS. PEERS (60%)									

* Payout interpolated between levels

For the PSUs granted in 2015, the performance period was completed at the end of calendar year 2017, with the payout level approved by the Compensation Committee in February 2018 based on the three-year (2015-2017) results, which include three years of audited financial statements in accordance with GAAP. During 2016, one of the companies initially selected as a member of the Company's Peer Group, Ingram Micro, was acquired. Sufficient financial data for that company is no longer available. As a result, the Compensation Committee decided to remove Ingram Micro from the Peer Group and reduce the number of Peer Group companies by one. Based on the revised Peer Group, the Company determined that its EPS growth ranked 3rd among the reporting companies. The Company's average ROIC exceeded its WACC by 2.7% during the same period. As a result, in February 2018, the 2015-2017 PSUs vested at 143% of target levels.

Restricted Stock Units

Grants of RSUs represent 25% of the LTIP value for the NEOs and generally vest in 25% increments on each of the first four anniversaries of the date of grant contingent upon the Company achieving net income, as adjusted, greater than zero and subject to the individual's continued employment through the applicable vesting date. RSUs are intended to provide the NEOs with the economic equivalent of a direct ownership interest in the Company during the vesting period and provide the Company with significant retention security regardless of post-grant share price volatility.

Stock Options

Stock option grants also represent 25% of the LTIP value and vest in 25% increments on each of the first four anniversaries of the date of grant, subject to the individual's continued employment through the applicable vesting date. The Company grants stock options to provide the NEOs with a strong incentive to drive long-term stock appreciation for the benefit of the Company's shareholders. Each stock option grant allows the holder to acquire shares of the Company at a fixed exercise price (Arrow's closing share price on grant date) over a ten-year term, providing value only to the extent that the Company's share price appreciates during that period.

OTHER PRACTICES, POLICIES, AND GUIDELINES

Stock Ownership Requirements

The Compensation Committee recognizes the importance of equity ownership by delivering a significant portion of the NEOs' total compensation in the form of equity. To further align the interests of the Company's executives with those of shareholders, the Company requires its NEOs to hold specified amounts of Arrow equity. The NEOs are required to hold Arrow equity valued at a multiple of three times their base salaries, except the CEO, who must hold five times his base salary. Until the specified levels of ownership are achieved, the NEOs are required to retain an amount equal to 50% of the net shares acquired annually, through vesting of RSUs, PSUs,



and shares received as a result of the exercise of stock options. Shares that count toward satisfaction of the stock ownership requirements include:

- > Shares owned directly and indirectly;
- > Shares owned on behalf of the executive under the 401(k) Plan;
- > PSUs (after any performance conditions have been satisfied);
- > Unvested RSUs (after any performance conditions have been satisfied); and
- > The “in-the-money” value of vested stock options.

Anti-Hedging Policy

The Company's anti-hedging policy provides that directors, executive officers, and certain other employees may not directly or indirectly engage in transactions that would have the effect of reducing the economic risk of holding the Company's securities. The Company's policy prohibits them from engaging in short-term trading, buying or selling put or call options, short sales, or entering into hedging transactions, on the open market with respect to their ownership of Company securities. The policy also prohibits the pledging of company securities or the holding of Company securities in margin accounts since securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call and any such margin sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities. The policy is reviewed and, if needed, updated by the Compensation Committee each year. The Company's Chief Legal Officer, in certain limited circumstances, may approve in advance specific transactions which would otherwise be prohibited by the policy. To date, no such exception has arisen or been granted. A copy of the policy is available at the “Leadership & Governance” sublink of the Investor Relations drop down menu on investor.arrow.com.

Severance Policy and Change of Control Agreements

The Company has a policy for severance (the “Severance Policy”) and a change in control agreement (the “Change in Control Retention Agreement”) for its executives. The Severance Policy, corresponding Participant Agreements, and Change in Control Retention Agreements are described in detail in the section entitled “Agreements and Potential Payments upon Termination or Change in Control.”

Retirement Programs and Other Benefits

In keeping with its total compensation philosophy and in light of the need to provide a total compensation and benefit package that is competitive within the industry, the Compensation Committee believes that the retirement and other benefit programs discussed below are critical elements of the compensation package made available to the Company's NEOs.

Qualified Plans

The NEOs participate in the 401(k) Plan, which is available to all of Arrow's U.S. employees. Company contributions to the 401(k) Plan on behalf of the NEOs are included under the heading “All Other Compensation” in the Summary Compensation Table and specified under the heading “401(k) Company Contribution” on the All Other Compensation — Detail Table. Annually, the Company considers whether to provide a discretionary contribution to the 401(k) Plan for all of Arrow's U.S. employees, subject to Compensation Committee approval.

Supplemental Executive Retirement Plan

The Company maintains the Arrow Electronics, Inc. SERP, a non-qualified, unfunded retirement plan in which, as of December 31, 2017, all then-current NEOs participated, the details of which are discussed under the heading “SERP” immediately preceding the Pension Benefits Table. The Company has placed approximately

\$93 million in various investments and trusts to cover the ongoing costs of SERP payouts for both current and former executives.

Management Insurance Program

All of the NEOs participate in Arrow's Management Insurance Program. In the event of the death of an executive, the Company provides a death benefit (after tax) to the executive's named beneficiary equal to four times the executive's annual target cash compensation. The benefit generally ends upon separation from service, but is extended until the first day of the seventh month following separation from service in the event the participating executive's actual commencement of benefit payments under the SERP will be delayed pursuant to Section 409A of the Internal Revenue Code.

Tax and Accounting Considerations

A variety of tax and accounting considerations influence the Compensation Committee's development and implementation of the Company's compensation and benefit plans. Among them is Section 162(m) of the Internal Revenue Code, which historically limited to \$1 million the amount of non-performance-based compensation that Arrow may have deducted on its U.S. income tax returns for its CEO and NEOs other than the CFO.

As part of the Tax Cuts and Jobs Act (the "Tax Act") signed into law by President Trump on December 22, 2017, this exemption from Section 162(m) limitation for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that any compensation paid to the Company's CEO, CFO and NEOs ("covered employees") in excess of \$1 million will now be nondeductible, subject to transition rules. Additionally, under the Tax Act's revised Section 162(m) rules, once the individual becomes a covered employee for any taxable year, that individual will remain a covered employee for all future years thereby increasing the number of employees subject to the executive compensation limitation rules under Section 162(m) of the Internal Revenue Code.

For 2017, the Company's incentive awards were generally designed to meet these Section 162(m) requirements so that Arrow could deduct the allowed executive compensation expenses. However, despite the Compensation Committee's efforts to structure the executive compensation programs in a manner intended to be exempt from Section 162(m) limitations, because of the ambiguities and uncertainties of the application and interpretation of the Tax Act's new Section 162(m), including the uncertain scope of the transition relief, no assurance can be currently given that all compensation intended to be deductible in fact will be under the new Section 162(m) of the Internal Revenue Code.

As required, shareholders approved the basis for performance goals for awards made to NEOs, and such performance goals are subject to an advisory vote as part of Proposal 3 above.

- The annual cash incentive plan included a maximum award based on a formula approved by the Compensation Committee to comply with the requirements of Section 162(m) of the Internal Revenue Code. The formula is based on a net income above a pre-established target level and sales divided by net working capital. Once this maximum annual cash incentive amount is determined, the Compensation Committee may exercise negative discretion to reduce the amounts to be paid to NEOs otherwise determined pursuant to the methodology described above.
- PSUs awarded to the NEOs were subject to performance criteria that required that the Company achieve an annual net income, as adjusted, greater than zero, in which case an award of up to 185% may be approved by the Compensation Committee. The Committee may then exercise negative discretion to reduce the amount of the award. In so doing, the Committee considers the Company's three-year EPS growth as compared to the EPS growth of Arrow's Peer Group and Arrow's three-year ROIC in excess of its three-year WACC determined pursuant to the methodology described above
- RSUs awarded to the NEOs were subject to performance criteria that required that the Company achieve an annual net income, as adjusted, greater than zero (in the grant year) or the award would be canceled.



- Stock options awarded to the NEOs were granted with an exercise price equal to the closing market price of the Company's common stock on the grant date, such that all value realized by the NEOs upon exercise would be based on share appreciation following the date of grant.

Even though the Tax Act eliminated the exception for performance-based compensation, among other things, the Compensation Committee's policy, in general, is still to maximize the tax deductibility of compensation paid to executive officers under the Internal Revenue Code. The Compensation Committee recognizes, however, that in order to effectively support corporate goals, not all amounts may qualify for deductibility. Therefore, the Compensation Committee will continue to take into account all applicable facts and circumstances in exercising its business judgment with respect to appropriate compensation plan design.

As discussed below in the section entitled "Agreements and Potential Payments upon Termination or Change in Control," the Company's relevant agreements and policies contain provisions as appropriate in order to avoid penalties to executives under Section 409A of the Internal Revenue Code. The Company provides no tax gross-ups in connection with Sections 280G and 4999 of the Internal Revenue Code in the event of a change in control of the Company.



COMPENSATION OF THE NAMED EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE

The following Table provides certain summary information concerning the compensation of the NEOs.

Name	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(1)	Stock Option Awards \$(2)	Non-Equity Incentive Compensation \$(3)	Change in Pension Value & NQDC Earnings \$(4)	All Other Compensation \$(5)(6)	Total \$(7)
Michael J. Long	2017	1,150,000	—	4,499,994	1,499,995	1,997,500	1,827,312	19,750	10,994,551
<i>Chairman, President, and Chief Executive Officer</i>	2016	1,150,000	—	4,124,977	1,374,994	1,750,000	1,910,516	14,919	10,325,406
	2015	1,150,000	—	3,937,489	1,312,496	1,600,000	2,432,164	28,455	10,460,604
Christopher D. Stansbury	2017	550,000	—	749,974	250,022	646,250	275,647	22,723	2,494,616
<i>Senior Vice President, Chief Financial Officer</i>	2016	452,308	—	762,424	87,500	428,273	—	16,456	1,746,961
Sean J. Kerins	2017	550,000	—	862,537	287,472	587,500	483,745	14,246	2,785,500
<i>President, Global Enterprise Computing Solutions</i>	2016	550,000	—	750,011	249,999	383,310	349,523	14,316	2,297,159
	2015	500,000	—	674,980	225,000	373,120	113,039	14,760	1,900,899
Andrew D. King	2017	525,000	—	825,016	274,989	558,125	322,173	15,037	2,520,340
<i>President, Global Components</i>	2016	500,000	—	1,249,981	249,999	320,640	53,098	172,112	2,545,830
Gretchen K. Zech	2017	455,000	—	704,994	234,999	534,625	454,760	15,135	2,399,513
<i>Senior Vice President, Chief Human Resources Officer</i>	2016	455,000	—	1,017,433	172,496	467,422	309,485	14,481	2,436,317

- (1) Amounts shown under the heading "Stock Awards" reflect the grant date fair values of such awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For stock awards that are subject to performance conditions, such awards are computed based upon the probable outcome of the performance conditions as of the grant date. Assuming the maximum performance is achieved for stock awards that are subject to performance conditions, amounts shown under this heading for Messrs. Long, Stansbury, Kerins, King, and Ms. Zech would be \$7,049,971, \$1,175,001, \$1,351,287, \$1,292,546, and \$1,104,469, respectively, for 2017; for Messrs. Long, Stansbury, Kerins, King, and Ms. Zech would be \$6,462,479, \$911,165, \$1,175,033, \$1,675,003, and \$1,310,694, respectively, for 2016; and for Messrs. Long and Kerins \$6,168,732 and \$1,057,487 respectively, for 2015. For 2016, Mr. Stansbury's, Mr. King's and Ms. Zech's stock awards each include one-time grants of RSUs valued at \$500,000 (8,234, 8,860 and 8,860 RSUs respectively) that vest in their entirety four years from the grant date and are forfeited if the executive resigns prior to such vesting date.
- (2) Amounts shown under the heading "Stock Option Awards" reflect the grant date fair values for stock option awards calculated using the Black-Scholes option pricing model based on assumptions set forth in Note 12 to the Company's Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2017.
- (3) The amounts shown under "Non-Equity Incentive Compensation" are the actual amounts paid for both the financial and strategic goals related to the NEO's MICP awards.
- (4) The amounts shown under the heading "Change in Pension Value & NQDC Earnings" reflect the year-to-year change in the present value of each NEO's accumulated pension plan benefit as discussed under the heading "Supplemental Executive Retirement Plan."
- (5) See the All Other Compensation — Detail Table below.
- (6) The amounts of All Other Compensation for 2016 for Messrs. Long and King must be modified because certain amounts were not included in the 2017 Proxy Statement. For Mr. Long, "Other" increased by \$1,995. For Mr. King, "Other" increased by \$1,224 for spousal activities at an annual President's Club event.



ALL OTHER COMPENSATION — DETAIL

This Table sets forth the individual elements comprising each NEO's 2017 "All Other Compensation" from the Summary Compensation Table above.

Name	Other \$(1)	401(k) Company Contribution \$(2)	Total \$(3)
Michael J. Long	7,675	12,075	19,750
Christopher D. Stansbury	10,648	12,075	22,723
Sean J. Kerins	2,171	12,075	14,246
Andrew D. King	2,962	12,075	15,037
Gretchen K. Zech	3,060	12,075	15,135

(1) For Mr. Stansbury, "Other" includes \$4,681 for spousal flight on commercial aircraft, \$33 LTD Imputed Income, and \$5,934 for spousal activities and transportation to and from annual President's Club event.

(2) Includes a discretionary 401(k) contribution of \$3,975 per Executive.

Certain NEOs have been accompanied by family members during business travel on aircraft (of which the Company owns fractional shares) at no incremental cost to the Company.



GRANTS OF PLAN-BASED AWARDS

The following Table provides information regarding the annual cash incentives, PSUs, RSUs, and stock options awarded in 2017.

Grants of Plan-Based Awards										All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(5)		
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)						
Michael J. Long	2017	425,000	1,700,000	3,400,000	—	—	—	—	—	—	—		
	2/21/2017	—	—	—	6,093	40,617	75,141	—	—	73.86	2,999,972		
	2/21/2017	—	—	—	—	—	—	20,309	—	73.86	1,500,023		
	2/21/2017	—	—	—	—	—	—	—	74,981	73.86	1,499,995		
Christopher D. Stansbury	2017	137,500	550,000	1,100,000	—	—	—	—	—	—	—		
	2/21/2017	—	—	—	1,016	6,770	12,525	—	—	73.86	500,032		
	2/21/2017	—	—	—	—	—	—	3,384	—	73.86	249,942		
	2/21/2017	—	—	—	—	—	—	—	12,498	73.86	250,022		
Sean J. Kerins	2017	125,000	500,000	1,000,000	—	—	—	—	—	—	—		
	2/21/2017	—	—	—	1,168	7,785	14,402	—	—	73.86	575,000		
	2/21/2017	—	—	—	—	—	—	3,893	—	73.86	287,537		
	2/21/2017	—	—	—	—	—	—	—	14,370	73.86	287,472		
Andrew D. King	2017	118,750	475,000	950,000	—	—	—	—	—	—	—		
	2/21/2017	—	—	—	1,117	7,447	13,777	—	—	73.86	550,035		
	2/21/2017	—	—	—	—	—	—	3,723	—	73.86	274,981		
	2/21/2017	—	—	—	—	—	—	—	13,746	73.86	274,989		
Gretchen K. Zech	2017	113,750	455,000	910,000	—	—	—	—	—	—	—		
	2/21/2017	—	—	—	954	6,363	11,772	—	—	73.86	469,971		
	2/21/2017	—	—	—	—	—	—	3,182	—	73.86	235,023		
	2/21/2017	—	—	—	—	—	—	—	11,747	73.86	234,999		

- (1) These columns indicate the potential payout for both the financial and strategic goals related to the NEO's MICP awards. The threshold payment begins at the achievement of 25% of the targeted goal, the target amount at achievement of 100% of the goal, and payment carries forward to a maximum payout of 200% of the target amount. The actual amounts paid to each of the NEOs under this plan for each year are included under the heading "Non-Equity Incentive Compensation" on the Summary Compensation Table.
- (2) These columns indicate the potential number of units which will be earned based upon each of the NEO's PSU awards granted in 2017. Assuming a payout of greater than zero units, the threshold unit payout begins at 15% of the target number of units up to a maximum payout of 185% of the target number of units. The grant amount is equal to the Target.
- (3) This column reflects the number of RSUs granted in 2017.
- (4) This column and the one that follows reflect the number of stock options granted in 2017 and their exercise price.
- (5) Grant date fair values for restricted stock and performance units reflect the number of shares awarded (at target for the performance units) multiplied by the grant date closing market price of Arrow common stock. Grant date fair values for stock option awards are calculated using the Black-Scholes option pricing model based on assumptions set forth in Note 12 to the Company's Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2017.



OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The Outstanding Equity Table shows: (i) the number of outstanding stock option awards that are vested and unvested as of December 31, 2017; (ii) the exercise price and expiration date of these options; (iii) the aggregate number and value as of December 31, 2017 of all unvested restricted stock or units; and (iv) the aggregate number and value as of December 31, 2017 of all performance shares or units granted under a performance plan whose performance period has not yet been completed.

The values ascribed to the awards in the Table below may or may not be realized by their recipients, depending on share prices at the time of vesting or exercise and the achievement of the metrics upon which the performance awards depend. Each amount in this Table is based on the closing market price of the Company's common stock on December 29, 2017, which was \$80.41. For each NEO, the fair value of stock awards and stock option awards at the date of grant, based upon the probable outcome of performance conditions, if applicable, is included in the Summary Compensation Table above. For additional information regarding the impact of a change in control of the Company on equity awards, see the section below entitled "Non-Qualified Stock Option, Restricted Stock Unit, and Performance Stock Unit Award Agreements."

Name	Outstanding Equity Awards at Fiscal Year-End										
	Option Awards						Stock Awards				
	Number of Securities Underlying Unexercised Options – Exercisable (#)	Number of Securities Underlying Unexercised Options – Unexercisable (#)	Option Exercise Price (\$)(1)	Option Expiration Date (1)	Stock Award Grant Date	Number of Shares or Units of Stock Held That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock Held That Have Not Yet Vested (\$)(2)	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#)(3)	Vesting Dates (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested (\$)(3)	
Michael J. Long	45,929	15,309	56.71	02/17/2024	02/18/2014	5,510	443,059	—	02/18/2018	—	
	34,368	34,366	62.13	02/16/2025	02/17/2015	10,562	849,290	—	(a)	—	
	20,460	61,380	56.43	02/22/2026	02/23/2016	18,274	1,469,412	—	(b)	—	
	—	74,981	73.86	02/19/2027	02/21/2017	20,309	1,633,047	—	(c)	—	
	—	—	—	—	02/17/2015	—	—	42,250	02/17/2018	3,397,323	
	—	—	—	—	02/23/2016	—	—	48,733	02/23/2019	3,918,621	
	—	—	—	—	02/21/2017	—	—	40,617	02/21/2020	3,266,013	
Christopher D. Stansbury	19,528	6,509	60.97	09/14/2024	09/15/2014	4,100	329,681	—	9/15/2018	—	
	2,292	2,290	62.13	02/16/2025	02/17/2015	704	56,609	—	(a)	—	
	1,302	3,906	56.43	02/22/2026	02/23/2016	1,162	93,436	—	(b)	—	
	—	12,498	73.86	02/19/2027	02/21/2017	3,384	272,107	—	(c)	—	
	—	—	—	—	05/11/2016	8,234	662,096	—	05/11/2020	—	
	—	—	—	—	02/17/2015	—	—	2,817	02/17/2018	226,515	
	—	—	—	—	02/23/2016	—	—	3,101	02/23/2019	249,351	
Sean J. Kerins	5,094	—	38.69	02/24/2021	—	—	—	—	—	—	
	8,707	—	40.15	02/19/2022	—	—	—	—	—	—	
	8,687	—	41.56	02/17/2023	—	—	—	—	—	—	
	5,283	1,760	56.71	02/17/2024	02/18/2014	633	50,900	—	2/18/2018	—	
	5,892	5,891	62.13	02/16/2025	02/17/2015	1,810	145,542	—	(a)	—	
	3,720	11,160	56.43	02/22/2026	02/23/2016	3,322	267,122	—	(b)	—	
	—	14,370	73.86	02/19/2027	02/21/2017	3,893	313,036	—	(c)	—	
	—	—	—	—	07/30/2014	8,478	681,716	—	07/30/2018	—	
	—	—	—	—	02/17/2015	—	—	7,243	02/17/2018	582,410	
	—	—	—	—	02/23/2016	—	—	8,861	02/23/2019	712,513	
	—	—	—	—	02/21/2017	—	—	7,785	02/21/2020	625,992	



Name	Outstanding Equity Awards at Fiscal Year-End									
	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options – Exercisable (#)	Number of Securities Underlying Unexercised Options – Unexercisable (#)	Option Exercise Price (\$)(1)	Option Expiration Date (1)	Stock Award Grant Date	Number of Shares or Units of Stock Held That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock Held That Have Not Vested (\$)(2)	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#)(3)	Vesting Dates (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested (\$)(3)
Andrew D. King	2,377	—	38.69	02/24/2021	—	—	—	—	—	—
	2,875	—	40.15	02/19/2022	—	—	—	—	—	—
	2,764	—	41.56	02/17/2023	—	—	—	—	—	—
	4,593	1,531	56.71	02/17/2024	02/18/2014	551	44,306	—	02/18/2018	—
	3,601	3,600	62.13	02/16/2025	02/17/2015	1,106	88,933	—	(a)	—
	3,720	11,160	56.43	02/22/2026	02/23/2016	3,322	267,122	—	(b)	—
	—	13,746	73.86	02/19/2027	02/21/2017	3,723	299,366	—	(c)	—
	—	—	—	—	02/23/2016	8,860	712,433	—	02/23/2020	—
	—	—	—	—	02/17/2015	—	—	4,426	02/17/2018	355,895
	—	—	—	—	02/23/2016	—	—	8,861	02/23/2019	712,513
—	—	—	—	—	02/21/2017	—	—	7,447	02/21/2020	598,813
Gretchen K. Zech	7,393	—	40.15	02/19/2022	—	—	—	—	—	—
	7,897	—	41.56	02/17/2023	—	—	—	—	—	—
	5,512	1,837	56.71	02/17/2024	02/18/2014	661	53,151	—	02/18/2018	—
	4,256	4,254	62.13	02/16/2025	02/17/2015	1,307	105,096	—	(a)	—
	2,567	7,700	56.43	02/22/2026	02/23/2016	2,292	184,300	—	(b)	—
	—	11,747	73.86	02/19/2027	02/21/2017	3,182	255,865	—	(c)	—
	—	—	—	—	02/23/2016	8,860	712,433	—	02/23/2020	—
	—	—	—	—	02/17/2015	—	—	5,231	02/17/2018	420,625
—	—	—	—	—	02/23/2016	—	—	6,114	02/23/2019	491,627
—	—	—	—	—	02/21/2017	—	—	6,363	02/21/2020	511,649

- (1) These columns reflect the exercise price and expiration date, respectively, for all of the stock options under each award. Each option was granted ten years prior to its expiration date. All of the awards were issued under the Company's LTIP. All of the awards vest in four equal amounts on the first, second, third, and fourth anniversaries of the grant date and have an exercise price equal to the closing market price of the Company's common stock on the grant date.
- (2) These columns reflect the number of unvested restricted shares or units held by each NEO under each award of restricted shares or units and the dollar value of those shares or units based on the closing market price of the Company's common stock on December 29, 2017.
- (3) These columns show the number of shares or units of Arrow common stock each NEO would receive under each grant of performance shares or units, assuming that the financial targets associated with each award are achieved at 100%, and the dollar value of those shares or units based on the closing market price of the Company's common stock on December 29, 2017.
- (4) With regard to the Stock Awards, the following describes the vesting dates: (i) those awards designated by "(a)" vest in two equal installments on the third and fourth anniversaries of the grant date; (ii) those awards designated by "(b)" vest in three equal installments on the second, third, and fourth anniversaries of the grant date; and (iii) those awards designated by "(c)" vest in four equal installments on the first, second, third, and fourth anniversaries of the grant date.



OPTIONS EXERCISED AND STOCK VESTED IN 2017

The following Table provides information concerning the value realized by each NEO upon the exercise of stock options and the vesting of restricted and performance units during 2017.

The value realized on the exercise of stock options shown below is based on the difference between the exercise price per share paid by the executive and the closing market price of the Company's common stock on the exercise date. The value realized on the vesting of restricted and performance units is based on the number of shares vesting and the closing market price of the Company's common stock on the vesting date.

Name	Award Type	Options Exercised and Stock Vested			
		Option Awards		Stock Awards	
		Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Michael J. Long	RSUs	—	—	24,101	1,770,814
	2014 PSUs — 3 Yr	—	—	61,716	4,558,344
	Stock Options	190,865	6,076,371	—	—
Christopher D. Stansbury	RSUs	—	—	4,840	380,383
	2014 PSUs — 3 Yr	—	—	—	—
	Stock Options	—	—	—	—
Sean J. Kerins	RSUs	—	—	3,474	255,228
	2014 PSUs — 3 Yr	—	—	7,097	524,184
	Stock Options	11,793	586,256	—	—
Andrew D. King	RSUs	—	—	2,475	181,802
	2014 PSUs — 3 Yr	—	—	6,171	455,790
	Stock Options	—	—	—	—
Gretchen K. Zech	RSUs	—	—	2,831	208,002
	2014 PSUs — 3 Yr	—	—	7,406	547,007
	Stock Options	—	—	—	—



SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Arrow maintains a non-qualified Supplemental Executive Retirement Plan under which the Company will pay pension benefits to certain employees upon retirement or as result of certain other termination events. As of December 31, 2017, there were 10 current executives participating in the SERP. The Board determines the eligibility of the NEOs who participate. Each of the NEOs participates in the SERP.

The typical gross SERP benefit is calculated by multiplying 2.5% of final average compensation (salary plus targeted incentive compensation) by the participant's years of credited service (SERP participation) up to a maximum of 18 years. Final average compensation is ordinarily the highest average of any three years during the participant's final five years of service. The gross benefit is reduced by the value of hypothetical defined contribution plan contributions and 50% of Social Security.

The benefit described above is payable at age 60 for participants who remain in service until that time. In addition, participants are eligible for early retirement at age 55 or when combined years of age and service equals at least 72, if later. Benefits are reduced 7% per year that retirement precedes age 60. Except as provided below, no benefits are payable for termination prior to retirement eligibility. The normal form of benefits provided is a single life annuity with 60 monthly payments guaranteed. Other annuity payment forms are also available. At this time, among the NEOs, only Mr. Long has met eligibility for early retirement.

The years of credited service for each of the NEOs and the present value of their respective accumulated benefits as of December 31, 2017 are set out on the following Table. None of the NEOs received any payments under the SERP in or with respect to 2017. The present value calculation assumes each recipient remains employed until normal retirement age (generally at age 60). The remainder of the assumptions underlying the calculation of the present value of the benefits are discussed in Note 13 to the Company's Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2017.

Name	Pension Benefits		
	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Michael J. Long	18.00	20,236,736	—
Christopher D. Stansbury	1.58	275,647	—
Sean J. Kerins	3.58	946,307	—
Andrew D. King	2.00	375,271	—
Gretchen K. Zech	6.08	1,365,792	—

The SERP provides that if a participant's employment is terminated involuntarily without "cause" or voluntarily for "good reason," in either case within two years after a "change in control" of the Company, the participant will receive an annual benefit under the SERP upon reaching age 60. The amount of the payment is based on the amount accrued up to the time of the termination. No payments will be made if the participant is not yet age 50 at the time of the "change in control" related termination.



Should a participant become disabled before retiring, his or her accrued SERP benefits will generally commence at age 60, subject to reduction for Company-paid disability benefits received for the same payment period and for termination prior to age 60.

Benefits under the SERP may terminate, with no further obligation to the recipient, if the participant becomes involved in any way with an entity which competes with Arrow (except for limited ownership of stock in a publicly-traded company).

The present values of the SERP benefits accrued through year-end by the NEOs in the event of termination, death, disability, or a change in control of the Company are set forth on the Potential Payouts Upon Termination Table.

DEFERRED COMPENSATION PLANS

The Company maintains an Executive Deferred Compensation Plan ("EDCP") in which deferred income as well as investment gains on the deferred amounts are nontaxable to the executive until distributed.

A participating executive may defer up to 80% of salary and 100% of incentive compensation. The participant chooses from a selection of mutual funds and other investments in which the deferred amount is then deemed to be invested. Earnings on the amounts deferred are defined by the returns actually obtained by the "deemed investment" and added to the account. The "deemed investment" is used solely for this purpose and the participant has no ownership interest in it. The deferred compensation and the amount earned are general assets of the Company, and the obligation to distribute the amounts according to the participants' designation is a general obligation of the Company. None of the NEOs participated in the EDCP in 2017.

AGREEMENTS AND POTENTIAL PAYOUTS UPON TERMINATION OR CHANGE IN CONTROL

The Company does not enter into employment agreements with senior management. The Company does, however, have a common Severance Policy and an "Executive Change in Control Retention Agreement" for its executives.

SEVERANCE POLICY

Under the current Severance Policy, upon an involuntary termination of employment of any of the NEOs without "cause," the Company will pay such NEO a pro rata portion of his or her MICP with respect to the year of termination plus his or her base salary and MICP awards (prorated as applicable) for a period of 18 months (24 months for the Chief Executive Officer) (in each case, the "Severance Period"). Salary continuation payments would be made in accordance with the Company's customary payroll practices. MICP amounts, if any, would be paid on the date they are normally paid to the Company's then-current executives. Each NEO also would receive continuation of health care benefit coverage at the same level of coverage through the Severance Period or equivalent benefits, as determined in the sole reasonable discretion of the Compensation Committee. The Company will also reimburse the NEO for the cost of outplacement services up to a maximum of \$50,000 (\$75,000 for the Chief Executive Officer). The Severance Policy imposes an affirmative duty on each NEO to seek substitute employment that is reasonably comparable to such NEO's employment with the Company in order to mitigate the severance payments and benefits provided under the Severance Policy. The Company can offset certain of those sums earned elsewhere. The Severance Policy is subject to change at the discretion of the Compensation Committee.

As a condition to receiving these benefits, the Severance Policy requires the NEO to execute a general release of claims and a restrictive covenants agreement in favor of the Company. Under the restrictive covenants agreement, the NEO must agree to covenants providing for the confidentiality of the Company's information, non-competition and non-solicitation of the Company's employees and customers for a period equal to the relevant Severance Period.

In the case of termination of the NEO's employment without "cause," his or her outstanding equity-based awards would continue to vest through the duration of the Severance Period. Equity-based awards that do not vest prior to the end of the Severance Period would be forfeited. Vested stock options would remain exercisable until the earlier of the expiration of the Severance Period or the expiration date as provided in the applicable award agreement.

In the event of death or disability of an NEO, all of his or her unvested equity-based awards would vest as of the date of death or disability. Vested stock options would remain exercisable until the expiration date of such stock option, as provided in the applicable award agreement. Also, any shares to which an NEO is entitled by reason of a vested PSU would be delivered within thirty days following the date of his or her death or disability.



PARTICIPATION AGREEMENTS

In connection with the Severance Policy, each NEO who consented to the early termination of his or her employment and change of control agreements in 2013 was eligible to enter into a Participation Agreement with the Company. Under the Participation Agreement, the Company: (i) is prohibited from modifying or amending certain terms of the Severance Policy as they relate to that NEO and (ii) will provide severance benefits upon termination for “good reason” at a benefit level equal to that provided under the Severance Policy upon an involuntary termination of employment without “cause” of such NEO. Mr. Long and Ms. Zech are the only current NEOs who were eligible to enter into Participation Agreements and they both did so. The Company does not expect to enter into any such Participation Agreements in the future.

CHANGE IN CONTROL RETENTION AGREEMENTS

Each of the NEOs is a party to a Change in Control Retention Agreement. The purpose of the Change in Control Retention Agreements is to provide the NEOs with certain compensation and benefits in the event of an involuntary termination of employment without “cause” or resignation for “good reason,” in either case within 24 months following a “change in control.” If an NEO receives benefits under his or her Change in Control Retention Agreement, he or she will not receive severance payments under the Severance Policy or Participation Agreement (if applicable).

Under the Change in Control Retention Agreements, the NEOs are eligible for compensation and benefits if, within two years following a “change in control date,” the NEO’s employment is terminated without “cause” by the Company or for “good reason” by the executive, each as defined in the Change in Control Retention Agreement. In such event, the terminated NEO is entitled to receive a lump sum cash payment in the aggregate of the following amounts: (i) all unpaid base salary, earned vacation, and earned but unpaid benefits and awards through the date of termination; (ii) three times (for the Chief Executive Officer) or two times (for all other NEOs) the sum of (a) the greater of such NEO’s annual base salary in effect immediately prior to the change in control date or the date of termination and (b) the greater of such NEO’s target MICP award in effect immediately prior to the change in control date or the date of termination; (iii) a pro rata MICP payment for the calendar year of termination (determined on the basis of actual performance); and (iv) continuation of coverage under the Company’s health care plan for a period not to exceed 24 months (36 months for the Chief Executive Officer).

The estimated payments that the NEOs would receive under their respective Change in Control Retention Agreements are set forth in the Potential Payouts Upon Termination Table. However, the severance payments to the NEOs pursuant to Change in Control Retention Agreements may be limited in certain circumstances. Specifically, the Change in Control Retention Agreements provide that if an amount payable to an NEO would be treated as an “excess parachute payment,” and would therefore reduce the tax deductibility by the Company and result in an excise tax being imposed on the NEO, then the severance payment will be reduced to a level sufficient to avoid these adverse consequences. However, if the severance payment amount payable to the NEO, taking into account the effect of all of the applicable taxes, including the excise tax imposed, would be greater than the amount payable if the amount were reduced as described above, the NEO will receive this greater amount, without consideration for the impact this payment may have on the Company’s tax deductibility of such payment.

The Change in Control Retention Agreement does not affect the rights and benefits to which NEOs are entitled under any of the Company’s equity compensation plans, which such rights and benefits are governed by the terms and conditions of the relevant plans and award agreements.

IMPACT OF SECTION 409A OF THE INTERNAL REVENUE CODE

Each of the Change in Control Retention Agreements between the Company and the NEOs has provisions that ensure compliance with Section 409A of the Internal Revenue Code, by deferring any payment due upon termination of employment for up to six months to the extent required by Section 409A of the Internal Revenue Code and adding an interest component to the amount due for the period of deferral (at the then-current six-month Treasury rate).

POTENTIAL PAYOUTS UPON TERMINATION

The following Table sets forth the estimated payments and value of benefits that each of the NEOs would be entitled to receive under his or her Change in Control Retention Agreement and the Severance Policy, including the Participation Agreements, as applicable, in the event of the termination of employment under various scenarios, assuming that the termination occurred on December 31, 2017. The amounts represent the entire value of the estimated liability, even if some or all of that value has been disclosed elsewhere in this Proxy Statement. Actual amounts that the Company may pay out and the assumptions used in arriving at such amounts can only be determined at the time of such executive's termination or the change in control and could differ materially from the amounts set forth below.

None of the NEOs is entitled to receive any payment at, following, or in connection with the termination of his or her employment for cause.

In both the Table below and the Share-Based Award Agreement Terms Related to Post-Employment Scenarios Table which follows it:

- **Death** refers to the death of the executive;
- **Disability** refers to the executive becoming permanently and totally disabled during the term of employment;
- **Termination Without Cause or Resignation for Good Reason** means that the executive is asked to leave the Company for some reason other than "cause" (as defined in the Severance Policy) or the executive voluntarily leaves the Company for "good reason" (as defined in the Participation Agreement, if applicable, which generally includes the Company failing to allow the executive to continue in a then-current or an improved position, or where the executive's reporting relationship is changed so that he or she no longer reports to the Chief Executive Officer, and as further defined in each applicable Participation Agreement);
- **Change in Control Termination** means the occurrence of both a change in control of the Company and the termination of the executive's employment without "cause" or resignation for "good reason" within two years following the change in control; and
- **Retirement** means the executive's voluntary departure at or after retirement age as defined by the Company's SERP (typically, age 60). Each executive is eligible for early retirement in the event that such executive reaches the age of 55 and the combined years of age and service equals at least 72. Mr. Long was eligible for early retirement as of December 31, 2017.

**Potential Payouts Upon Termination**

Name	Benefit	Termination Scenario				
		Death (\$)	Disability (\$)	Termination Without "Cause" or Resignation for "Good Reason" (\$)(1)	Change in Control Termination (\$)	Retirement (\$)
Michael J. Long	Severance Payment (2)	—	—	2,300,000	8,550,000	—
	Settlement of MICP Bonus Award	—	—	2,380,000	—	—
	Settlement of Pro Rata MICP Bonus Award	—	—	1,700,000	1,700,000	—
	Settlement of Performance Awards	10,581,956	10,581,956	7,315,943	10,581,956	—
	Settlement of Stock Options	2,954,052	2,954,052	2,217,855	2,954,052	—
	Settlement of Restricted Awards (3)	4,394,809	4,394,809	3,088,468	4,394,809	—
	Accrued Vacation Payout	88,462	88,462	88,462	88,462	88,462
	Management Insurance Benefit	11,400,000	—	—	—	—
	Welfare Benefits Continuation	—	7,326	29,711	44,566	—
	SERP	—	19,697,421	—	19,697,421	19,996,276
	Other	—	—	75,000	—	—
Total		29,419,279	37,724,026	19,195,439	48,011,266	20,084,738
Christopher D. Stansbury	Severance Payment (2)	—	—	825,000	1,579,388	—
	Settlement of MICP Bonus Award	—	—	577,500	—	—
	Settlement of Pro Rata MICP Bonus Award	—	—	550,000	550,000	—
	Settlement of Performance Awards	1,020,242	1,020,242	475,866	1,020,242	—
	Settlement of Stock Options	343,924	343,924	271,778	343,924	—
	Settlement of Restricted Awards (3)	1,413,929	1,413,929	584,661	1,413,929	—
	Accrued Vacation Payout	42,308	42,308	42,308	42,308	—
	Management Insurance Benefit	4,400,000	—	—	—	—
	Welfare Benefits Continuation	—	7,326	22,283	29,711	—
	SERP	—	83,840	—	270,945	—
	Other	—	—	50,000	—	—
Total		7,220,403	2,911,569	3,399,396	5,250,447	—
Sean J. Kerins	Severance Payment (2)	—	—	825,000	2,100,000	—
	Settlement of MICP Bonus Award	—	—	525,000	—	—
	Settlement of Pro Rata MICP Bonus Award	—	—	500,000	500,000	—
	Settlement of Performance Awards	1,920,914	1,920,914	1,294,923	1,920,914	—
	Settlement of Stock Options	511,140	511,140	374,879	511,140	—
	Settlement of Restricted Awards (3)	1,458,316	1,458,316	1,212,744	1,458,316	—
	Accrued Vacation Payout	42,308	42,308	42,308	42,308	—
	Management Insurance Benefit	4,200,000	—	—	—	—
	Welfare Benefits Continuation	—	2,575	7,832	10,442	—
	SERP	—	641,568	—	932,077	—
	Other	—	—	50,000	—	—
Total		8,132,678	4,576,821	4,832,686	7,475,197	—



Potential Payouts Upon Termination

Name	Benefit	Termination Scenario			
		Death (\$)	Disability (\$)	Termination Without "Cause" or Resignation for "Good Reason" (\$)(1)	Change in Control Termination (\$)
				Retirement (\$)	
Andrew D. King	Severance Payment (2)	—	—	787,500	2,000,000
	Settlement of MICP Bonus Award	—	—	498,750	—
	Settlement of Pro Rata MICP Bonus Award	—	—	475,000	475,000
	Settlement of Performance Awards	1,667,221	1,667,221	1,068,408	1,667,221
	Settlement of Stock Options	459,751	459,751	325,534	459,751
	Settlement of Restricted Awards (3)	1,412,160	1,412,160	460,910	1,412,160
	Accrued Vacation Payout	40,385	40,385	40,385	40,385
	Management Insurance Benefit	4,000,000	—	—	—
	Welfare Benefits Continuation	—	4,995	15,192	20,256
	SERP	—	188,990	—	368,886
Gretchen K. Zech	Other	—	—	50,000	—
	Total	7,579,517	3,773,502	3,721,679	6,443,659
	Severance Payment (2)	—	—	682,500	1,337,024
	Settlement of MICP Bonus Award	—	—	477,750	—
	Settlement of Pro Rata MICP Bonus Award	—	—	455,000	455,000
Total	Settlement of Performance Awards	1,423,900	1,423,900	912,251	1,423,900
	Settlement of Stock Options	382,889	382,889	282,888	382,889
	Settlement of Restricted Awards (3)	1,310,844	1,310,844	409,126	1,310,844
	Accrued Vacation Payout	35,000	35,000	35,000	35,000
	Management Insurance Benefit	3,640,000	—	—	—
	Welfare Benefits Continuation	—	4,876	14,830	19,774
	SERP	—	502,422	—	—
	Other	—	—	50,000	—
	Total	6,792,633	3,659,931	3,319,345	4,964,431

- (1) As of December 31, 2017, of the NEOs, only Mr. Long and Ms. Zech were eligible to receive payments if they resigned for "good reason." The numbers reflected for Messrs. Stansbury, Kerins and King only apply in cases of termination without "cause."
- (2) The Severance Payment amounts under the "Change in Control Termination" column reflect the anticipated payment that the NEOs would receive under their respective Change in Control Retention Agreements.
- (3) The category "Settlement of Restricted Awards" includes restricted award grants made to the NEOs that were subject to performance criteria that required the Company achieve a net income, as adjusted, greater than zero or they would be canceled.



NARRATIVE EXPLANATION OF THE CALCULATION OF AMOUNTS

Had the death, disability, retirement, or a change in control termination of any of the NEOs occurred, all restricted awards, options, and performance awards would have fully vested. The options would remain exercisable for the remainder of their original term.

During 2017, had a termination by the Company without “cause” or, in the cases of Mr. Long and Ms. Zech, resignation of the executive for “good reason” occurred, performance, restricted, and option awards would have vested immediately.

None of the NEOs would have received severance or MICP payments in the event of death, disability, or retirement. Had a termination of any of the NEOs by the Company without “cause” or, with respect to Mr. Long or Ms. Zech, resignation by the executive for “good reason” occurred, the executive would have received his or her base salary and MICP awards (prorated as applicable) for a period of 24 months (for the Chief Executive Officer) or 18 months (for all other NEOs).

Performance awards and restricted awards are valued at the closing market price on December 29, 2017. In-the-money stock options are valued based on the difference between the exercise price of the in-the-money options and the closing market price of the Company’s common stock on December 29, 2017.



NON-QUALIFIED STOCK OPTION, RESTRICTED STOCK UNIT, AND PERFORMANCE STOCK UNIT AWARD AGREEMENTS

The various share and share-based awards made to the NEOs are evidenced by written agreements each of which contains provisions addressing alternative termination scenarios. The provisions applicable to NEOs are summarized in the following Table for grants in 2017.

Share-based Award Agreement Terms Related to Post-Employment Scenarios							
Award Type	Voluntary Resignation	Death or Disability	Termination Without Cause or Resignation for Good Reason (1)		Involuntary Termination for Cause	Involuntary Termination Without Cause Within Two Years Following a Change in Control	Retirement at Normal Retirement Age
Stock Options	Unvested options are forfeited. Vested options remain exercisable for 90 days following termination.	All options vest immediately and remain exercisable until original expiration date (ten years from grant date).	Options with vesting dates falling within the severance period (as described in the Severance Policy) will vest, contingent upon satisfaction of performance criteria, if applicable, but subject to forfeiture in the event of non-compete violation. All vested options remain exercisable until the earlier of the expiration of the severance period or the applicable stock option award.	Vested and unvested options are forfeited.	All options vest immediately, entire award exercisable until original expiration date (ten years from grant date).		Unvested options continue to vest on schedule. Options remain exercisable for the lesser of 7 years from grant date or the remaining term of the option. All options are subject to forfeiture in the event of non-compete violation.
Restricted Awards	Unvested awards are forfeited.	Unvested awards vest immediately.	Awards with vesting dates falling within the severance period (as described in the Severance Policy) will vest, contingent upon satisfaction of performance criteria, if applicable, but subject to forfeiture in the event of non-compete violation.	Unvested awards are forfeited.	Unvested awards vest immediately.		Vesting continues on schedule, subject to forfeiture in the event of non-compete violation.
Performance Awards	Unvested awards are forfeited.	If performance cycle has ended, any remaining unvested awards vest immediately. If performance cycle has not ended, the target number of awards vest immediately.	Awards with vesting dates falling within the severance period (as described in the Severance Policy) will vest, contingent upon satisfaction of performance criteria, if applicable, but subject to forfeiture in the event of non-compete violation.	Unvested awards are forfeited.	If performance cycle has ended, any remaining unvested awards vest immediately. If performance cycle has not ended, the target number of awards vest immediately.		Vesting continues on schedule (based on performance during performance cycle), subject to forfeiture in the event of non-compete violation.

(1) Of the current NEOs, only Mr. Long and Ms. Zech are eligible for the rights described if they resign for "good reason." The rights described in this column apply to Messrs. Stansbury, King, and Kerins only if terminated without "cause."



RELATED PERSON TRANSACTIONS

The Company has a variety of policies and procedures for the identification and review of related person transactions.

Arrow's Worldwide Code of Business Conduct and Ethics (the "Code") prohibits employees, officers, and directors from entering into transactions that present a conflict of interest absent a specific waiver. A conflict of interest arises when an employee's private interests either conflict or appear to conflict with Arrow's interest. The Code also requires that any such transaction, which may become known to any employee, officer, or director, be properly reported to the Company. Any conflict of interest disclosed under the Code requires a waiver from senior management. If the conflict of interest involves senior management, a waiver from the Board is required. Any such waiver would be disclosed on the Company's website.

A "related person transaction," as defined under SEC rules, generally includes any transaction, arrangement, or relationship involving more than \$120,000 in which the Company or any of its subsidiaries was, is, or will be a participant and in which a "related person" has a material direct or indirect interest. "Related persons" mean directors and executive officers and their immediate family members, director nominees, and shareholders owning more than five percent of the Company's outstanding stock. "Immediate family member" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or any person (other than a tenant or employee) sharing a household with any such director, nominee, executive officer, or five percent shareholder.

As part of the process related to the financial close of each quarter, the Company distributes a disclosure checklist to management of each operating unit and financial function around the world, which seeks to ensure complete and accurate financial disclosure. One part of the checklist seeks to identify any related person transactions. Any previously undisclosed transaction is initially reviewed by: (i) the Company's disclosure committee to determine whether the transaction should be disclosed in the Company's SEC filings; and (ii) senior management of the Company, including the Chief Legal Officer and the Chief Financial Officer, for consideration of the appropriateness of the transaction. If such transaction involves members of senior management, it is elevated to the Board for review.

In addition, the Company's corporate governance guidelines specify the standards for independence of directors. Any related person transaction involving a director requires the review and approval of the Board.

Transactions involving members of senior management or a director require the review and approval of the Board. Further, the Audit Committee reviews and approves all related person transactions required to be disclosed pursuant to SEC Regulation S-K. In the course of its review of related person transactions, the senior management of the Company or the independent directors of the Board will consider all of the relevant facts and circumstances that are available to them, including but not limited to: (i) the benefits to the Company; (ii) in a transaction involving a director, the impact on the director's independence; (iii) the availability of comparable products or services; (iv) the terms of the transaction; and (v) whether the transaction is proposed to be on terms more favorable to the Company than terms that could have been reached with an unrelated third party. The manager or director involved in the transaction will not participate in the review or approval of such transaction.

The Company's Law Department, together with the Corporate Controller's Department, is responsible for monitoring compliance with these policies and procedures.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Arrow's directors, executive officers, and persons who own more than ten percent of a registered class of Arrow's equity securities to file reports of ownership and changes in ownership with the SEC. To facilitate compliance with Section 16(a) by Arrow's directors and executive officers, the Company's employees generally prepare these reports on the basis of information obtained from each director and executive officer. To the Company's knowledge, based solely on a review of the reports Arrow filed on behalf of its directors and executive officers, written representations from these persons that no other reports were required, and all Section 16(a) reports provided to the Company, the Company believes that during the fiscal year ended December 31, 2017, all Section 16(a) filings were timely filed with the exception of four Form 4 reports (one for Ms. Hamilton filed three days late and one each for Ms. Zech and Messrs. King and Stansbury filed one day late). In addition, the Company filed two amended Form 4 reports (one for Mr. Melvin for incorrectly reporting the number of shares sold due to a number transposition error, and one for Mr. Stansbury for reporting certain RSUs that had previously been disclosed in a Form 3 report).



AVAILABILITY OF MORE INFORMATION

Arrow's corporate governance guidelines, the Corporate Governance Committee charter, the Audit Committee charter, the Compensation Committee charter, the Company's Worldwide Code of Business Conduct and Ethics, and the Finance Code of Ethics can be found at the "Leadership & Governance" sublink of the Investor Relations drop down menu on investor.arrow.com. Hard copies are available in print to any shareholder who requests them. The Company's transfer agent and registrar is Wells Fargo Bank N.A. (Wells Fargo Shareowner Services), 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120.

Shareholders and other interested parties who wish to communicate with the members of the Board may do so by submitting such communication to Arrow's Secretary, Gregory Tarpinian, at Arrow Electronics, Inc., 9201 East Dry Creek Road, Centennial, Colorado 80112. Arrow's Secretary will present any such communication to the directors.

MULTIPLE SHAREHOLDERS WITH THE SAME ADDRESS

The Company will deliver promptly upon request a separate copy of the Notice and/or the Proxy Statement and Annual Report to any shareholder at a shared address to which a single copy of these materials were delivered. To receive a separate copy of these materials, you may contact the Company's Investor Relations Department either by mail at 9201 East Dry Creek Road, Centennial, CO 80112, by telephone at 303-824-4544, or by email at investor@arrow.com.

The Company has adopted a procedure called "householding," which has been approved by the SEC. Under this procedure, the Company is delivering only one copy of the Notice and/or the Proxy Statement and Annual Report to multiple shareholders who share the same address and have the same last name, unless the Company received instructions to the contrary from an affected shareholder. This procedure reduces printing costs, mailing costs, and fees.

If you are a holder of the Company's common stock as of the Record Date and would like to revoke your householding consent and receive a separate copy of the Notice and/or the Proxy Statement and the Annual Report in the future, please contact Broadridge Financial Solutions, Inc. ("Broadridge"), either by calling toll free at (800) 542-1061 or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. You will be removed from the householding program within 30 days of receipt of the revocation of your consent.

Any shareholders of record sharing the same address and currently receiving multiple copies of the Notice, the Annual Report, and the Proxy Statement, who wish to receive only one copy of these materials per household in the future, may contact the Company's Investor Relations Department at the address, telephone number, or e-mail listed above to participate in the householding program.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your bank, broker, or other holder of record to request information about householding.



SUBMISSION OF SHAREHOLDER PROPOSALS

If a shareholder intends to present a proposal at Arrow's Annual Meeting to be held in 2019 and seeks to have the proposal included in Arrow's Proxy Statement relating to that Annual Meeting, pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, the proposal must be received by Arrow no later than the close of business on November 28, 2018.

Arrow's bylaws govern the submission of nominations for director and other business proposals that a shareholder wishes to have considered at Arrow's Annual Meeting to be held in 2019 which are not included in the Company's Proxy Statement for that Annual Meeting. Under the bylaws, subject to certain exceptions, nominations for director or other business proposals to be addressed at the Company's next Annual Meeting may be made by a shareholder entitled to vote who has delivered a notice to the Secretary of Arrow no later than the close of business on March 12, 2019 and not earlier than February 10, 2019. The notice must contain the information required by the bylaws. These advance notice provisions are in addition to, and separate from, the requirements that a shareholder must meet in order to have a proposal included in the Proxy Statement under the rules of the SEC.

By Order of the Board of Directors,

Gregory Tarpinian
Secretary

V | Five Years Out

