

EMERGING even STRONGER

from challenging times

THROUGH

SALES EXCELLENCE and

FINANCIAL STRENGTH



To Our Fellow Shareholders:

The difficult economic environment that continued through 2009 resulted in dramatic market weakening and uncertainty that affected every business. While the challenging macroeconomic conditions had an impact on our Global Components and Enterprise Computing Solutions businesses, our financial and market strength enabled us to weather the downturn throughout the year.

In our Global Components segment, while we would characterize the current economic climate as “getting better, but still not well,” we have seen the beginnings of stabilization in our North American business. Our Asia-Pacific business continued its solid performance and posted year-over-year revenue gains in 2009. In addition, the negative business conditions have moderated in Europe.

The second half of 2009 saw our Enterprise Computing Solutions business experiencing sequential sales increases in storage and services.

Regardless of the economic conditions, we have worked diligently to not only protect but enhance Arrow’s financial strength while focusing on sales growth, prudent management of operating expenses and cash, and operational efficiency. These critical priorities, along with the immeasurable contributions of our employees, have enabled us to remain profitable through one of the most challenging economic periods in recent history.

I am proud of Arrow employees around the world who persevered through the challenges of 2009 with a disciplined approach to operating expense management. At the same time, our people remained focused on our strategy to drive profitable market share gains, further enhancing Arrow’s industry-leading market position.

As a result, Arrow’s financial fundamentals are sound. Our company’s balance sheet and capital structure remain strong, enabling Arrow to withstand volatility in the marketplace. Our cash flow from operations was nearly \$850 million in 2009, and at year-end we had over \$1.1 billion in cash. Combining our cash position and over \$1 billion of committed liquidity provides us with the flexibility to take advantage of opportunities that exist in the marketplace, invest in growing profitable market share and enter new markets.

We pursued and put in place initiatives to simplify the business and reduce expenses. The \$225 million in permanent cost savings and operating efficiencies that we implemented in 2009 will fund long-term growth. We have done this while still investing in growing the business, including our vertical markets and geographic expansion.

We are also simplifying our business processes with the completion of our enterprise resource planning (ERP) implementation across our Enterprise Computing Solutions business in North America in 2009. This system streamlines our business processes onto one platform so we can fully leverage our portfolio



Michael J. Long
Chairman, President
and Chief Executive Officer

Arrow Electronics is a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions. Headquartered in Melville, New York, Arrow serves as a supply channel partner for over 900 suppliers and 125,000 original equipment manufacturers, contract manufacturers and commercial customers through a global network of more than 310 locations in 51 countries and territories.

to help resellers deliver more end-to-end solutions to their customers. We are excited about the opportunities this implementation will provide and look forward to the same successes as we begin its rollout in our Global Components business in 2010.

In short, we continue to control well the things we can control in the face of a global economy that remains weak. Our strategic evolution to a sales excellence organization dedicated to profitable market share growth, gross profit optimization and continued operational efficiency is evident across our businesses. This will enable Arrow to emerge from the downturn even stronger than before.

Global Components

Arrow is a market leader in North America and Europe, and a leading player in the Asia-Pacific region. Our Global Components business performed well in a market that was clearly cautious throughout 2009. The second half of 2009 saw sequential sales increases in North America and Europe, though these gains were not enough to offset sales declines in the first half of the year. As such, we experienced year-over-year declines in sales in North America and Europe. Asia again posted solid year-over-year sales gains.

We are encouraged by the trends seen in the second half of 2009 and would expect revenue levels to improve as the global economic environment strengthens. Throughout 2009, we remained focused on improving operational efficiency and simplifying our components business for profitability, including streamlining the local and regional structures in our European business.

Design activity across our components organization remained at high levels throughout 2009. This was a positive signal that customers considered it critical to design new products in anticipation of future market strength.

To continue increasing Arrow's market share position, Peter Kong was promoted to president of the Global Components business in 2009. Peter, who led our Asia-Pacific components business, brings a deep understanding of the international business environments, as well as a strong

track record of success in growing components sales for the Asia-Pacific region.

Further sharpening our focus on winning in high-growth sectors, we acquired A.E. Petsche Company, Inc., a leading provider of interconnect products to the aerospace and defense markets, in December 2009. This acquisition will increase Arrow's presence in this market and allow for a variety of cross-selling opportunities with our existing business.

We also see opportunities for growth and are well positioned in other key vertical markets, including solid-state lighting, medical and communications. In addition, passive, electro-mechanical and connector products continue to be a strong growth area.

By leveraging our strengths, we believe our Global Components business is in a strong position to take advantage of opportunities in the marketplace as we continue to focus on driving profitable sales and market share gains.

Global Enterprise Computing Solutions

Our Enterprise Computing Solutions business now accounts for 34 percent of Arrow's revenue base. Our mix of services, software, storage and servers is helping us weather the downturn. We remain committed to increasing our depth in midmarket solutions, the largest consumers of storage, security and software products and services.

We are confident that our strategy of product portfolio diversification in our Enterprise Computing Solutions business will continue to yield results, as the need for complex technology systems to provide security and storage solutions has not diminished despite the difficult economic environment. While the business climate is still tough, this business is well positioned for growth when the market returns.

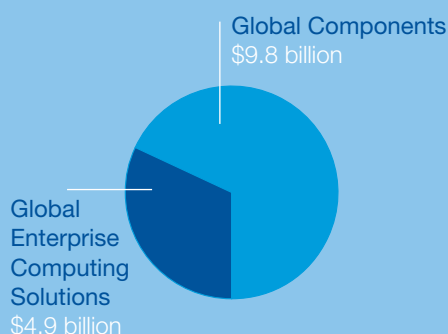
Our strategy of geographic diversification is also paying off as we gained share in Europe. This, coupled with expense control, has led to greater levels of profitability, and we are encouraged by the results we have seen to date.

As across Arrow, we aggressively cut costs in this business ahead of the downturn, and our focused efforts on reducing operating expenses continued throughout 2009. This led to operating margin improvements despite the challenging environment, and the second half of the year saw sequential growth in storage and services.

We believe our strategy of managing our finances prudently and focusing on market share growth despite the challenges of the current economy will enable us to emerge stronger from the downturn.

Looking ahead, we see the value-added distribution model evolving so that our ongoing success in this business lies in managing the channel. From supplier to value-added

2009 Sales



resellers to end-users, our value proposition stems from managing the value chain for our customers. This evolution of the value-added distribution model to a channel management model represents a true sweet spot for our Enterprise Computing Solutions business.

On To 2010 and Beyond

As we look ahead, there is no consensus among the world's economic experts whether we will see a recovery in 2010 and, if we do, whether it will be lasting. For Arrow, this means that we continue to manage our business to deal with the world's changing economic realities. That is why we remain focused on our ongoing efforts to maximize sales and market share as we continue to manage our costs and cash wisely.

We have worked diligently over the past year to enhance our already strong balance sheet, simplify our cost structure and improve efficiency, all of which are competitive advantages regardless of market conditions. Importantly, we will continue to provide best-in-class service to our customers and suppliers as a crucial link in the supply chain. We do this by ensuring we connect our customers to the right technology at the right place at the right time and at the right price. These relationships become even more important in challenging times, and we will continue to leverage our leading capabilities as a value-added supply chain services and logistics provider to drive further growth.

We also believe that solid talent development from which to draw a strong team of leaders is a key competitive advantage, and it continues to be a top priority at Arrow. In May 2009, Paul Reilly was promoted to executive vice president of finance and operations, in addition to his role as chief financial officer. Under Paul's leadership, Arrow has operated from a position of financial strength, enabling the company to deliver on its growth objectives.

Also, under the company's succession planning process, I succeeded William E. Mitchell as chief executive officer in May 2009 and as chairman in December 2009. I want to thank Bill for his leadership that provided such a strong foundation for the long-term growth opportunities for Arrow. I am honored to be leading Arrow's outstanding team, and I look forward to working with our talented and dedicated global employees to continue to build a strong future for the company.

We are confident that our leading market position, financial strength and focus on sales excellence will enable Arrow to emerge even stronger from these challenging economic times than before, while investing in long-term profitability to create solid opportunities for our partners and shareholders.



Michael J. Long
Chairman, President and Chief Executive Officer



Arrow Worldwide

Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Croatia, Czech Republic, Denmark, England, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Morocco, New Zealand, Norway, Philippines, Poland, Romania, Scotland, Serbia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, Thailand, the Netherlands, the Russian Federation, Turkey, Ukraine, United States, Vietnam

Board of Directors

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Lead Independent Director,
Arrow Electronics, Inc.

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Arrow Electronics, Inc.

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Andrew S. Bryant

President, Arrow Global Enterprise
Computing Solutions

Peter T. Kong

President, Arrow Global Components

John P. McMahon

Senior Vice President,
Human Resources



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Annual Meeting

The Annual Meeting of Shareholders
will be held at 10 a.m. on May 4, 2010,
at the Royal Palms Hotel,
5200 East Camelback Road,
Phoenix, Arizona.

All shareholders are invited to attend.

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Shareholder Information

Exchange: New York Stock Exchange
Common Stock Symbol: ARW

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