

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

FORM 10-K

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____

Commission file number 1-4482

ARROW ELECTRONICS, INC.
(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of
incorporation or organization)

7459 S. Lima Street, Englewood, Colorado

(Address of principal executive offices)

11-1806155

(I.R.S. Employer
Identification Number)

80112

(Zip Code)

(303) 824-4000

(Registrant's telephone number, including area code)

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

Title of each class

Common Stock, \$1 par value

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company)

Smaller reporting company

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

The aggregate market value of voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was \$3,911,865,407.

There were 99,961,811 shares of Common Stock outstanding as of January 31, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement related to the registrant's Annual Meeting of Shareholders, to be held May 22, 2014 is incorporated by reference in Part III to the extent described therein.

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PART I

Item 1. Business.

Arrow Electronics, Inc. (the "company" or "Arrow") is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. The company has one of the world's broadest portfolios of product offerings available from leading electronic components and enterprise computing solutions suppliers, coupled with a range of services, solutions and tools that help industrial and commercial customers introduce innovative products, reduce their time to market, and enhance their overall competitiveness. Arrow was incorporated in New York in 1946 and serves over 100,000 customers.

Arrow's diverse worldwide customer base consists of original equipment manufacturers ("OEMs"), contract manufacturers ("CMs"), and other commercial customers. These customers include manufacturers of consumer and industrial equipment (such as machine tools, factory automation, and robotic equipment) serving industries ranging from telecommunications, automotive and transportation, aerospace and defense, medical, and professional services, among others. Customers also include value-added resellers ("VARs") of enterprise computing solutions.

The company maintains over 300 sales facilities and 38 distribution and value-added centers in 58 countries, serving over 85 countries. Through this network, Arrow moves innovation forward by helping its customers to deliver new technologies, new materials, new ideas, and new electronics that impact the business community and consumers.

The company has two business segments, the global components business and the global enterprise computing solutions ("ECS") business. The company distributes electronic components to OEMs and CMs through its global components business segment and provides enterprise computing solutions to VARs through its global ECS business segment. For 2013, approximately 63% of the company's sales were from the global components business segment, and approximately 37% of the company's sales were from the global ECS business segment. The financial information about the company's business segments and geographic operations is found in Note 16 of the Notes to the Consolidated Financial Statements.

The company's financial objectives are to grow sales faster than the market, increase the markets served, grow profits faster than sales, and increase return on invested capital. To achieve its objectives, the company seeks to capture significant opportunities to grow across products, markets, and geographies. To supplement its organic growth strategy, the company continually evaluates strategic acquisitions to broaden its product and value-added service offerings, increase its market penetration, and/or expand its geographic reach.

Global Components

As one of the largest distributors of electronic components and related services in the world, the company's global components business segment covers the world's largest electronics markets - the Americas, EMEA (Europe, Middle East, and Africa), and Asia Pacific regions. The Americas include operations in Argentina, Brazil, Canada, Mexico, and the United States. In the EMEA region, the global components business segment operates in Austria, Belgium, Bulgaria, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Israel, Italy, the Netherlands, Norway, Poland, Portugal, Romania, the Russian Federation, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, and the United Kingdom. In the Asia Pacific region, the global components business segment operates in Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, and Vietnam.

Over the past three years, the global components business segment completed 15 strategic acquisitions to broaden its product and service offerings, to further expand its geographic reach in the Asia Pacific region, and to increase its e-commerce capabilities to meet the evolving needs of customers and suppliers. These acquisitions also expanded the company's global components business segment's portfolio of products and services across the full product lifecycle including new product development, reverse logistics, and electronics asset disposition.

Through acquisitions and organic growth, the global components business segment is a leading provider of online catalogs for electronic components; cloud-based design tools that expedite product development cycles; factory-direct end-of-life product inventory; and disposition solutions to redeploy, remarket, and recycle technology assets.

Within the global components business segment, approximately 65% of the company's sales consist of semiconductor products and related services; approximately 20% consist of passive, electro-mechanical, and interconnect products, consisting primarily of capacitors, resistors, potentiometers, power supplies, relays, switches, and connectors; approximately 9% consist of computing

and memory; and approximately 6% consist of other products and services. Most of the company's customers require delivery of their orders on schedules or volumes that are generally not available on direct purchases from manufacturers.

The company acts as a marketing, stocking, technical support, and financial intermediary on behalf of electronic components manufacturers and provides geographically dispersed selling, order processing, and delivery capabilities to guide products to market on behalf of these manufacturers. At the same time, Arrow offers to a broad range of customers the convenience of accessing, from a single source, multiple products from numerous suppliers and rapid or scheduled deliveries. Through design engineering, the company assists these customers with its ability to market new products and equipment powered by electronic components through design engineering, programming and assembly services, integration support and supply chain management. Additionally, it simplifies returns and inventory management for customers and provides electronic asset disposition services to ensure the maximum reuse of electronics.

Global ECS

The company's global ECS business segment is a leading value-added distributor of enterprise and midrange computing products, services, and solutions to VARs in North America and EMEA, as well as a leading distributor of enterprise storage and security and virtualization software, and a managed-service provider to Fortune 500 customers in the voice-over-Internet protocol market. Additionally, the company is a provider of unified communications products and related services to Fortune 50 companies in North America. During 2013, as a result of the company's acquisition of CSS Computer Security Solutions Holding GmbH, doing business as ComputerLinks AG ("ComputerLinks"), the global ECS business segment entered into select countries within the Asia Pacific region.

Global ECS includes network operating centers and sales and marketing organizations in 35 countries around the world. North America includes offices in the United States and Canada. In the EMEA region, the global ECS business segment operates in Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Israel, Italy, Latvia, Lithuania, Luxembourg, Morocco, the Netherlands, Norway, Poland, Portugal, Qatar, Saudi Arabia, Serbia, Slovenia, Spain, Sweden, Switzerland, the United Arab Emirates, and the United Kingdom. The Asia Pacific region includes offices in Australia, Singapore, and India.

Over the past three years, the global ECS business segment completed 5 strategic acquisitions to further expand its geographic reach and its portfolio of products.

Within the global ECS business segment, approximately 45% of the company's sales consist of storage, 28% consist of software, 11% consist of proprietary servers, 9% consist of industry standard servers, and 7% consist of other products and services.

Global ECS provides VARs with many value-added services including, but not limited to, vertical market expertise, systems-level training and certification, solutions testing at Arrow ECS solutions centers, financing support, marketing augmentation, complex order configuration, and access to a one-stop-shop for mission-critical solutions. Midsize and large companies rely on VARs for their IT needs, and global ECS works with these VARs to tailor complex, highly technical mid-market and enterprise solutions in a cost-competitive manner. VARs range in size from small and medium-sized businesses to large global organizations and are typically structured as sales organizations and service providers. They purchase enterprise and mid-market computing solutions from distributors and manufacturers and resell them to end-customers. The increasing complexity of these solutions and increasing demand for bundled solutions is changing how VARs go to market, thereby increasing the importance of global ECS' value-added services. Global ECS' suppliers benefit from affordable mid-market access, demand creation, speed to market, and enhanced supply chain efficiency. For these suppliers, global ECS is the aggregation point to approximately 13,000 VARs.

Aligned with the vision of guiding innovation forward in the IT channel, the company is investing in emerging and adjacent markets, such as managed services and unified computing, within the ECS business.

Customers and Suppliers

The company and its affiliates serve over 100,000 industrial and commercial customers. Industrial customers range from major OEMs and CMs to small engineering firms, while commercial customers primarily include VARs and OEMs. No single customer accounted for more than 2% of the company's 2013 consolidated sales.

The company's sales teams focus on an extensive portfolio of products and services to support customers' material management and production needs, including connecting customers to the company's field application engineers that provide technical support and serve as a gateway to the company's supplier partners. The company's sales representatives generally focus on a specific customer segment, particular product lines or a specific geography, and provide end-to-end product offerings and solutions with

an emphasis on helping customers introduce innovative products, reduce their time to market, and enhance their overall competitiveness.

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

Each of the company's selling locations and primary distribution centers in the global components business segment are electronically linked to the company's central computer systems, which provides fully integrated, online, real-time data with respect to global inventory levels and facilitates control of purchasing, shipping, and billing. This system provides global access to real-time inventory data.

No single supplier accounted for more than 9% of the company's consolidated sales in 2013. The company believes that many of the products it sells are available from other sources at competitive prices. However, certain parts of the company's business, such as the company's global ECS business segment, rely on a limited number of suppliers with the strategy of providing focused support, deep product knowledge, and customized service to suppliers and VARs. Most of the company's purchases are pursuant to distributor agreements, which are typically non-exclusive and cancelable by either party at any time or on short notice.

Distribution Agreements

Generally, our agreements with manufacturers protect us against the potential write-down of inventories due to technological change or manufacturers' price reductions. Write-downs of inventories to market value are based upon contractual provisions, which typically provide certain protections to the company for product obsolescence and price erosion in the form of return privileges, scrap allowances, and price protection. Under the terms of the related distributor agreements and assuming the company complies with certain conditions, such suppliers are required to credit the company for reductions in manufacturers' list prices. As of December 31, 2013, this type of arrangement covered approximately 63% of the company's consolidated inventories. In addition, under the terms of many such agreements, the company has the right to return to the manufacturer, for credit, a defined portion of those inventory items purchased within a designated period of time.

A manufacturer, which elects to terminate a distribution agreement, is generally required to purchase from the company the total amount of its products carried in inventory. As of December 31, 2013, this type of repurchase arrangement covered approximately 64% of the company's consolidated inventories.

While these inventory practices do not wholly protect the company from inventory losses, the company believes that they currently provide substantial protection from such losses.

Competition

The company operates in a highly competitive environment, both in the United States and internationally. The company competes with other large multinational and national electronic components and enterprise computing solutions distributors, as well as numerous other smaller, specialized competitors who generally focus on narrower markets, products, or particular sectors. The company also competes for customers with its suppliers. The size of the company's competitors vary across markets sectors, as do the resources the company has allocated to the sectors in which it does business. Therefore, some of the company's competitors may have a more extensive customer and/or supplier base than the company in one or more of its market sectors. There is significant competition within each market sector and geography served that creates pricing pressure and the need to improve services. Other competitive factors include rapid technological changes, product availability, credit availability, speed of delivery, ability to tailor solutions to customer needs, quality and depth of product lines and training, as well as service and support provided by the distributor to the customer.

The company also faces competition from companies entering or expanding into the logistics and product fulfillment, catalog distribution, and e-commerce supply chain services markets. As the company seeks to expand its business into new areas in order to stay competitive in the market, the company may encounter increased competition from its current and/or new competitors.

The company believes that it is well equipped to compete effectively with its competitors in all of these areas due to its comprehensive product and service offerings, highly-skilled work force, and global distribution network.

Employees

The company and its affiliates employed approximately 16,500 employees worldwide as of December 31, 2013.

Available Information

The company files its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, and other documents with the U.S. Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934. A copy of any document the company files with the SEC is available for review at the SEC's public reference room, 100 F Street, N.E., Washington, D.C. 20549. The SEC is reachable at 1-800-SEC-0330 for further information on the public reference room. The company's SEC filings are also available to the public on the SEC's Web site at <http://www.sec.gov> and through the New York Stock Exchange ("NYSE"), 20 Broad Street, New York, New York 10005, on which the company's common stock is listed.

A copy of any of the company's filings with the SEC, or any of the agreements or other documents that constitute exhibits to those filings, can be obtained by request directed to the company at the following address and telephone number:

Arrow Electronics, Inc.
7459 S. Lima Street
Englewood, Colorado 80112
(303) 824-4000
Attention: Corporate Secretary

The company also makes these filings available, free of charge, through its website (<http://www.arrow.com>) as soon as reasonably practicable after the company files such material with the SEC. The company does not intend this internet address to be an active link or to otherwise incorporate the contents of the website into this Annual Report on Form 10-K.

Executive Officers

The following table sets forth the names, ages, and the positions held by each of the executive officers of the company as of February 5, 2014:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael J. Long	55	Chairman, President, and Chief Executive Officer
Peter S. Brown	63	Senior Vice President, General Counsel, and Secretary
Andrew S. Bryant	58	President, Arrow Global Enterprise Computing Solutions
Vincent P. Melvin	50	Senior Vice President, Chief Information Officer
M. Catherine Morris	55	Senior Vice President, Chief Strategy Officer
Paul J. Reilly	57	Executive Vice President, Finance and Operations, and Chief Financial Officer
Eric J. Schuck	51	President, Arrow Global Components
Gretchen K. Zech	44	Senior Vice President, Global Human Resources

Set forth below is a brief account of the business experience during the past five years of each executive officer of the company.

Michael J. Long was appointed Chairman of the Board of Directors in December 2009 and Chief Executive Officer of the company in May 2009. Prior thereto he served as Chief Operating Officer of the company from February 2008 to May 2009. He has been a Director and President of the company for more than five years.

Peter S. Brown has been Senior Vice President, General Counsel, and Secretary of the company for more than five years.

Andrew S. Bryant has been President of Arrow Global Enterprise Computing Solutions for more than five years.

Vincent P. Melvin was appointed Senior Vice President of the company in December 2013. Prior thereto he served as Vice President of the company from September 2006 to December 2013. He has been the Chief Information Officer of the company for more than five years.

M. Catherine Morris has been Senior Vice President and Chief Strategy Officer of the company for more than five years.

Paul J. Reilly was appointed Executive Vice President of Finance and Operations in May 2009. Prior thereto he served as Senior Vice President of the company from May 2005 to May 2009. He has been Chief Financial Officer of the company for more than five years.

Eric J. Schuck was appointed President of Arrow Global Components in January 2014. Prior thereto he served as President of EMEA Components from October 2011 to December 2013 and Vice President of Sales in EMEA Components from July 2010 to October 2011. He also served as Managing Director of Arrow Central Europe GmbH from May 2008 to July 2010.

Gretchen K. Zech was appointed Senior Vice President of Global Human Resources of the company in November 2011. Prior to joining Arrow she served as Senior Vice President, Human Resources, for Dex One Corporation (formerly known as R.H. Donnelley Corporation) from June 2006 to November 2011. R.H. Donnelley Corporation filed for reorganization under Chapter 11 of the United States Bankruptcy Code in May 2009 and emerged as Dex One Corporation in January 2010.

Item 1A. Risk Factors.

Described below and throughout this report are certain risks that the company's management believes are applicable to the company's business and the industry in which it operates. If any of the described events occur, the company's business, results of operations, financial condition, liquidity, or access to the capital markets could be materially adversely affected. When stated below that a risk may have a material adverse effect on the company's business, it means that such risk may have one or more of these effects. There may be additional risks that are not presently material or known. There are also risks within the economy, the industry, and the capital markets that could materially adversely affect the company, including those associated with an economic recession, inflation, and a global economic slowdown. There are also risks associated with the occurrence of natural disasters such as tsunamis, hurricanes, tornadoes, and floods. These factors affect businesses generally, including the company's customers and suppliers and, as a result, are not discussed in detail below except to the extent such conditions could materially affect the company and its customers and suppliers in particular ways.

If the company is unable to maintain its relationships with its suppliers or if the suppliers materially change the terms of their existing agreements with the company, the company's business could be materially adversely affected.

A substantial portion of the company's inventory is purchased from suppliers with which the company has entered into non-exclusive distribution agreements. These agreements are typically cancelable on short notice (generally 30 to 90 days). Certain parts of the company's business, such as the company's global ECS business, rely on a limited number of suppliers. To the extent that the company's significant suppliers reduce the amount of products they sell through distribution, are unwilling to continue to do business with the company, or are unable to continue to meet or significantly alter their obligations, the company's business could be materially adversely affected. In addition, to the extent that the company's suppliers modify the terms of their contracts with the company, limit supplies due to capacity constraints, or other factors, there could be a material adverse effect on the company's business.

The competitive pressures the company faces could have a material adverse effect on the company's business.

The company operates in a highly competitive environment, both in the United States and internationally. The company competes with other large multinational and national electronic components and enterprise computing solutions distributors, as well as numerous other smaller, specialized competitors who generally focus on narrower markets, products, or particular sectors. The company also competes for customers with its suppliers. The size of the company's competitors vary across markets sectors, as do the resources the company has allocated to the sectors in which it does business. Therefore, some of the company's competitors may have a more extensive customer and/or supplier base than the company in one or more of its market sectors. There is significant competition within each market sector and geography that creates pricing pressure and the need for constant attention to improve services. Other competitive factors include rapid technological changes, product availability, credit availability, speed of delivery, ability to tailor solutions to customer needs, quality and depth of product lines and training, as well as service and support provided by the distributor to the customer. The Company also faces competition from companies entering or expanding into the logistics and product fulfillment, catalog distribution, and e-commerce supply chain services markets. As the company seeks to expand its business into new areas in order to stay competitive in the market, the company may encounter increased competition from its current and/or new competitors. The company's failure to maintain and enhance its competitive position could have a material adverse effect on its business.

Products sold by the company may be found to be defective and, as a result, warranty and/or product liability claims may be asserted against the company, which may have a material adverse effect on the company.

The company sells its components at prices that are significantly lower than the cost of the equipment or other goods in which they are incorporated. As a result, the company may face claims for damages (such as consequential damages) that are disproportionate to the revenues and profits it receives from the components involved in the claims. While the company typically has provisions in its supplier agreements that hold the supplier accountable for defective products, and the company and its suppliers generally exclude consequential damages in their standard terms and conditions, the company's ability to avoid such liabilities may be limited as a result of differing factors, such as the inability to exclude such damages due to the laws of some of the countries where it does business. The company's business could be materially adversely affected as a result of a significant quality or performance issue in the products sold by the company, if it is required to pay for the associated damages. Although the company currently has product liability insurance, such insurance is limited in coverage and amount.

Declines in value and other factors pertaining to the company's inventory could materially adversely affect its business.

The market for the company's products and services is subject to rapid technological change, evolving industry standards, changes in end-market demand, oversupply of product, and regulatory requirements, which can contribute to the decline in value or

obsolescence of inventory. Although most of the company's suppliers provide the company with certain protections from the loss in value of inventory (such as price protection and certain rights of return), the company cannot be sure that such protections will fully compensate it for the loss in value, or that the suppliers will choose to, or be able to, honor such agreements. For example, many of the company's suppliers will not allow products to be returned after they have been held in inventory beyond a certain amount of time, and, in most instances, the return rights are limited to a certain percentage of the amount of product the company purchased in a particular time frame. All of these factors pertaining to inventory could have a material adverse effect on the company's business.

The company is subject to environmental laws and regulations that could materially adversely affect its business.

The European Union, China, and other jurisdictions in which the company's products are sold have enacted or are proposing to enact laws addressing environmental and other impacts from product disposal, use of hazardous materials in products, use of chemicals in manufacturing, recycling of products at the end of their useful life, and other related matters. These laws prohibit the use of certain substances in the manufacture of the company's products and directly and indirectly impose a variety of requirements for modification of manufacturing processes, registration, chemical testing, labeling, and other matters. Failure to comply with these laws or any other applicable environmental regulations could result in fines or suspension of sales. Additionally, these directives and regulations may result in the company having non-compliant inventory that may be less readily salable or have to be written off.

Some environmental laws impose liability, sometimes without fault, for investigating or cleaning up contamination on or emanating from the company's currently or formerly owned, leased, or operated property, as well as for damages to property or natural resources and for personal injury arising out of such contamination. As the distribution business, in general, does not involve the manufacture of products, it is typically not subject to significant liability in this area. However, there may be occasions, including through acquisitions, where environmental liability arises. Two sites for which the company assumed responsibility as part of the Wyle Electronics ("Wyle") acquisition are known to have environmental issues, one at Norco, California and the other at Huntsville, Alabama. The company was also named as a defendant in a private lawsuit filed in connection with alleged contamination at a small industrial building formerly leased by Wyle Laboratories in El Segundo, California. The lawsuit was settled, but the possibility remains that government entities or others may attempt to involve the company in further characterization or remediation of groundwater issues in the area. The presence of environmental contamination could also interfere with ongoing operations or adversely affect the company's ability to sell or lease its properties. The discovery of contamination for which the company is responsible, the enactment of new laws and regulations, or changes in how existing requirements are enforced, could require the company to incur costs for compliance or subject it to unexpected liabilities.

The foregoing matters could materially adversely affect the company's business.

Expansion into the electronic asset disposition market has broadened the company's risk profile.

The company has recently expanded into the electronics asset disposition business, pursuant to which it provides services related to electronic devices being disposed of by business customers, including cleansing storage devices from customer equipment and either recycling it through resale or disposing of it in an environmentally compliant manner. The company may also hold equipment in order to protect and preserve customer data. If the company does not meet its contractual and regulatory obligations with respect to such data, it could be subject to contractual damages, penalties, and damage to reputation. Also, the company's or its subcontractors' failure to comply with applicable environmental laws and regulations in disposing of the equipment could result in liability. Such environmental liability may be joint and several, meaning that the company could be held responsible for more than its share of the liability involved.

To the extent that company fails to comply with its obligations and such failure is not covered by insurance, the company's business could be adversely affected.

The company may not have adequate or cost-effective liquidity or capital resources.

The company requires cash or committed liquidity facilities for general corporate purposes, such as funding its ongoing working capital, acquisition, and capital expenditure needs, as well as to refinance indebtedness. At December 31, 2013, the company had cash and cash equivalents of \$390.6 million. In addition, the company currently has access to committed credit lines of \$ 2.275 billion, of which the company had outstanding borrowings of \$420.0 million at December 31, 2013. The company's ability to satisfy its cash needs depends on its ability to generate cash from operations and to access the financial markets, both of which are subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond its control.

The company may, in the future, need to access the financial markets to satisfy its cash needs. The company's ability to obtain external financing is affected by various factors including general financial market conditions and the company's debt ratings. Further, any increase in the company's level of debt, change in status of its debt from unsecured to secured debt, or deterioration

of its operating results may cause a reduction in its current debt ratings. Any downgrade in the company's current debt rating or tightening of credit availability could impair the company's ability to obtain additional financing or renew existing credit facilities on acceptable terms. Under the terms of any external financing, the company may incur higher financing expenses and become subject to additional restrictions and covenants. For example, the company's existing debt agreements contain restrictive covenants, including covenants requiring compliance with specified financial ratios, and a failure to comply with these or any other covenants may result in an event of default. The company's lack of access to cost-effective capital resources, an increase in the company's financing costs, or a breach of debt covenants could have a material adverse effect on the company's business.

The agreements governing some of the company's financing arrangements contain various covenants and restrictions that limit some of management's discretion in operating the business and could prevent the company from engaging in some activities that may be beneficial to its business.

The agreements governing the company's financings contain various covenants and restrictions that, in certain circumstances, could limit its ability to:

- grant liens on assets;
- make restricted payments (including paying dividends on capital stock or redeeming or repurchasing capital stock);
- make investments;
- merge, consolidate, or transfer all or substantially all of its assets;
- incur additional debt; or
- engage in certain transactions with affiliates.

As a result of these covenants and restrictions, the company may be limited in how it conducts its business and may be unable to raise additional debt, compete effectively, or make investments.

The company's failure to have long-term sales contracts may have a material adverse effect on its business.

Most of the company's sales are made on an order-by-order basis, rather than through long-term sales contracts. The company generally works with its customers to develop non-binding forecasts for future orders. Based on such non-binding forecasts, the company makes commitments regarding the level of business that it will seek and accept, the inventory that it purchases, and the levels of utilization of personnel and other resources. A variety of conditions, both specific to each customer and generally affecting each customer's industry may cause customers to cancel, reduce, or delay orders that were either previously made or anticipated, go bankrupt or fail, or default on their payments. Generally, customers cancel, reduce, or delay purchase orders and commitments without penalty. The company seeks to mitigate these risks, in some cases, by entering into noncancelable/nonreturnable sales agreements, but there is no guarantee that such agreements will adequately protect the company. Significant or numerous cancellations, reductions, delays in orders by customers, loss of customers, and/or customer defaults on payments could materially adversely affect the company's business.

The company's revenues originate primarily from the sales of semiconductor, PEMCO (passive, electro-mechanical and interconnect), IT hardware and software products, the sales of which are traditionally cyclical.

The semiconductor industry historically has experienced fluctuations in product supply and demand, often associated with changes in technology and manufacturing capacity and subject to significant economic market upturns and downturns. Sales of semiconductor products and related services represented approximately 41%, 43%, and 47% of the company's consolidated sales in 2013, 2012, and 2011, respectively. The sale of the company's PEMCO products closely tracks the semiconductor market. Accordingly, the company's revenues and profitability, particularly in its global components business segment, tend to closely follow the strength or weakness of the semiconductor market. Further, economic weakness could cause a decline in spending in information technology, which could have a negative impact on the company's ECS business. A cyclical downturn in the technology industry could have a material adverse effect on the company's business and negatively impact its ability to maintain historical profitability levels.

The company's non-U.S. sales represent a significant portion of its revenues, and consequently, the company is exposed to risks associated with operating internationally.

In 2013, 2012, and 2011, approximately 53%, 52%, and 55%, respectively, of the company's sales came from its operations outside the United States. As a result of the company's international sales and locations, its operations are subject to a variety of risks that are specific to international operations, including the following:

- import and export regulations that could erode profit margins or restrict exports;

- the burden and cost of compliance with international laws, treaties, and technical standards and changes in those regulations;
- potential restrictions on transfers of funds;
- import and export duties and value-added taxes;
- transportation delays and interruptions;
- the burden and cost of compliance with complex multi-national tax laws and regulations;
- uncertainties arising from local business practices and cultural considerations;
- enforcement of the Foreign Corrupt Practices Act, or similar laws of other jurisdictions;
- foreign laws that potentially discriminate against companies which are headquartered outside that jurisdiction;
- volatility associated with sovereign debt of certain international economies;
- potential military conflicts and political risks; and
- currency fluctuations, which the company attempts to minimize through traditional hedging instruments.

Furthermore, products the company sells which are either manufactured in the United States or based on U.S. technology ("U.S. Products") are subject to the Export Administration Regulations ("EAR") when exported and re-exported to and from all international jurisdictions, in addition to the local jurisdiction's export regulations applicable to individual shipments. Licenses or proper license exemptions may be required by local jurisdictions' export regulations, including EAR, for the shipment of certain U.S. Products to certain countries, including China, India, Russia, and other countries in which the company operates. Non-compliance with the EAR or other applicable export regulations can result in a wide range of penalties including the denial of export privileges, fines, criminal penalties, and the seizure of inventories. In the event that any export regulatory body determines that any shipments made by the company violate the applicable export regulations, the company could be fined significant sums and/or its export capabilities could be restricted, which could have a material adverse effect on the company's business.

Also, the company's operating income margins are lower in certain geographic markets. Operating income in the components business in Asia/Pacific and the global ECS business in Europe tends to be lower than operating income in the other markets in which the company sells products and services. If sales in those markets increased as a percentage of overall sales, consolidated operating income margins will be lower. The financial impact of lower operating income on returns on working capital is offset, in part, by lower working capital requirements. While the company has and will continue to adopt measures to reduce the potential impact of losses resulting from the risks of doing business abroad, it cannot ensure that such measures will be adequate and, therefore, could have a material adverse effect on its business.

When the company makes acquisitions, it may take on additional liabilities or not be able to successfully integrate such acquisitions.

As part of the company's history and growth strategy, it has acquired other businesses. Acquisitions involve numerous risks, including the following:

- effectively combining the acquired operations, technologies, or products;
- unanticipated costs or assumed liabilities, including those associated with regulatory actions or investigations;
- diversion of management's attention;
- negative effects on existing customer and supplier relationships; and
- potential loss of key employees, especially those of the acquired companies.

Further, the company has made, and may continue to make acquisitions of, or investments in new services, businesses or technologies to expand its current service offerings and product lines. Some of these may involve risks that may differ from those traditionally associated with the company's core distribution business, including undertaking product or service warranty responsibilities that in its traditional core business would generally reside primarily with its suppliers. If the company is not successful in mitigating or insuring against such risks, it could have a material adverse effect on the company's business.

The company's goodwill and identifiable intangible assets could become impaired, which could reduce the value of its assets and reduce its net income in the year in which the write-off occurs.

Goodwill represents the excess of the cost of an acquisition over the fair value of the assets acquired. The company also ascribes value to certain identifiable intangible assets, which consist primarily of customer relationships and trade names, among others, as a result of acquisitions. The company may incur impairment charges on goodwill or identifiable intangible assets if it determines that the fair values of the goodwill or identifiable intangible assets are less than their current carrying values. The company evaluates, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill or identifiable intangible assets may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

Refer to Notes 1 and 3 of the Notes to the Consolidated Financial Statements and 'Critical Accounting Policies' in Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion of the impairment testing of goodwill and identifiable intangible assets.

A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of the company's businesses and the company could be required to record impairment charges on its goodwill or other identifiable intangible assets in the future, which could impact the company's consolidated balance sheet, as well as the company's consolidated statement of operations. If the company is required to recognize an impairment charge in the future, the charge would not impact the company's consolidated cash flows, current liquidity, or capital resources.

If the company fails to maintain an effective system of internal controls or discovers material weaknesses in its internal controls over financial reporting, it may not be able to report its financial results accurately or timely or detect fraud, which could have a material adverse effect on its business.

An effective internal control environment is necessary for the company to produce reliable financial reports and is an important part of its effort to prevent financial fraud. The company is required to periodically evaluate the effectiveness of the design and operation of its internal controls over financial reporting. Based on these evaluations, the company may conclude that enhancements, modifications, or changes to internal controls are necessary or desirable. While management evaluates the effectiveness of the company's internal controls on a regular basis, these controls may not always be effective. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate financial statement risk. If the company fails to maintain an effective system of internal controls, or if management or the company's independent registered public accounting firm discovers material weaknesses in the company's internal controls, it may be unable to produce reliable financial reports or prevent fraud, which could have a material adverse effect on the company's business. In addition, the company may be subject to sanctions or investigation by regulatory authorities, such as the SEC or the NYSE. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of the company's financial statements, which could cause the market price of its common stock to decline or limit the company's access to capital.

The company relies heavily on its internal information systems, which, if not properly functioning, could materially adversely affect the company's business.

The company's current global operations reside on multiple technology platforms. The size and complexity of the company's computer systems make them potentially vulnerable to breakdown, malicious intrusion, and random attack. Likewise, data privacy breaches by employees and others who access the company's systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. While the company believes that it has taken appropriate security measures to protect its data and information technology systems, there can be no assurance that these efforts will prevent breakdowns or breaches in the company's systems that could have a material adverse effect on the company's business. Because many of the company's systems consist of a number of legacy, internally developed applications, it can be harder to upgrade and may be more difficult to adapt to commercially available software.

The company has initiated a global enterprise resource planning ("ERP") effort to standardize processes worldwide and adopt best-in-class capabilities. The company has committed significant resources to this new ERP system, which replaces multiple legacy systems of the company, and is expected to be implemented globally over the next several years. This conversion is extremely complex, in part, because of the wide range of processes and the multiple legacy systems that must be integrated globally. The company is using a controlled project plan that it believes will provide for the adequate allocation of resources. However, such a plan, or a divergence from it, may result in cost overruns, project delays, or business interruptions. During the conversion process, the company may be limited in its ability to integrate any business that it may want to acquire. Failure to properly or adequately address these issues could impact the company's ability to perform necessary business operations, which could materially adversely affect the company's business.

The company may be subject to intellectual property rights claims, which are costly to defend, could require payment of damages or licensing fees and could limit the company's ability to use certain technologies in the future.

Certain of the company's products and services include intellectual property owned primarily by the company's third party suppliers and, to a lesser extent, the company itself. Substantial litigation and threats of litigation regarding intellectual property rights exist in the semiconductor/integrated circuit, software and some service industries. From time to time, third parties (including certain companies in the business of acquiring patents not for the purpose of developing technology but with the intention of aggressively seeking licensing revenue from purported infringers) may assert patent, copyright and/or other intellectual property rights to

technologies that are important to the company's business. In some cases, depending on the nature of the claim, the company may be able to seek indemnification from its suppliers for itself and its customers against such claims, but there is no assurance that it will be successful in obtaining such indemnification or that the company is fully protected against such claims. In addition, the company is exposed to potential liability for technology that it develops itself for which it has no indemnification protections. In any dispute involving products or services that incorporate intellectual property developed, licensed by the company, or obtained through acquisition, the company's customers could also become the target of litigation. The company is obligated in many instances to indemnify and defend its customers if the products or services the company sells are alleged to infringe any third party's intellectual property rights. Any infringement claim brought against the company, regardless of the duration, outcome, or size of damage award, could:

- result in substantial cost to the company;
- divert management's attention and resources;
- be time consuming to defend;
- result in substantial damage awards; or
- cause product shipment delays.

Additionally, if an infringement claim is successful the company may be required to pay damages or seek royalty or license arrangements, which may not be available on commercially reasonable terms. The payment of any such damages or royalties may significantly increase the company's operating expenses and harm the company's operating results and financial condition. Also, royalty or license arrangements may not be available at all. The company may have to stop selling certain products or using technologies, which could affect the company's ability to compete effectively.

Compliance with government regulations regarding the use of "conflict minerals" may result in increased costs and risks to the company.

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act"), the SEC has promulgated disclosure requirements regarding the use of certain minerals, which are mined from the Democratic Republic of Congo and adjoining countries, known as conflict minerals. The disclosure rules will take effect for the company in May 2014. The company will have to publicly disclose whether it manufactures (as defined in the Act) any products that contain conflict minerals and could incur significant costs related to implementing a process that will meet the mandates of the Act. Additionally, customers typically rely on the company to provide critical data regarding the parts they purchase, including conflict mineral information. The company's material sourcing is broad-based and multi-tiered, and it may not be able to easily verify the origins for conflict minerals used in the products it sells. The company has many suppliers and each provides conflict mineral information in a different manner, if at all. Accordingly, because the supply chain is complex, the company may face reputational challenges if it is unable to sufficiently verify the origins of conflict minerals used in its products. Additionally, customers may demand that the products they purchase be free of conflict minerals. This may limit the number of suppliers that can provide products in sufficient quantities to meet customer demand or at competitive prices.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The company owns and leases sales offices, distribution centers, and administrative facilities worldwide. Its executive office is located in Englewood, Colorado and occupies a 115,000 square foot facility that is owned by the company. The company owns 12 locations throughout the Americas, EMEA, and Asia Pacific regions and occupies approximately 450 additional locations under leases due to expire on various dates through 2023. The company believes its facilities are well maintained and suitable for company operations.

Item 3. Legal Proceedings.

Environmental and Related Matters

In connection with the purchase of Wyle in August 2000, the company acquired certain of the then outstanding obligations of Wyle, including Wyle's indemnification obligations to the purchasers of its Wyle Laboratories division for environmental clean-up costs associated with any then existing contamination or violation of environmental regulations. Under the terms of the company's purchase of Wyle from the sellers, the sellers agreed to indemnify the company for certain costs associated with the

Wyle environmental obligations, among other things. During 2012, the company entered into a settlement agreement with the sellers pursuant to which the sellers paid \$110 million and the company released the sellers from their indemnification obligation. In connection with this settlement, the company recorded a gain on the settlement of legal matters of \$79.2 million (\$48.6 million net of related taxes or \$.45 and \$.44 per share on a basic and diluted basis, respectively) representing the difference between the settlement amount and the amount receivable from the sellers for reimbursement of costs incurred by the company. As part of the settlement agreement the company accepted responsibility for any potential subsequent costs incurred related to the Wyle matters. The company is aware of two Wyle Laboratories facilities (in Huntsville, Alabama and Norco, California) at which contaminated groundwater was identified and will require environmental remediation. As further discussed in Note 15 of the Notes to the Consolidated Financial Statements, the Huntsville, Alabama site is being investigated by the company under the direction of the Alabama Department of Environmental Management. The Norco, California site is subject to a consent decree, entered in October 2003, between the company, Wyle Laboratories, and the California Department of Toxic Substance Control. In addition, the company was named as a defendant in several lawsuits related to the Norco facility and a third site in El Segundo, California which have now been settled to the satisfaction of the parties.

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

As successor-in-interest to Wyle, the company is the beneficiary of various Wyle insurance policies that covered liabilities arising out of operations at Norco and Huntsville. To date, the company has recovered approximately \$33.0 million from certain insurance carriers. The company continues to seek recovery from an umbrella liability policy carrier for its proportional share of the total Norco liability. The company is considering the best way to pursue its potential claims against insurers regarding liabilities arising out of operations at Huntsville. The resolution of these matters will likely take several years. The company has not recorded a receivable for any potential future insurance recoveries related to the Norco and Huntsville environmental matters, as the realization of the claims for recovery are not deemed probable at this time.

The company believes the settlement amount together with potential recoveries from various insurance policies covering environmental remediation and related litigation will be sufficient to cover any potential future costs related to the Wyle acquisition; however, it is possible unexpected costs beyond those anticipated could occur.

Tekelec Matter

In 2000, the company purchased Tekelec Europe SA ("Tekelec") from Tekelec Airtronic SA and certain other selling shareholders. Subsequent to the closing of the acquisition, Tekelec received a product liability claim in the amount of € 11.3 million. The product liability claim was the subject of a French legal proceeding started by the claimant in 2002, under which separate determinations were made as to whether the products that are subject to the claim were defective and the amount of damages sustained by the purchaser. The manufacturer of the products also participated in this proceeding. The claimant has commenced legal proceedings against Tekelec and its insurers to recover damages in the amount of € 3.7 million and expenses of € .3 million plus interest. In May 2012, the French court ruled in favor of Tekelec and dismissed the plaintiff's claims. However, that decision has been appealed by the plaintiff. The company believes that any amount in addition to the amount accrued by the company would not materially adversely impact the company's consolidated financial position, liquidity, or results of operations.

Antitrust Investigation

On January 21, 2014, the company received a Civil Investigative Demand in connection with an investigation by the Federal Trade Commission ("FTC") relating generally to the use of a database program (the "database program") that has operated for more than ten years under the auspices of the Global Technology Distribution Council ("GTDC"), a trade group of which the company is a member. Under the database program, certain members of the GTDC who participate in the program provide sales data to a third party independent contractor chosen by the GTDC. The data is aggregated by the third party and the aggregated data is made available to the program participants. The company understands that other members participating in the database program have received similar Civil Investigative Demands.

The company is in the process of responding to the Civil Investigative Demand. The Civil Investigative Demand merely seeks information, and no proceedings have been instituted against any person. The company has conducted a preliminary review, and does not have any reason to believe that there has been any conduct by the company or its employees that would be actionable under the antitrust laws in connection with its participation in the database program. Since this matter is at a preliminary stage, it is not possible to predict the potential impact, if any, of the Civil Investigative Demand or whether any actions may be instituted by the FTC against any person.

Other

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

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

The company's common stock is listed on the NYSE (trading symbol: "ARW"). The high and low sales prices during each quarter of 2013 and 2012 are as follows:

Year	High	Low
2013:		
Fourth Quarter	\$ 54.25	\$ 47.09
Third Quarter	48.66	39.89
Second Quarter	40.49	36.47
First Quarter	41.94	37.40
2012:		
Fourth Quarter	\$ 39.18	\$ 31.31
Third Quarter	38.25	30.84
Second Quarter	43.02	31.46
First Quarter	43.39	35.77

Record Holders

On January 31, 2014, there were approximately 1,900 shareholders of record of the company's common stock.

Dividend History

The company did not pay cash dividends on its common stock during 2013 or 2012. While from time to time the Board of Directors (the "Board") considers the payment of dividends on the common stock, the declaration of future dividends is dependent upon the company's earnings, financial condition, and other relevant factors, including debt covenants.

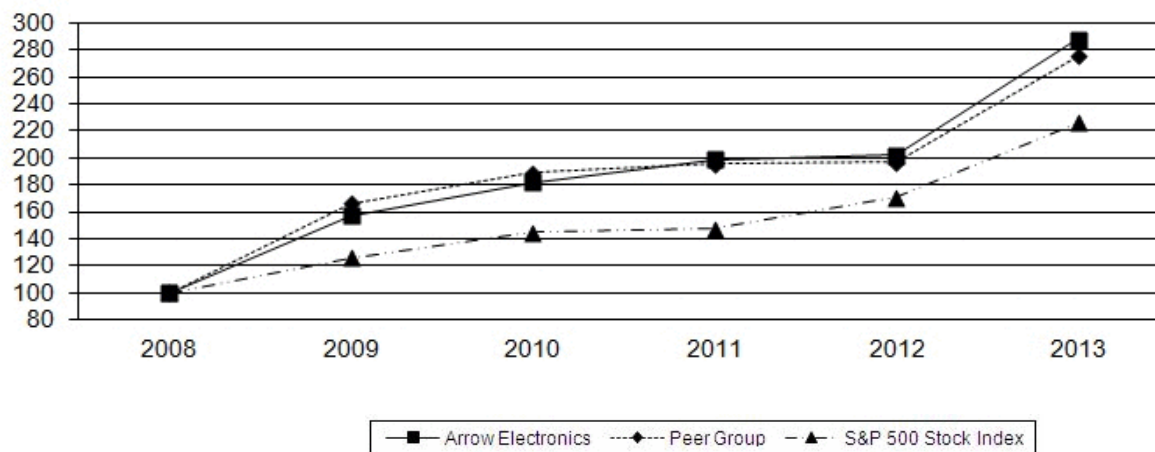
Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2013, relating to the Omnibus Incentive Plan, which was approved by the company's shareholders and under which cash-based awards, non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance share units, covered employee annual incentive awards, and other stock-based awards may be granted.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders	4,546,935	\$ 37.46	4,405,137
Equity compensation plans not approved by security holders	—	—	—
Total	4,546,935	\$ 37.46	4,405,137

Performance Graph

The following graph compares the performance of the company's common stock for the periods indicated with the performance of the Standard & Poor's 500 Stock Index ("S&P 500 Stock Index") and the average performance of a group consisting of the company's peer companies (the "Peer Group") on a line-of-business basis. The companies included in the Peer Group are Anixter International Inc., Avnet, Inc., Celestica Inc., Flextronics International Ltd., Ingram Micro Inc., Jabil Circuit, Inc., and Tech Data Corporation. The graph assumes \$100 invested on December 31, 2008 in the company, the S&P 500 Stock Index, and the Peer Group. Total return indices reflect reinvestment of dividends and are weighted on the basis of market capitalization at the time of each reported data point.



	2008	2009	2010	2011	2012	2013
Arrow Electronics	100	157	182	199	202	288
Peer Group	100	166	189	196	197	275
S&P 500 Stock Index	100	126	145	148	171	226

Issuer Purchases of Equity Securities

In February 2013, the company's Board approved the repurchase of up to \$200 million of the company's common stock through a share-repurchase program. In July 2013, the company's Board approved an additional repurchase of up to \$200 million of the company's common stock (collectively the "Share-Repurchase Programs").

The following table shows the share-repurchase activity for the quarter ended December 31, 2013:

Month	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program(b)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program
September 29 through October 31, 2013	—	\$ —	—	\$ 201,428,414
November 1 through 30, 2013	968,428	51.63	968,428	151,428,586
December 1 through 31, 2013	3,497	51.64	—	151,428,586
Total	971,925		968,428	

- (a) Includes share repurchases under the Share-Repurchase Programs and those associated with shares withheld from employees for stock-based awards, as permitted by the Omnibus Incentive Plan, in order to satisfy the required tax withholding obligations.
- (b) The difference between the "total number of shares purchased" and the "total number of shares purchased as part of publicly announced program" for the quarter ended December 31, 2013 is 3,497 shares, which relate to shares withheld from employees for stock-based awards, as permitted by the Omnibus Incentive Plan, in order to satisfy the required tax withholding obligations. The purchase of these shares were not made pursuant to any publicly announced repurchase plan.

Item 6. Selected Financial Data.

The following table sets forth certain selected consolidated financial data and must be read in conjunction with the company's consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K (dollars in thousands except per share data):

For the years ended December 31:	2013 (a)	2012 (b)	2011 (c)	2010 (d)	2009 (e)
Sales	\$ 21,357,285	\$ 20,405,128	\$ 21,390,264	\$ 18,744,676	\$ 14,684,101
Operating income	\$ 693,500	\$ 804,123	\$ 908,843	\$ 750,775	\$ 272,787
Net income attributable to shareholders	\$ 399,420	\$ 506,332	\$ 598,810	\$ 479,630	\$ 123,512
Net income per share:					
Basic	\$ 3.89	\$ 4.64	\$ 5.25	\$ 4.06	\$ 1.03
Diluted	\$ 3.85	\$ 4.56	\$ 5.17	\$ 4.01	\$ 1.03

At December 31:

Accounts receivable and inventories	\$ 7,937,046	\$ 6,976,618	\$ 6,446,027	\$ 6,011,823	\$ 4,533,809
Total assets	12,060,883	10,785,687	9,829,079	9,600,538	7,762,366
Long-term debt	2,226,132	1,587,478	1,927,823	1,761,203	1,276,138
Shareholders' equity	4,180,232	3,983,222	3,668,812	3,251,195	2,916,960

- (a) Operating income and net income attributable to shareholders include restructuring, integration, and other charges of \$92.7 million (\$65.6 million net of related taxes or \$.64 and \$.63 per share on a basic and diluted basis, respectively). Net income attributable to shareholders also includes a loss on prepayment of debt of \$4.3 million (\$2.6 million net of related taxes or \$.03 per share on both a basic and diluted basis), as well as an increase in the provision of income taxes of \$20.8 million (\$.20 per share on both a basic and diluted basis) and interest expense of \$1.6 million (\$1.2 million net of related taxes or \$.01 per share on both a basic and diluted basis) relating to the settlement of certain international tax matters.
- (b) Operating income and net income attributable to shareholders include restructuring, integration, and other charges of \$47.4 million (\$30.7 million net of related taxes or \$.28 per share on both a basic and diluted basis) and a gain of \$79.2 million (\$48.6 million net of related taxes or \$.45 and \$.44 per share on a basic and diluted basis, respectively) related to the settlement of a legal matter.
- (c) Operating income and net income attributable to shareholders include restructuring, integration, and other charges of \$37.8 million (\$28.1 million net of related taxes or \$.25 and \$.24 per share on a basic and diluted basis, respectively) and a charge of \$5.9 million (\$3.6 million net of related taxes or \$.03 per share on both a basic and diluted basis) related to the settlement of a legal matter. Net income attributable to shareholders also includes a gain on bargain purchase of \$1.1 million (\$.7 million net of related taxes or \$.01 per share on both a basic and diluted basis), a loss on prepayment of debt of \$.9 million (\$.5 million net of related taxes), and a net reduction in the provision for income taxes of \$28.9 million (\$.25 per share on both a basic and diluted basis) principally due to a reversal of a valuation allowance on certain deferred tax assets.
- (d) Operating income and net income attributable to shareholders include restructuring, integration, and other charges of \$33.5 million (\$24.6 million net of related taxes or \$.21 per share on both a basic and diluted basis). Net income attributable to shareholders also includes a loss on prepayment of debt of \$1.6 million (\$1.0 million net of related taxes or \$.01 per share on both a basic and diluted basis), as well as a net reduction in the provision for income taxes of \$9.4 million (\$.08 per share on both a basic and diluted basis) and a reduction in interest expense of \$3.8 million (\$2.3 million net of related taxes or \$.02 per share on both a basic and diluted basis) primarily related to the settlement of certain income tax matters covering multiple years.
- (e) Operating income and net income attributable to shareholders include restructuring, integration, and other charges of \$105.5 million (\$75.7 million net of related taxes or \$.63 per share on both a basic and diluted basis). Net income

attributable to shareholders also includes a loss on prepayment of debt of \$5.3 million (\$3.2 million net of related taxes or \$.03 per share on both a basic and diluted basis).

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .

Overview

The company is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. The company provides one of the broadest product offerings in the electronic components and enterprise computing solutions distribution industries and a wide range of value-added services to help customers introduce innovative products, reduce their time to market, and enhance their overall competitiveness. The company has two business segments, the global components business segment and the global ECS business segment. The company distributes electronic components to OEMs and CMs through its global components business segment and provides enterprise computing solutions to VARs through its global ECS business segment. For 2013, approximately 63% of the company's sales were from the global components business segment, and approximately 37% of the company's sales were from the global ECS business segment.

The company's financial objectives are to grow sales faster than the market, increase the markets served, grow profits faster than sales, and increase return on invested capital. To achieve its objectives, the company seeks to capture significant opportunities to grow across products, markets, and geographies. To supplement its organic growth strategy, the company continually evaluates strategic acquisitions to broaden its product and value-added service offerings, increase its market penetration, and/or expand its geographic reach.

On October 28, 2013, the company acquired ComputerLinks for a purchase price of \$313.2 million, which included \$21.0 million of cash acquired. During 2013, the company completed four additional acquisitions. During 2012 and 2011, the company completed seven and eight acquisitions, respectively. Refer to Note 2, "Acquisitions," of the Notes to the Consolidated Financial Statements for further discussion of the company's recent acquisition activity.

During the third quarter of 2012, the company prospectively revised its presentation of sales related to certain fulfillment contracts to present these revenues on an agency basis as net fees, as compared to presenting gross sales and costs of sales in prior periods. Management concluded that the impact of the revised presentation was not material and, therefore, prior periods have not been adjusted. On a gross basis, these contracts contributed approximately \$280.6 million to the company's sales for 2012, which negatively impacted consolidated sales growth for 2013 by approximately 1.4% when compared with 2012. This revised presentation had no impact on the company's consolidated balance sheet or statement of cash flows. Within the company's consolidated statement of operations, this revised presentation had no impact on gross profit dollars, operating income dollars, net income dollars, or earnings per share, but positively impacted the gross profit margin by approximately 10 basis points, while operating income margin remained relatively flat for 2013. Additionally, returns on capital, which are key metrics used to evaluate the company's performance, were also not impacted by this prospective revision.

Executive Summary

Consolidated sales for 2013 increased by 4.7%, compared with the year-earlier period, due to a 1.0% increase in the global components business segment sales and a 11.6% increase in the global ECS business segment sales. The translation of the company's international financial statements into U.S. dollars resulted in an increase in consolidated sales of 0.8% for 2013, compared with the year-earlier period, due to a weaker U.S. dollar.

Net income attributable to shareholders decreased to \$399.4 million in 2013, compared with net income attributable to shareholders of \$506.3 million in the year-earlier period. The following items impacted the comparability of the company's results for the years ended December 31, 2013 and 2012:

- restructuring, integration, and other charges of \$92.7 million (\$65.6 million net of related taxes) in 2013 and \$47.4 million (\$30.7 million net of related taxes) in 2012;
- a gain of \$79.2 million (\$48.6 million net of related taxes) related to the settlement of a legal matter in 2012;
- a loss on prepayment of debt of \$4.3 million (\$2.6 million net of related taxes) in 2013; and
- an increase in the provision for income taxes of \$20.8 million and interest expense of \$1.6 million (\$1.2 million net of related taxes) relating to the settlement of certain international tax matters in 2013.

Excluding the aforementioned items, net income attributable to shareholders for 2013 was relatively consistent with the prior year.

Certain Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with accounting principles generally accepted in the United States ("GAAP"), the company also discloses certain non-GAAP financial information, including:

- Sales, income, or expense items as adjusted for the impact of changes in foreign currencies (referred to as "impact of changes in foreign currencies") and the impact of acquisitions by adjusting the company's prior periods to include the operating results of businesses acquired, including the amortization expense related to acquired intangible assets, as if the acquisitions had occurred at the beginning of the period presented (referred to as "impact of acquisitions");
- Sales adjusted for certain items that impact the year-over-year comparison, which includes the aforementioned change in presentation of sales related to certain fulfillment contracts to present these revenues on an agency basis as net fees (referred to as "change in presentation of sales");
- Operating income as adjusted to exclude identifiable intangible asset amortization, restructuring, integration, and other charges, and settlement of legal matters; and
- Net income attributable to shareholders as adjusted to exclude identifiable intangible asset amortization, restructuring, integration, and other charges, settlement of legal matters, loss on prepayment of debt, gain on bargain purchase, settlement of certain international tax matters, and reversal of valuation allowance on deferred tax assets.

Management believes that providing this additional information is useful to the reader to better assess and understand the company's operating performance, especially when comparing results with previous periods, primarily because management typically monitors the business adjusted for these items in addition to GAAP results. However, analysis of results on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

Sales

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

Following is an analysis of net sales by business segment for the years ended December 31 (in millions):

	2013	2012	% Change
Consolidated sales, as reported	\$ 21,357	\$ 20,405	4.7%
Impact of changes in foreign currencies	—	161	
Impact of acquisitions	834	1,255	
Change in presentation of sales	—	(281)	
Consolidated sales, as adjusted	<u>\$ 22,191</u>	<u>\$ 21,540</u>	3.0%
Global components sales, as reported	13,496	13,361	1.0%
Impact of changes in foreign currencies	—	98	
Impact of acquisitions	169	301	
Change in presentation of sales	—	(281)	
Global components sales, as adjusted	<u>\$ 13,665</u>	<u>\$ 13,479</u>	1.4%
Global ECS sales, as reported	\$ 7,862	\$ 7,044	11.6%
Impact of changes in foreign currencies	—	63	
Impact of acquisitions	665	954	
Global ECS sales, as adjusted	<u>\$ 8,527</u>	<u>\$ 8,061</u>	5.8%

Consolidated sales for 2013 increased by \$952.2 million, or 4.7%, compared with the year-earlier period. The increase in 2013 was driven by an increase in global components business segment sales of \$134.6 million, or 1.0%, and an increase in global ECS business segment sales of \$817.5 million, or 11.6%, compared with the year-earlier period. The translation of the company's international financial statements into U.S. dollars resulted in an increase in consolidated sales of 0.8% in 2013, compared with

the year-earlier period, due to a weaker U.S. dollar. Adjusted for the impact of changes in foreign currencies and acquisitions, and the aforementioned change in presentation of sales, the company's consolidated sales increased by 3.0% in 2013, compared with the year-earlier period.

In the global components business segment, sales for 2013 increased 1.0%, compared with the year-earlier period primarily due to an increase in demand for products in the Asia Pacific region, the impact of recently acquired businesses, and the impact of a weaker U.S. dollar on the translation of the company's international financial statements, offset, in part, by a decline in demand for products in both the Americas and EMEA regions. Adjusted for the impact of changes in foreign currencies and acquisitions, and the aforementioned change in presentation of sales, the company's global components business segment sales increased by 1.4% in 2013, compared with the year-earlier period.

In the global ECS business segment, sales for 2013 increased 11.6% due to growth in software, storage, services, and industry standard servers, offset, in part, by a decline in proprietary servers in both the North America and EMEA regions. Adjusted for the impact of changes in foreign currencies and acquisitions, the company's global ECS business segment sales increased by 5.8% in 2013, compared with the year-earlier period.

Following is an analysis of net sales by business segment for the years ended December 31 (in millions):

	2012	2011	% Change
Consolidated sales, as reported	\$ 20,405	\$ 21,390	(4.6)%
Impact of changes in foreign currencies	—	(460)	
Impact of acquisitions	227	748	
Change in presentation of sales	(281)	(786)	
Consolidated sales, as adjusted	<u>\$ 20,351</u>	<u>\$ 20,892</u>	(2.6)%
Global components sales, as reported	13,361	14,854	(10.0)%
Impact of changes in foreign currencies	—	(316)	
Impact of acquisitions	61	344	
Change in presentation of sales	(281)	(786)	
Global components sales, as adjusted	<u>\$ 13,141</u>	<u>\$ 14,096</u>	(6.8)%
Global ECS sales, as reported	\$ 7,044	\$ 6,536	7.8 %
Impact of changes in foreign currencies	—	(144)	
Impact of acquisitions	166	404	
Global ECS sales, as adjusted	<u>\$ 7,210</u>	<u>\$ 6,796</u>	6.1 %

Consolidated sales for 2012 decreased by \$985.1 million, or 4.6%, compared with the year-earlier period. The decrease in 2012 was driven by a decrease in global components business segment sales of \$1.49 billion, or 10.0%, offset, in part, by an increase in global ECS business segment sales of \$507.6 million, or 7.8%, compared with the year-earlier period. The translation of the company's international financial statements into U.S. dollars resulted in a decrease in consolidated sales of 2.2% in 2012, compared with the year-earlier period, due to a stronger U.S. dollar. Adjusted for the impact of changes in foreign currencies and acquisitions, and the aforementioned change in presentation of sales, the company's consolidated sales decreased by 2.6% in 2012, compared with the year-earlier period.

In the global components business segment, sales for 2012 decreased 10.0% compared with the year-earlier period primarily due to a decline in demand for products due to weaker economic conditions in the Americas, EMEA, and Asia Pacific regions and by the impact of a stronger U.S. dollar on the translation of the company's international financial statements offset, in part, by the impact of recently acquired businesses. Adjusted for the impact of changes in foreign currencies and acquisitions, and the aforementioned change in presentation of sales, the company's global components business segment sales decreased by 6.8% in 2012, compared with the year-earlier period.

In the global ECS business segment, sales for 2012 increased 7.8% due to higher demand for products in both the North America and EMEA regions. The increase in sales for 2012 was driven by growth in services, storage, and software, offset, in part, by a

decline in servers. Adjusted for the impact of changes in foreign currencies and acquisitions, the company's global ECS business segment sales increased by 6.1% in 2012, compared with the year-earlier period.

Gross Profit

Following is an analysis of gross profit for the years ended December 31 (in millions):

	2013	2012	Change
Consolidated gross profit, as reported	\$ 2,791	\$ 2,737	2.0 %
Impact of changes in foreign currencies	—	23	
Impact of acquisitions	123	196	
Consolidated gross profit, as adjusted	\$ 2,914	\$ 2,956	(1.4)%
Consolidated gross profit as a percentage of sales, as reported	13.1%	13.4%	(30) bps
Consolidated gross profit as a percentage of sales, as adjusted	13.1%	13.7%	(60) bps

The company recorded gross profit of \$2.79 billion and \$2.74 billion for 2013 and 2012, respectively. The increase in gross profit was primarily due to the aforementioned 4.7% increase in sales during 2013. Gross profit margins for 2013 decreased by approximately 30 basis points, compared with the year-earlier period primarily due to a change in mix of products and to a lesser extent competitive pricing pressure. The aforementioned change in presentation of sales had no impact on gross profit dollars but positively impacted the gross profit margin percentage by approximately 10 basis points for 2013. Adjusted for the impact of changes in foreign currencies and acquisitions, and the aforementioned change in presentation of sales, the company's consolidated gross profit margin decreased approximately 60 basis points in 2013, compared with the year-earlier period.

Following is an analysis of gross profit for the years ended December 31 (in millions):

	2012	2011	Change
Consolidated gross profit, as reported	\$ 2,737	\$ 2,949	(7.2)%
Impact of changes in foreign currencies	—	(67)	
Impact of acquisitions	40	160	
Consolidated gross profit, as adjusted	\$ 2,777	\$ 3,042	(8.7)%
Consolidated gross profit as a percentage of sales, as reported	13.4%	13.8%	(40) bps
Consolidated gross profit as a percentage of sales, as adjusted	13.6%	14.6%	(100) bps

The company recorded gross profit of \$2.74 billion and \$2.95 billion for 2012 and 2011, respectively. The decrease in gross profit was primarily due to the aforementioned 4.6% decrease in sales during 2012. Gross profit margins for 2012 decreased by approximately 40 basis points, compared with the year-earlier period. The aforementioned change in presentation of sales had no impact on gross profit dollars but positively impacted the gross profit margin percentage by approximately 20 basis points for 2012. Adjusted for the impact of changes in foreign currencies and acquisitions, and the aforementioned change in presentation of sales, the company's consolidated gross profit margin decreased approximately 100 basis points in 2012, principally due to increased competitive pricing pressure in both the company's business segments and, to a lesser extent, a change in the mix of products.

Selling, General, and Administrative Expenses and Depreciation and Amortization

Following is an analysis of operating expenses for the years ended December 31 (in millions):

	2013	2012	% Change
Selling, general, and administrative expenses, as reported	\$ 1,874	\$ 1,850	1.3 %
Depreciation and amortization, as reported	131	115	13.7 %
Operating expenses, as reported	2,005	1,965	2.0 %
Impact of changes in foreign currencies	—	15	
Impact of acquisitions	108	163	
Operating expenses, as adjusted	\$ 2,113	\$ 2,143	(1.4)%

Selling, general, and administrative expenses increased by \$24.1 million, or 1.3%, in 2013, on a sales increase of 4.7%, compared with the year-earlier period. Selling, general, and administrative expenses, as a percentage of sales, was 8.8% and 9.1% for 2013 and 2012, respectively.

Depreciation and amortization expense for 2013 increased by \$15.8 million, or 13.7%, compared with the year-earlier period, primarily due to increased depreciation associated with the company's ERP initiative. Included in depreciation and amortization expense for 2013 and 2012 was \$36.8 million (\$29.3 million net of related taxes or \$.29 and \$.28 per share on a basic and diluted basis, respectively) and \$36.5 million (\$29.3 million net of related taxes or \$.27 and \$.26 per share on a basic and diluted basis, respectively), respectively, related to identifiable intangible asset amortization.

Adjusted for the impact of changes in foreign currencies and acquisitions, operating expenses (which include both selling, general, and administrative expenses and depreciation and amortization expense) for 2013 decreased 1.4%, on a sales increase, as adjusted, of 3.0%, due to the company's ability to efficiently manage operating costs.

Following is an analysis of operating expenses for the years ended December 31 (in millions):

	2012	2011	% Change
Selling, general, and administrative expenses, as reported	\$ 1,850	\$ 1,893	(2.3)%
Depreciation and amortization, as reported	115	103	11.5 %
Operating expenses, as reported	1,965	1,996	(1.6)%
Impact of changes in foreign currencies	—	(49)	
Impact of acquisitions	37	129	
Operating expenses, as adjusted	\$ 2,002	\$ 2,076	(3.6)%

Selling, general, and administrative expenses decreased \$43.1 million, or 2.3%, in 2012, on a sales decrease of 4.6%, compared with the year-earlier period. Selling, general, and administrative expenses, as a percentage of sales, was 9.1% and 8.8%, for 2012 and 2011, respectively. The dollar decrease in selling, general, and administrative expenses was primarily due to the company's efforts to streamline and simplify processes and to reduce expenses in response to the decline in sales. This was offset, in part, by selling, general, and administrative expenses for certain recent acquisitions which have a higher operating cost structure relative to the company's other businesses which is offset by higher gross profit margins for those businesses.

Depreciation and amortization expense for 2012 increased by \$11.9 million, or 11.5%, compared with the year-earlier period, primarily due to increased depreciation associated with the company's ERP initiative and increased depreciation and amortization associated with acquisitions. Included in depreciation and amortization expense for 2012 and 2011 was \$36.5 million (\$29.3 million net of related taxes or \$.27 and \$.26 per share on a basic and diluted basis, respectively) and \$35.4 million (\$27.1 million net of related taxes or \$.24 and \$.23 per share on a basic and diluted basis, respectively), respectively, related to identifiable intangible asset amortization.

Adjusted for the impact of changes in foreign currencies and acquisitions, operating expenses (which include both selling, general, and administrative expenses and depreciation and amortization expense) for 2012 decreased 3.6%, on a sales decrease, as adjusted, of 2.6%, due to the company's ability to efficiently manage operating costs.

Restructuring, Integration, and Other Charges

2013 Charges

In 2013, the company recorded restructuring, integration, and other charges of \$92.7 million (\$65.6 million net of related taxes or \$.64 and \$.63 per share on a basic and diluted basis, respectively). Included in the restructuring, integration, and other charges for 2013 is a restructuring charge of \$79.9 million related to initiatives taken by the company to improve operating efficiencies. Also included in the restructuring, integration, and other charges for 2013 is a charge of \$.8 million related to restructuring and integration actions taken in prior periods and acquisition-related expenses of \$11.9 million.

The restructuring charge of \$79.9 million in 2013 includes personnel costs of \$66.2 million, facilities costs of \$12.6 million, and other costs of \$1.1 million. The personnel costs are related to the elimination of approximately 870 positions within the global components business segment and approximately 310 positions within the global ECS business segment. The facilities costs are related to exit activities for 38 vacated facilities worldwide due to the company's continued efforts to streamline its operations and reduce real estate costs. These restructuring initiatives are due to the company's continued efforts to lower cost and drive operational efficiency.

2012 Charges

In 2012, the company recorded restructuring, integration, and other charges of \$47.4 million (\$30.7 million net of related taxes or \$.28 per share on both a basic and diluted basis). Included in the restructuring, integration, and other charges for 2012 is a restructuring charge of \$43.3 million related to initiatives taken by the company to improve operating efficiencies. Also included in the restructuring, integration, and other charges for 2012 is a charge of \$1.4 million related to restructuring and integration actions taken in prior periods and acquisition-related expenses of \$2.7 million.

The restructuring charge of \$43.3 million in 2012 includes personnel costs of \$31.3 million, facilities costs of \$5.4 million, and asset write-downs of \$6.6 million. The personnel costs are related to the elimination of approximately 505 positions within the global components business segment and approximately 360 positions within the global ECS business segment. The facilities costs are related to exit activities for 14 vacated facilities worldwide due to the company's continued efforts to streamline its operations and reduce real estate costs. The asset write-downs resulted from the company's decision to exit certain business activities which caused these assets to become redundant and have no future benefit. These restructuring initiatives are due to the company's continued efforts to lower cost and drive operational efficiency.

2011 Charges

In 2011, the company recorded restructuring, integration, and other charges of \$37.8 million (\$28.1 million net of related taxes or \$.25 and \$.24 per share on a basic and diluted basis, respectively). Included in the restructuring, integration, and other charges for 2011 is a restructuring charge of \$23.8 million related to initiatives taken by the company to improve operating efficiencies primarily due to the integration of recently acquired businesses. Also included in the restructuring, integration, and other charges for 2011 is a credit of \$.7 million related to restructuring and integration actions taken in prior periods and acquisition-related expenses of \$14.7 million.

The restructuring charge of \$23.8 million in 2011 primarily includes personnel costs of \$17.5 million and facilities costs of \$5.4 million. The personnel costs are related to the elimination of approximately 280 positions within the global components business segment and approximately 240 positions within the global ECS business segment. The facilities costs are related to exit activities for 18 vacated facilities in the Americas and EMEA due to the company's continued efforts to streamline its operations and reduce real estate costs. These restructuring initiatives are due to the company's continued efforts to lower cost and drive operational efficiency, primarily related to the integration of recently acquired businesses.

As of December 31, 2013, the company does not anticipate there will be any material adjustments relating to the aforementioned restructuring plans. Refer to Note 9, "Restructuring, Integration, and Other Charges," of the Notes to the Consolidated Financial Statements for further discussion of the company's restructuring and integration activities.

Settlement of Legal Matters

2012

In connection with the purchase of Wyle in August 2000, the company acquired certain of the then outstanding obligations of Wyle, including Wyle's indemnification obligations to the purchasers of its Wyle Laboratories division for environmental clean-up costs associated with any then existing contamination or violation of environmental regulations. Under the terms of the company's purchase of Wyle from the sellers, the sellers agreed to indemnify the company for certain costs associated with the Wyle environmental obligations, among other things. During 2012, the company entered into a settlement agreement with the sellers pursuant to which the sellers paid \$110 million and the company released the sellers from their indemnification obligation. In connection with this settlement, the company recorded a gain on the settlement of legal matters of \$79.2 million (\$48.6 million net of related taxes or \$.45 and \$.44 per share on a basic and diluted basis, respectively) representing the difference between the settlement amount and the amount receivable from the sellers for reimbursement of costs incurred by the company. As part of the settlement agreement the company accepted responsibility for any potential subsequent costs incurred related to the Wyle matters.

Refer to Note 15, "Contingencies," of the Notes to the Consolidated Financial Statements for further discussion of the settlement and on-going environmental remediation.

2011

During 2011, the company recorded a charge of \$5.9 million (\$3.6 million net of related taxes or \$.03 per share on both a basic and diluted basis) in connection with the settlement of a legal matter, inclusive of related legal costs. This matter related to a customer dispute that originated in 1997. The company had successfully defended itself in a trial, but the verdict was subsequently overturned, in part, by an appellate court and remanded for a new trial. The company ultimately decided to settle this matter to avoid further legal expense and the burden on management's time that such a trial would entail.

Operating Income

Following is an analysis of operating income for the years ended December 31 (in millions):

	<u>2013</u>	<u>2012</u>
Consolidated operating income, as reported	\$ 694	\$ 804
Identifiable intangible asset amortization	37	37
Restructuring, integration, and other charges	93	47
Settlement of legal matters	—	(79)
Consolidated operating income, as adjusted*	<u>\$ 823</u>	<u>\$ 809</u>
Consolidated operating income, as reported as a percentage of sales, as reported	3.2%	3.9%
Consolidated operating income, as adjusted as a percentage of sales, as reported	3.9%	4.0%

* The sum of the components for consolidated operating income, as adjusted may not agree to totals, as presented, due to rounding.

The company recorded operating income of \$693.5 million, or 3.2% of sales, in 2013 compared with operating income of \$804.1 million, or 3.9% of sales, in 2012. Included in operating income for 2013 and 2012 were the previously discussed identifiable intangible asset amortization of \$36.8 million and \$36.5 million, respectively and restructuring, integration, and other charges of \$92.7 million and \$47.4 million, respectively. Also included in operating income for 2012 was the previously discussed gain of \$79.2 million related to the settlement of a legal matter. Excluding these items operating income, as adjusted was \$822.9 million, or 3.9% of sales, in 2013 compared with operating income, as adjusted of \$808.9 million, or 4.0% of sales, in 2012.

Following is an analysis of operating income for the years ended December 31 (in millions):

	2012	2011
Consolidated operating income, as reported	\$ 804	\$ 909
Identifiable intangible asset amortization	37	35
Restructuring, integration, and other charges	47	38
Settlement of legal matters	(79)	6
Consolidated operating income, as adjusted*	\$ 809	\$ 988
Consolidated operating income, as reported as a percentage of sales, as reported	3.9%	4.2%
Consolidated operating income, as adjusted as a percentage of sales, as reported	4.0%	4.6%

* The sum of the components for consolidated operating income, as adjusted may not agree to totals, as presented, due to rounding.

The company recorded operating income of \$804.1 million, or 3.9% of sales, in 2012 compared with operating income of \$908.8 million, or 4.2% of sales, in 2011. Included in operating income for 2012 and 2011 were the previously discussed identifiable intangible asset amortization of \$36.5 million and \$35.4 million, respectively and restructuring, integration, and other charges of \$47.4 million and \$37.8 million, respectively. Also included in operating income was the previously discussed gain of \$79.2 million in 2012 and charge of \$5.9 million in 2011 related to the settlement of legal matters. Excluding these items operating income, as adjusted was \$808.9 million, or 4.0% of sales, in 2012 compared with operating income, as adjusted of \$987.9 million, or 4.6% of sales, in 2011.

Interest and Other Financing Expense, Net

Net interest and other financing expense increased by 12.3% in 2013 to \$114.4 million, compared with \$101.9 million in 2012, primarily due to higher average debt outstanding. The increase for 2013 was also impacted by an increase in interest expense of \$1.6 million (\$1.2 million net of related taxes or \$.01 per share on both a basic and diluted basis) primarily related to the settlement of certain international tax matters (discussed in "Income Taxes" below), as well as the occurrence of \$1.1 million additional interest related to the 6.875% notes which were redeemed by the company subsequent to issuance of its 3.00% notes due 2018 and 4.50% notes due 2023 note offering (refer to Note 6, "Debt," of the Notes to the Consolidated Financial Statements for further discussion on the note offering).

Net interest and other financing expense decreased by 3.9% in 2012 to \$101.9 million, compared with \$106.0 million in 2011, due to lower interest rates on the company's variable rate bank debt.

Other

During 2013, the company recorded a loss on prepayment of debt of \$4.3 million (\$2.6 million net of related taxes or \$.03 per share on both a basic and diluted basis), related to the redemption of \$332.1 million principal amount of its 6.875% senior notes due July 2013.

During 2011, the company acquired Nu Horizons for less than the fair value of its net assets due to Nu Horizons' stock trading below its book value for an extended period of time prior to the announcement of the acquisition. The company offered a purchase price per share for Nu Horizons that was above the prevailing stock price thereby representing a premium to the shareholders. The acquisition of Nu Horizons by Arrow was approved by Nu Horizons' shareholders. The excess of the fair value of the net assets acquired over the purchase price paid was \$1.1 million (\$.7 million net of related taxes or \$.01 per share on both a basic and diluted basis) and was recognized as a gain on bargain purchase. During 2011, the company also recorded a loss on prepayment of debt of \$.9 million (\$.5 million net of related taxes), related to the redemption of \$17.9 million principal amount of its 6.875% senior notes due in 2013.

Income Taxes

The company recorded a provision for income taxes of \$182.3 million (an effective tax rate of 31.3%) for 2013. During 2013 the company recorded an increase in the provision for income taxes of \$20.8 million (\$.20 per share on both a basic and diluted basis) relating to the settlement of certain international tax matters. The company's provision for income taxes and effective tax rate for

2013 were impacted by the previously discussed adjustment to tax reserves, restructuring, integration, and other charges, and loss on prepayment of debt. Excluding the impact of the aforementioned items, the company's effective tax rate for 2013 was 28.0%.

The company recorded a provision for income taxes of \$203.6 million (an effective tax rate of 28.7%) for 2012. The company's provision and effective tax rate for 2012 were impacted by the previously discussed restructuring, integration, and other charges, and gain related to the settlement of a legal matter. Excluding the impact of the aforementioned items, the company's effective tax rate for 2012 was 28.0%.

The company recorded a provision for income taxes of \$210.5 million (an effective tax rate of 26.0%) for 2011. During 2011, the company recorded a net reduction in the provision of \$28.9 million (\$.25 per share on both a basic and diluted basis) principally due to a reversal of a valuation allowance on certain deferred tax assets as a result of a realignment of the company's international business operations. The company's provision and effective tax rate for 2011 were impacted by the previously discussed reversal of a valuation allowance on certain deferred tax assets, restructuring, integration, and other charges, charge related to the settlement of a legal matter, a loss on prepayment of debt, and a gain on bargain purchase. Excluding the impact of the aforementioned items, the company's effective tax rate for 2011 was 29.5%.

The company's provision for income taxes and effective tax rate are impacted by, among other factors, the statutory tax rates in the countries in which it operates and the related level of income generated by these operations.

Net Income Attributable to Shareholders

Following is an analysis of net income attributable to shareholders for the years ended December 31 (in millions):

	2013	2012
Net income attributable to shareholders, as reported	\$ 399	\$ 506
Identifiable intangible asset amortization	29	29
Restructuring, integration, and other charges	66	31
Settlement of legal matters	—	(49)
Loss on prepayment of debt	3	—
Settlement of international tax matters:		
Income taxes	21	—
Interest (net of taxes)	1	—
Net income attributable to shareholders, as adjusted*	\$ 519	\$ 518

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

The company recorded net income attributable to shareholders of \$399.4 million for 2013, compared with net income attributable to shareholders of \$506.3 million in the year-earlier period. Included in net income attributable to shareholders for 2013 were the previously discussed identifiable intangible asset amortization of \$29.3 million, restructuring, integration, and other charges of \$65.6 million, loss on prepayment of debt of \$2.6 million, and an increase in the provision for income taxes of \$20.8 million and interest expense of \$1.2 million relating to the settlement of certain international tax matters. Included in net income attributable to shareholders for 2012 were the previously discussed identifiable intangible asset amortization of \$29.3 million, restructuring, integration, and other charges of \$30.7 million, and a gain of \$48.6 million related to the settlement of a legal matter. Excluding the aforementioned items net income attributable to shareholders, as adjusted was \$519.0 million for 2013, relatively consistent with net income attributable to shareholders, as adjusted of \$517.8 million in the year-earlier period.

Following is an analysis of net income attributable to shareholders for the years ended December 31 (in millions):

	2012	2011
Net income attributable to shareholders, as reported	\$ 506	\$ 599
Identifiable intangible asset amortization	29	27
Restructuring, integration, and other charges	31	28
Settlement of legal matters	(49)	4
Gain on bargain purchase	—	(1)
Loss on prepayment of debt	—	1
Reversal of valuation allowance on deferred tax assets	—	(29)
Net income attributable to shareholders, as adjusted*	\$ 518	\$ 629

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

The company recorded net income attributable to shareholders of \$506.3 million for 2012, compared with net income attributable to shareholders of \$598.8 million in the year-earlier period. Included in net income attributable to shareholders for 2012 were the previously discussed identifiable intangible asset amortization of \$29.3 million, restructuring, integration, and other charges of \$30.7 million, and a gain of \$48.6 million related to the settlement of a legal matter. Included in net income attributable to shareholders for 2011 were the previously discussed identifiable intangible asset amortization of \$27.1 million, restructuring, integration, and other charges of \$28.1 million, a charge of \$3.6 million related to the settlement of a legal matter, a gain on bargain purchase of \$7 million, a loss on prepayment of debt of \$.5 million, and a net reduction in the provision for income taxes of \$28.9 million principally due to a reversal of a valuation allowance on certain deferred tax assets. Excluding the aforementioned items net income attributable to shareholders, as adjusted was \$517.8 million for 2012, compared with net income attributable to shareholders of \$628.5 million in the year-earlier period. The decrease in net income attributable to shareholders for 2012 was primarily the result of a decrease in sales and a corresponding decrease in gross profit. Additionally, gross profit margins were negatively impacted principally due to increased competitive pricing pressure in both the company's business segments and, to a lesser extent, a change in mix of products. These decreases were offset, in part, by a reduction in selling, general, and administrative expenses due to the company's efforts to streamline processes and to reduce expenses in response to the decline in sales.

Liquidity and Capital Resources

At December 31, 2013 and 2012, the company had cash and cash equivalents of \$390.6 million and \$409.7 million, respectively, of which \$347.4 million and \$359.0 million, respectively, were held outside the United States. Liquidity is affected by many factors, some of which are based on normal ongoing operations of the company's business and some of which arise from fluctuations related to global economics and markets. Cash balances are generated and held in many locations throughout the world. It is the company's current intent to permanently reinvest these funds outside the United States and its current plans do not demonstrate a need to repatriate them to fund its United States operations. If these funds were to be needed for the company's operations in the United States it would be required to record and pay significant United States income taxes to repatriate these funds. Additionally, local government regulations may restrict the company's ability to move cash balances to meet cash needs under certain circumstances. The company currently does not expect such regulations and restrictions to impact its ability to make acquisitions or to pay vendors and conduct operations throughout the global organization.

During 2013, the net amount of cash provided by the company's operating activities was \$450.7 million, the net amount of cash used for investing activities was \$487.1 million, and the net amount of cash used for financing activities was \$26.6 million. The effect of exchange rate changes on cash was an increase of \$43.9 million.

During 2012, the net amount of cash provided by the company's operating activities was \$675.0 million, the net amount of cash used for investing activities was \$409.1 million, and the net amount of cash used for financing activities was \$257.7 million. The effect of exchange rate changes on cash was an increase of \$4.6 million.

During 2011, the net amount of cash provided by the company's operating activities was \$120.9 million, the net amount of cash used for investing activities was \$646.5 million, and the net amount of cash used for financing activities was \$13.9 million. The effect of exchange rate changes on cash was an increase of \$10.1 million.

Cash Flows from Operating Activities

The company maintains a significant investment in accounts receivable and inventories. As a percentage of total assets, accounts receivable and inventories were approximately 65.8% at December 31, 2013 and were approximately 64.7% at December 31, 2012.

The net amount of cash provided by the company's operating activities during 2013 was \$450.7 million and was primarily due to earnings from operations, adjusted for non-cash items, offset in part, by an increase in net working capital to support an increase in sales.

The net amount of cash provided by the company's operating activities during 2012 was \$675.0 million and was primarily due to earnings from operations, adjusted for non-cash items, and a decrease in net working capital due to a decline in sales.

The net amount of cash provided by the company's operating activities during 2011 was \$120.9 million and was primarily due to earnings from operations, adjusted for non-cash items, offset in part, by an increase in net working capital to support an increase in sales.

Working capital, as a percentage of sales, was 16.1%, 15.7%, and 14.9% in 2013, 2012, and 2011, respectively.

Cash Flows from Investing Activities

The net amount of cash used for investing activities during 2013 was \$487.1 million, primarily reflecting \$367.9 million of cash consideration paid for acquired businesses, \$116.2 million for capital expenditures, and \$3.0 million related to the purchase of a cost method investment. Included in capital expenditures for 2013 is \$57.1 million related to the company's global ERP initiative.

During 2013, the company acquired ComputerLinks, a value-added distributor of enterprise computing solutions with a comprehensive offering of IT solutions from many of the world's leading technology suppliers for aggregate consideration of \$292.2 million, net of cash acquired. During 2013 the company completed four additional acquisitions for aggregate consideration of \$75.7 million, net of cash acquired and contingent consideration.

The net amount of cash used for investing activities during 2012 was \$409.1 million, primarily reflecting \$281.9 million of cash consideration paid for acquired businesses, \$112.2 million for capital expenditures, and \$15.0 million related to the purchase of a cost method investment. Included in capital expenditures for 2012 is \$65.6 million related to the company's global ERP initiative.

During 2012, the company completed seven acquisitions. The aggregate consideration for these seven acquisitions was \$279.4 million, net of cash acquired and contingent consideration. In addition, the company made a payment of \$2.5 million to increase its ownership interest in a majority-owned subsidiary.

The net amount of cash used for investing activities during 2011 was \$646.5 million, primarily reflecting \$532.6 million of cash consideration paid for acquired businesses and \$113.9 million for capital expenditures. Included in capital expenditures for 2011 is \$63.7 million related to the company's global ERP initiative.

During 2011, the company acquired Richardson RFPD, a leading value-added global component distributor and provider of engineered solutions serving the global radio frequency and wireless communications market and Nu Horizons, a leading global distributor of advanced technology semiconductor, display, illumination, and power solutions, for aggregate consideration of \$379.0 million, net of cash acquired. During 2011, the company completed six additional acquisitions for aggregate consideration of \$153.6 million, net of cash acquired.

Cash Flows from Financing Activities

The net amount of cash used for financing activities during 2013 was \$26.6 million. The uses of cash from financing activities included \$338.2 million of redemption of senior notes, \$362.8 million of repurchases of common stock, and a \$31.3 million decrease in short-term and other borrowings. The sources of cash from financing activities during 2013 were \$591.2 million of net proceeds from a note offering, \$71.4 million of net proceeds of long-term bank borrowings, \$36.0 million of proceeds from the exercise of stock options, and \$7.2 million related to excess tax benefits from stock-based compensation arrangements.

During 2013, the company completed the sale of \$300.0 million principal amount of its 3.00% notes due in 2018 and \$300.0 million principal amount of its 4.50% notes due in 2023. The net proceeds of the offering of \$591.2 million were used to refinance the company's 6.875% senior notes due July 2013 and for general corporate purposes.

During 2013, the company redeemed \$332.1 million principal amount of its 6.875% senior notes due July 2013. The related loss on the redemption for the year ended December 31, 2013 aggregated \$4.3 million (\$2.6 million net of related taxes or \$.03 per share on both a basic and diluted basis) and was recognized as a loss on prepayment of debt.

The net amount of cash used for financing activities during 2012 was \$257.7 million. The uses of cash from financing activities included \$260.9 million of repurchases of common stock, a \$9.8 million decrease in short-term and other borrowings, and \$5.4 million of repayments of long-term bank borrowings. The sources of cash from financing activities during 2012 were \$13.4 million of proceeds from the exercise of stock options, and \$5.0 million related to excess tax benefits from stock-based compensation arrangements.

The net amount of cash used for financing activities during 2011 was \$13.9 million. The uses of cash from financing activities included a \$200.0 million repayment of bank term loan, \$197.0 million of repurchases of common stock, \$19.3 million of repurchases of 6.875% senior notes, and a \$6.2 million decrease in short-term and other borrowings. The sources of cash from financing activities were \$354.0 million of proceeds from long-term bank borrowings, \$46.7 million of proceeds from the exercise of stock options, and \$8.0 million related to excess tax benefits from stock-based compensation arrangements.

During 2011, the company redeemed \$17.9 million principal amount of its 6.875% senior notes due in 2013. The related loss on the redemption aggregated \$.9 million (\$.5 million net of related taxes) and was recognized as a loss on prepayment of debt.

In December 2013, the company entered into a \$1.50 billion revolving credit facility, maturing in December 2018. This facility may be used by the company for general corporate purposes including working capital in the ordinary course of business, letters of credit, repayment, prepayment or purchase of long-term indebtedness and acquisitions, and as support for the company's commercial paper program, as applicable. This agreement amended the company's \$1.20 billion revolving credit facility which was scheduled to expire in August 2016. Interest on borrowings under the revolving credit facility is calculated using a base rate or a euro currency rate plus a spread based on the company's credit ratings (1.30% at December 31, 2013). The facility fee is .20%. There were no outstanding borrowings under the revolving credit facility at December 31, 2013. At December 31, 2012, the company had \$123.6 million in outstanding borrowings under the revolving credit facility. During the years ended December 31, 2013 and 2012, the average daily balance outstanding under the revolving credit facility was \$421.8 million and \$338.7 million, respectively.

The company has a \$775.0 million asset securitization program collateralized by accounts receivable of certain of its United States subsidiaries, maturing in December 2014. Interest on borrowings is calculated using a base rate or a commercial paper rate plus a spread, which is based on the company's credit ratings (.40% at December 31, 2013), or an effective interest rate of .61% at December 31, 2013. The facility fee is .40%. The company had \$420.0 million and \$225.0 million in outstanding borrowings under the asset securitization program at December 31, 2013 and 2012, respectively. During the years ended December 31, 2013 and 2012, the average daily balance outstanding under the asset securitization program was \$276.5 million and \$500.4 million, respectively.

Both the revolving credit facility and asset securitization program include terms and conditions that limit the incurrence of additional borrowings, limit the company's ability to pay cash dividends or repurchase stock, and require that certain financial ratios be maintained at designated levels. The company was in compliance with all covenants as of December 31, 2013 and is currently not aware of any events that would cause non-compliance with any covenants in the future.

In the normal course of business certain of the company's subsidiaries have agreements to sell, without recourse, selected trade receivables to financial institutions. The company does not retain financial or legal interests in these receivables, and accordingly they are accounted for as sales of the related receivables and the receivables are removed from the company's consolidated balance sheets. Financing costs related to these transactions were not material and are included in "Interest and other financing expense, net" in the company's consolidated statements of operations.

The company filed a shelf registration statement with the SEC in October 2012 registering debt securities, preferred stock, common stock, and warrants of Arrow Electronics, Inc. that may be issued by the company from time to time. As set forth in the shelf registration statement, the net proceeds from the sale of the offered securities may be used by the company for general corporate purposes, including repayment of borrowings, working capital, capital expenditures, acquisitions and stock repurchases, or for such other purposes as may be specified in the applicable prospectus supplement.

Management believes that the company's current cash availability, its current borrowing capacity under its revolving credit facility and asset securitization program, its expected ability to generate future operating cash flows, and the company's access to capital markets are sufficient to meet its projected cash flow needs for the foreseeable future. The company continually evaluates its liquidity requirements and would seek to amend its existing borrowing capacity or access the financial markets as deemed necessary.

Contractual Obligations

Payments due under contractual obligations at December 31, 2013 are as follows (in thousands):

	<u>Within 1 Year</u>	<u>1-3 Years</u>	<u>4-5 Years</u>	<u>After 5 Years</u>	<u>Total</u>
Debt	\$ 440,033	\$ 257,813	\$ 497,769	\$ 1,045,317	\$ 2,240,932
Interest on long-term debt	100,268	177,354	154,605	226,511	658,738
Capital leases	3,845	4,982	251	—	9,078
Operating leases	60,191	81,796	34,213	21,367	197,567
Purchase obligations (a)	2,850,843	21,005	4,167	355	2,876,370
Other (b)	38,284	7,292	375	—	45,951
	<u>\$ 3,493,464</u>	<u>\$ 550,242</u>	<u>\$ 691,380</u>	<u>\$ 1,293,550</u>	<u>\$ 6,028,636</u>

- (a) Amounts represent an estimate of non-cancelable inventory purchase orders and other contractual obligations related to information technology and facilities as of December 31, 2013. Most of the company's inventory purchases are pursuant to authorized distributor agreements, which are typically cancelable by either party at any time or on short notice, usually within a few months.
- (b) Includes estimates of contributions required to meet the requirements of the Wyle defined benefit plan. Amounts are subject to change based upon the performance of plan assets, as well as the discount rate used to determine the obligation. The company does not anticipate having to make required contributions to the plans beyond 2016. Also included are amounts relating to personnel, facilities, and certain other costs resulting from restructuring and integration activities.

Under the terms of various joint venture agreements, the company is required to pay its pro-rata share of the third party debt of the joint ventures in the event that the joint ventures are unable to meet their obligations. At December 31, 2013, the company's pro-rata share of this debt was approximately \$.7 million. The company believes there is sufficient equity in each of the joint ventures to meet their obligations.

At December 31, 2013, the company had a liability for unrecognized tax benefits and a liability for the payment of related interest totaling \$56.6 million, of which approximately \$.3 million is expected to be paid within one year. For the remaining liability, due to the uncertainties related to these tax matters, the company is unable to make a reasonably reliable estimate when cash settlement with a taxing authority will occur.

Share-Repurchase Programs

In February 2013, the company's Board approved the repurchase of up to \$200 million of the company's common stock through a share-repurchase program. In July 2013, the company's Board approved an additional repurchase of up to \$200 million of the company's common stock. As of December 31, 2013, the company repurchased 6,032,892 shares under these programs with a market value of \$248.6 million at the dates of repurchase.

Off-Balance Sheet Arrangements

The company has no off-balance sheet financing or unconsolidated special purpose entities.

Critical Accounting Policies and Estimates

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

The company believes the following critical accounting policies involve the more significant judgments and estimates used in the preparation of its consolidated financial statements:

Revenue Recognition

The company recognizes revenue when there is persuasive evidence of an arrangement, delivery has occurred or services are rendered, the sales price is determinable, and collectibility is reasonably assured. Revenue typically is recognized at time of shipment. Sales are recorded net of discounts, rebates, and returns, which historically have not been material.

A portion of the company's business involves shipments directly from its suppliers to its customers. In these transactions, the company is responsible for negotiating price both with the supplier and customer, payment to the supplier, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the company recognizes the sale and cost of sale of the product upon receiving notification from the supplier that the product was shipped.

The company has certain business with select customers and suppliers that is accounted for on an agency basis (that is, the company recognizes the fees associated with serving as an agent in sales with no associated cost of sales) in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 605-45-45. Generally, these transactions relate to the sale of supplier service contracts to customers where the company has no future obligation to perform under these contracts or the rendering of logistics services for the delivery of inventory for which the company does not assume the risks and rewards of ownership.

During the third quarter of 2012, the company prospectively revised its presentation of sales related to certain fulfillment contracts to present these revenues on an agency basis as net fees, as compared to presenting gross sales and costs of sales in prior periods. This revised presentation had no impact on the company's consolidated balance sheet or statement of cash flows. Within the company's consolidated statement of operations, gross profit dollars, operating income dollars, net income dollars, and earnings per share were also not impacted for any periods reported. Prior to this prospective revision, these contracts approximated one and four percent of the company's consolidated sales for 2012 and 2011, respectively. Management has concluded that the impact of this revised presentation was not material and, therefore, prior periods have not been adjusted.

Accounts Receivable

The company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowances for doubtful accounts are determined using a combination of factors, including the length of time the receivables are outstanding, the current business environment, and historical experience.

Inventories

Inventories are stated at the lower of cost or market. Write-downs of inventories to market value are based upon contractual provisions governing price protection, stock rotation, and obsolescence, as well as assumptions about future demand and market conditions. If assumptions about future demand change and/or actual market conditions are less favorable than those projected by the company, additional write-downs of inventories may be required. Due to the large number of transactions and the complexity of managing the process around price protections and stock rotations, estimates are made regarding adjustments to the book cost of inventories. Actual amounts could be different from those estimated.

Investments

The company accounts for available-for-sale investments at fair value, using quoted market prices, and the related holding gains and losses are included in "Accumulated other comprehensive income" in the shareholders' equity section in the company's consolidated balance sheets. The company assesses its long-term investments accounted for as available-for-sale on an ongoing basis to determine whether declines in market value below cost are other-than-temporary. When the decline is determined to be other-than-temporary, the cost basis for the individual security is reduced and a loss is realized in the company's consolidated statement of operations in the period in which it occurs. The company makes such determination after considering the length of time and the extent to which the market value of the investment is less than its cost, the financial condition and operating results of the investee, and the company's intent and ability to retain the investment over time to potentially allow for any recovery in market value. In addition, the company assesses the following factors:

- broad economic factors impacting the investee's industry;
- publicly available forecasts for sales and earnings growth for the industry and investee; and

- the cyclical nature of the investee's industry.

The company could incur an impairment charge in future periods if, among other factors, the investee's future earnings differ from currently available forecasts.

Income Taxes

The carrying value of the company's deferred tax assets is dependent upon the company's ability to generate sufficient future taxable income in certain tax jurisdictions. Should the company determine that it is more likely than not that some portion or all of its deferred tax assets will not be realized, a valuation allowance to the deferred tax assets would be established in the period such determination was made.

It is the company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. At December 31, 2013, the company believes it has appropriately accounted for any unrecognized tax benefits. To the extent the company prevails in matters for which a liability for an unrecognized tax benefit is established or is required to pay amounts in excess of the liability, the company's effective tax rate in a given financial statement period may be affected.

Financial Instruments

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

The company occasionally enters into interest rate swap transactions that convert certain fixed-rate debt to variable-rate debt or variable-rate debt to fixed-rate debt in order to manage its targeted mix of fixed- and floating-rate debt. The company uses the hypothetical derivative method to assess the effectiveness of its interest rate swaps on a quarterly basis. The effective portion of the change in the fair value of interest rate swaps designated as fair value hedges is recorded as a change to the carrying value of the related hedged debt, and the effective portion of the change in fair value of interest rate swaps designated as cash flow hedges is recorded in the shareholders' equity section in the company's consolidated balance sheets in "Accumulated other comprehensive income." The ineffective portion of the interest rate swaps, if any, is recorded in "Interest and other financing expense, net" in the company's consolidated statements of operations.

Contingencies and Litigation

The company is subject to proceedings, lawsuits, and other claims related to environmental, regulatory, labor, product, tax, and other matters and assesses the likelihood of an adverse judgment or outcome for these matters, as well as the range of potential losses. A determination of the reserves required, if any, is made after careful analysis. The reserves may change in the future due to new developments impacting the probability of a loss, the estimate of such loss, and the probability of recovery of such loss from third parties.

Stock-Based Compensation

The company records share-based payment awards exchanged for employee services at fair value on the date of grant and expenses the awards in the consolidated statements of operations over the requisite employee service period. Stock-based compensation expense includes an estimate for forfeitures. Stock-based compensation expense related to awards with a market or performance condition is generally recognized over the vesting period of the award utilizing the graded vesting method, while all other awards are recognized on a straight-line basis. The fair value of stock options is determined using the Black-Scholes valuation model and the assumptions shown in Note 12 of the Notes to the Consolidated Financial Statements. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates. The company's estimates may be impacted by certain variables including, but not limited to, stock price volatility, employee stock option exercise behaviors, additional stock option grants, estimates of forfeitures, the company's performance, and related tax impacts.

Costs in Excess of Net Assets of Companies Acquired

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. The company tests goodwill for impairment annually as of the first day of the fourth quarter and/or when an event occurs or circumstances change

such that it is more likely than not that an impairment may exist. Examples of such events and circumstances that the company would consider include the following:

- macroeconomic conditions such as deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets;
- industry and market considerations such as a deterioration in the environment in which the company operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), a change in the market for the company's products or services, or a regulatory or political development;
- cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows;
- overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods;
- other relevant entity-specific events such as changes in management, key personnel, strategy, or customers; contemplation of bankruptcy; or litigation;
- events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit; and
- a sustained decrease in share price (considered in both absolute terms and relative to peers).

Goodwill is tested at a level of reporting referred to as "the reporting unit." The company's reporting units are defined as each of the three regional businesses within the global components business segment, which are the Americas, EMEA, and Asia/Pacific and each of the two regional businesses within the global ECS business segment, which are North America and EMEA.

An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (that is, a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, the company has elected not to perform the qualitative assessment and began its impairment testing with the first step of the two-step impairment process. The first step, used to identify potential impairment, compares the calculated fair value of a reporting unit with its carrying amount. If the carrying amount of the reporting unit is less than its fair value, no impairment exists and the second step is not performed. If the carrying amount of a reporting unit exceeds its fair value, the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for the excess.

The company estimates the fair value of a reporting unit using the income approach. For the purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The assumptions included in the income approach include forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others, all of which require significant judgments by management. Actual results may differ from those assumed in the company's forecasts. The company also reconciles its discounted cash flow analysis to its current market capitalization allowing for a reasonable control premium. As of the first day of the fourth quarters of 2013, 2012, and 2011, the company's annual impairment testing did not indicate impairment at any of the company's reporting units.

A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of the company's businesses, and the company could be required to record an impairment charge in the future, which could impact the company's consolidated balance sheet, as well as the company's consolidated statement of operations. If the company was required to recognize an impairment charge in the future, the charge would not impact the company's consolidated cash flows, current liquidity, capital resources, and covenants under its existing revolving credit facility, asset securitization program, and other outstanding borrowings.

As of December 31, 2013, the company has \$2.04 billion of goodwill, of which approximately \$939.1 million and \$34.0 million was allocated to the Americas and Asia/Pacific reporting units within the global components business segment, respectively and \$584.6 million and \$481.6 million was allocated to the North America and EMEA reporting units within the global ECS business segment, respectively. As of the date of the company's latest impairment test, the fair value of the Americas and Asia/Pacific reporting units within the global components business segment and the fair value of the North America and EMEA reporting units within the global ECS business segment exceeded their carrying values by approximately 21%, 19%, 179%, and 188%, respectively.

Impairment of Long-Lived Assets

The company reviews long-lived assets, including property, plant, and equipment and identifiable intangible assets, for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. The company also tests indefinite-lived intangible assets, consisting of acquired trade names, for impairment at least annually as of the first day of the fourth quarter. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference.

Factors which may cause an impairment of long-lived assets include significant changes in the manner of use of these assets, negative industry or market trends, a significant underperformance relative to historical or projected future operating results, or a likely sale or disposal of the asset before the end of its estimated useful life. If any of these factors exist, the company is required to test the long-lived asset for recoverability and may be required to recognize an impairment charge for all or a portion of the asset's carrying value.

During 2012, the company recorded an impairment charge of \$6.6 million in connection with asset write-downs resulting from the company's decision to exit certain business activities which caused these assets to become redundant and have no future benefit. This impairment charge is included in "Restructuring, integration, and other charges" in the company's consolidated statements of operations.

Impact of Recently Issued Accounting Standards

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU No. 2013-11"). ASU No. 2013-11 requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with limited exceptions. ASU No. 2013-11 is effective for interim and annual periods beginning after December 15, 2013 and may be applied retrospectively. The adoption of the provisions of ASU No. 2013-11 is not expected to have a material impact on the company's financial position or results of operations.

In March 2013, the FASB issued Accounting Standards Update No. 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" ("ASU No. 2013-05"). ASU No. 2013-05 requires an entity that ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU No. 2013-05 is effective for interim and annual periods beginning after December 15, 2013, with early adoption permitted and is to be applied prospectively. The adoption of the provisions of ASU No. 2013-05 is not expected to have a material impact on the company's financial position or results of operations.

In February 2013, the FASB issued Accounting Standards Update No. 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date" ("ASU No. 2013-04"). ASU No. 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of the guidance is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. In addition, ASU No. 2013-04 requires an entity to disclose the nature and amount of the obligation, as well as other information about the obligations. ASU No. 2013-04 is effective for interim and annual periods beginning after December 15, 2013 and is to be applied retrospectively. The adoption of the provisions of ASU No. 2013-04 is not expected to have a material impact on the company's financial position or results of operations.

Information Relating to Forward-Looking Statements

This report includes forward-looking statements that are subject to numerous assumptions, risks, and uncertainties, which could cause actual results or facts to differ materially from such statements for a variety of reasons, including, but not limited to: industry conditions, the company's implementation of its new enterprise resource planning system, changes in product supply, pricing and customer demand, competition, other vagaries in the global components and global ECS markets, changes in relationships with key suppliers, increased profit margin pressure, the effects of additional actions taken to become more efficient or lower costs, risks related to the integration of acquired businesses, change in legal and regulatory matters, and the company's ability to generate additional cash flow. Forward-looking statements are those statements, which are not statements of historical fact. These forward-looking statements can be identified by forward-looking words such as "expects," "anticipates," "intends," "plans," "may," "will," "believes," "seeks," "estimates," and similar expressions. Shareholders and other readers are cautioned not to place undue reliance

on these forward-looking statements, which speak only as of the date on which they are made. The company undertakes no obligation to update publicly or revise any of the forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The company is exposed to market risk from changes in foreign currency exchange rates and interest rates.

Foreign Currency Exchange Rate Risk

The company, as a large global organization, faces exposure to adverse movements in foreign currency exchange rates. These exposures may change over time as business practices evolve and could materially impact the company's financial results in the future. The company's primary exposure relates to transactions in which the currency collected from customers is different from the currency utilized to purchase the product sold in Europe, the Asia Pacific region, Canada, and Latin America. The company's policy is to hedge substantially all such currency exposures for which natural hedges do not exist. Natural hedges exist when purchases and sales within a specific country are both denominated in the same currency and, therefore, no exposure exists to hedge with foreign exchange forward, option, or swap contracts (collectively, the "foreign exchange contracts"). In many regions in Asia, for example, sales and purchases are primarily denominated in U.S. dollars, resulting in a "natural hedge." Natural hedges exist in most countries in which the company operates, although the percentage of natural offsets, as compared with offsets that need to be hedged by foreign exchange contracts, will vary from country to country. The company does not enter into foreign exchange contracts for trading purposes. The risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the company minimizes by limiting its counterparties to major financial institutions. The fair values of the foreign exchange contracts, which are nominal, are estimated using market quotes. The notional amount of the foreign exchange contracts at December 31, 2013 and 2012 was \$445.7 million and \$425.1 million, respectively.

The translation of the financial statements of the non-United States operations is impacted by fluctuations in foreign currency exchange rates. The change in consolidated sales and operating income was impacted by the translation of the company's international financial statements into U.S. dollars. This resulted in increased sales and operating income of \$161.1 million and \$8.4 million, respectively, for 2013, compared with the year-earlier period, based on 2012 sales and operating income at the average rate for 2013. Sales and operating income would decrease by approximately \$630.1 million and \$17.1 million, respectively, if average foreign exchange rates had declined by 10% against the U.S. dollar in 2013. These amounts were determined by considering the impact of a hypothetical foreign exchange rate on the sales and operating income of the company's international operations.

Interest Rate Risk

The company's interest expense, in part, is sensitive to the general level of interest rates in North America, Europe, and the Asia Pacific region. The company historically has managed its exposure to interest rate risk through the proportion of fixed-rate and floating-rate debt in its total debt portfolio. Additionally, the company utilizes interest rate swaps in order to manage its targeted mix of fixed- and floating-rate debt.

At December 31, 2013, approximately 81% of the company's debt was subject to fixed rates, and 19% of its debt was subject to floating rates. A one percentage point change in average interest rates would not materially impact net interest and other financing expense in 2013. This was determined by considering the impact of a hypothetical interest rate on the company's average floating rate on investments and outstanding debt. This analysis does not consider the effect of the level of overall economic activity that could exist. In the event of a change in the level of economic activity, which may adversely impact interest rates, the company could likely take actions to further mitigate any potential negative exposure to the change. However, due to the uncertainty of the specific actions that might be taken and their possible effects, the sensitivity analysis assumes no changes in the company's financial structure.

In September 2011, the company entered into a ten-year forward-starting interest rate swap (the "2011 swap") locking in a treasury rate of 2.63% on an aggregate notional amount of \$175.0 million. This swap managed the risk associated with changes in treasury rates and the impact of future interest payments. The 2011 swap related to the interest payments for anticipated debt issuances to replace the company's 6.875% senior notes due to mature in July 2013. The 2011 swap was classified as a cash flow hedge and had a negative fair value of \$10.8 million at December 31, 2012. In February 2013, the company paid \$7.7 million to terminate the 2011 swap upon issuance of the ten-year notes due in 2023. The fair value of the 2011 swap is recorded in the shareholders' equity section in the company's consolidated balance sheets in "Accumulated other comprehensive income" and will be reclassified into income over the ten-year term of the notes due in 2023. During 2013, the company reclassified \$(.2) million into income relating to the 2011 swap.

In December 2010, the company entered into interest rate swaps, with an aggregate notional amount of \$250.0 million. The swaps modified the company's interest rate exposure by effectively converting the fixed 3.375% notes due in November 2015 to a floating rate, based on the three-month U.S. dollar LIBOR plus a spread, through its maturity. In September 2011, these interest rate swap agreements were terminated for proceeds of \$11.9 million, net of accrued interest. The proceeds of the swap terminations, less

accrued interest, were reflected as a premium to the underlying debt and are being amortized as a reduction to interest expense over the remaining term of the underlying debt.

In June 2004 and November 2009, the company entered into interest rate swaps, with an aggregate notional amount of \$275.0 million. The swaps modified the company's interest rate exposure by effectively converting a portion of the fixed 6.875% senior notes due in July 2013 to a floating rate, based on the six-month U.S. dollar LIBOR plus a spread, through its maturity. In September 2011, these interest rate swap agreements were terminated for proceeds of \$12.2 million, net of accrued interest. The proceeds of the swap terminations, less accrued interest, were reflected as a premium to the underlying debt and were being amortized as a reduction to interest expense over the term of the underlying debt.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Arrow Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Arrow Electronics, Inc. (the "company") as of December 31, 2013 and 2012 and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and the schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arrow Electronics, Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Arrow Electronics, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 5, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
February 5, 2014

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

	Years Ended December 31,		
	2013	2012	2011
Sales	\$ 21,357,285	\$ 20,405,128	\$ 21,390,264
Costs and expenses:			
Cost of sales	18,566,356	17,667,842	18,441,661
Selling, general, and administrative expenses	1,873,638	1,849,534	1,892,592
Depreciation and amortization	131,141	115,350	103,482
Restructuring, integration, and other charges	92,650	47,437	37,811
Settlement of legal matters	—	(79,158)	5,875
	<u>20,663,785</u>	<u>19,601,005</u>	<u>20,481,421</u>
Operating income	693,500	804,123	908,843
Equity in earnings of affiliated companies	7,429	8,112	6,736
Interest and other financing expense, net	114,433	101,876	105,971
Other	4,277	—	(193)
Income before income taxes	582,219	710,359	809,801
Provision for income taxes	182,343	203,642	210,485
Consolidated net income	399,876	506,717	599,316
Noncontrolling interests	456	385	506
Net income attributable to shareholders	<u>\$ 399,420</u>	<u>\$ 506,332</u>	<u>\$ 598,810</u>
Net income per share:			
Basic	\$ 3.89	\$ 4.64	\$ 5.25
Diluted	\$ 3.85	\$ 4.56	\$ 5.17
Weighted-average shares outstanding:			
Basic	102,559	109,240	114,025
Diluted	103,699	111,077	115,932

See accompanying notes.

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

	Years Ended December 31,		
	2013	2012	2011
Consolidated net income	\$ 399,876	\$ 506,717	\$ 599,316
Other comprehensive income:			
Foreign currency translation adjustment	65,793	23,889	(49,384)
Unrealized gain (loss) on investment securities, net	1,027	3,679	(11,886)
Unrealized gain (loss) on interest rate swaps designated as cash flow hedges, net	2,075	(4,805)	(1,855)
Employee benefit plan items, net	11,520	(6,976)	(14,482)
Other comprehensive income (loss)	80,415	15,787	(77,607)
Comprehensive income	480,291	522,504	521,709
Less: Comprehensive income attributable to noncontrolling interests	456	192	486
Comprehensive income attributable to shareholders	\$ 479,835	\$ 522,312	\$ 521,223

See accompanying notes.

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

	December 31,	
	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 390,602	\$ 409,684
Accounts receivable, net	5,769,759	4,923,898
Inventories	2,167,287	2,052,720
Other current assets	258,122	328,999
Total current assets	8,585,770	7,715,301
Property, plant, and equipment, at cost:		
Land	24,051	23,944
Buildings and improvements	142,583	152,008
Machinery and equipment	1,113,987	1,030,983
	1,280,621	1,206,935
Less: Accumulated depreciation and amortization	(648,232)	(607,294)
Property, plant, and equipment, net	632,389	599,641
Investments in affiliated companies	67,229	65,603
Intangible assets, net	426,069	414,033
Cost in excess of net assets of companies acquired	2,039,293	1,711,703
Other assets	310,133	279,406
Total assets	\$ 12,060,883	\$ 10,785,687
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 4,503,200	\$ 3,769,268
Accrued expenses	774,868	776,586
Short-term borrowings, including current portion of long-term debt	23,878	364,357
Total current liabilities	5,301,946	4,910,211
Long-term debt	2,226,132	1,587,478
Other liabilities	347,977	300,636
Equity:		
Shareholders' equity:		
Common stock, par value \$1:		
Authorized - 160,000 shares in both 2013 and 2012		
Issued - 125,424 shares in both 2013 and 2012		
	125,424	125,424
Capital in excess of par value	1,071,075	1,086,239
Treasury stock (25,488 and 19,423 shares in 2013 and 2012, respectively), at cost	(920,528)	(652,867)
Retained earnings	3,678,709	3,279,289
Accumulated other comprehensive income	225,552	145,137
Total shareholders' equity	4,180,232	3,983,222
Noncontrolling interests	4,596	4,140
Total equity	4,184,828	3,987,362
Total liabilities and equity	\$ 12,060,883	\$ 10,785,687

See accompanying notes.

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

	Years Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Consolidated net income	\$ 399,876	\$ 506,717	\$ 599,316
Adjustments to reconcile consolidated net income to net cash provided by operations:			
Depreciation and amortization	131,141	115,350	103,482
Amortization of stock-based compensation	36,923	34,546	39,225
Equity in earnings of affiliated companies	(7,429)	(8,112)	(6,736)
Deferred income taxes	273	(5,414)	(11,377)
Restructuring, integration, and other charges	65,601	30,739	28,054
Excess tax benefits from stock-based compensation arrangements	(7,172)	(5,029)	(7,956)
Other	3,534	(5,786)	4,309
Change in assets and liabilities, net of effects of acquired businesses:			
Accounts receivable	(572,886)	(318,689)	(193,492)
Inventories	(21,277)	(62,383)	105,150
Accounts payable	446,814	406,874	(465,603)
Accrued expenses	(123,969)	38,858	(74,236)
Other assets and liabilities	99,262	(52,638)	747
Net cash provided by operating activities	450,691	675,033	120,883
Cash flows from investing activities:			
Cash consideration paid for acquired businesses	(367,940)	(281,918)	(532,568)
Acquisition of property, plant, and equipment	(116,162)	(112,224)	(113,941)
Purchase of cost method investments	(3,000)	(15,000)	—
Net cash used for investing activities	(487,102)	(409,142)	(646,509)
Cash flows from financing activities:			
Change in short-term and other borrowings	(31,340)	(9,812)	(6,172)
Proceeds from (repayment of) long-term bank borrowings, net	71,400	(5,400)	354,000
Repayment of bank term loan	—	—	(200,000)
Net proceeds from note offering	591,156	—	—
Redemption of senior notes	(338,184)	—	(19,324)
Proceeds from exercise of stock options	36,014	13,372	46,665
Excess tax benefits from stock-based compensation arrangements	7,172	5,029	7,956
Repurchases of common stock	(362,793)	(260,870)	(197,044)
Net cash used for financing activities	(26,575)	(257,681)	(13,919)
Effect of exchange rate changes on cash	43,904	4,587	10,111
Net increase (decrease) in cash and cash equivalents	(19,082)	12,797	(529,434)
Cash and cash equivalents at beginning of year	409,684	396,887	926,321
Cash and cash equivalents at end of year	\$ 390,602	\$ 409,684	\$ 396,887

See accompanying notes.

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

	Common Stock at Par Value	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total
Balance at December 31, 2010	\$ 125,337	\$ 1,063,461	\$ (318,494)	\$ 2,174,147	\$ 206,744	\$ —	\$ 3,251,195
Consolidated net income	—	—	—	598,810	—	506	599,316
Foreign currency translation adjustment	—	—	—	—	(49,364)	(20)	(49,384)
Unrealized loss on investment securities, net	—	—	—	—	(11,886)	—	(11,886)
Unrealized loss on interest rate swaps designated as cash flow hedges, net	—	—	—	—	(1,855)	—	(1,855)
Employee benefit plan items, net	—	—	—	—	(14,482)	—	(14,482)
Amortization of stock-based compensation	—	39,225	—	—	—	—	39,225
Shares issued for stock-based compensation awards	45	(33,959)	80,579	—	—	—	46,665
Tax benefits related to stock-based compensation awards	—	7,548	—	—	—	—	7,548
Repurchases of common stock	—	—	(197,044)	—	—	—	(197,044)
Acquisition of noncontrolling interests	—	—	—	—	—	5,962	5,962
Balance at December 31, 2011	125,382	1,076,275	(434,959)	2,772,957	129,157	6,448	3,675,260
Consolidated net income	—	—	—	506,332	—	385	506,717
Foreign currency translation adjustment	—	—	—	—	24,082	(193)	23,889
Unrealized gain on investment securities, net	—	—	—	—	3,679	—	3,679
Unrealized loss on interest rate swaps designated as cash flow hedges, net	—	—	—	—	(4,805)	—	(4,805)
Employee benefit plan items, net	—	—	—	—	(6,976)	—	(6,976)
Amortization of stock-based compensation	—	34,546	—	—	—	—	34,546
Shares issued for stock-based compensation awards	42	(29,632)	42,962	—	—	—	13,372
Tax benefits related to stock-based compensation awards	—	5,076	—	—	—	—	5,076
Repurchases of common stock	—	—	(260,870)	—	—	—	(260,870)
Purchase of subsidiary shares from noncontrolling interest	—	(26)	—	—	—	(2,500)	(2,526)
Balance at December 31, 2012	\$ 125,424	\$ 1,086,239	\$ (652,867)	\$ 3,279,289	\$ 145,137	\$ 4,140	\$ 3,987,362

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

	Common Stock at Par Value	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total
Balance at December 31, 2012	\$ 125,424	\$ 1,086,239	\$ (652,867)	\$ 3,279,289	\$ 145,137	\$ 4,140	\$ 3,987,362
Consolidated net income	—	—	—	399,420	—	456	399,876
Foreign currency translation adjustment	—	—	—	—	65,793	—	65,793
Unrealized gain on investment securities, net	—	—	—	—	1,027	—	1,027
Unrealized gain on interest rate swaps designated as cash flow hedges, net	—	—	—	—	2,075	—	2,075
Employee benefit plan items, net	—	—	—	—	11,520	—	11,520
Amortization of stock-based compensation	—	36,923	—	—	—	—	36,923
Shares issued for stock-based compensation awards	—	(59,118)	95,132	—	—	—	36,014
Tax benefits related to stock-based compensation awards	—	7,031	—	—	—	—	7,031
Repurchases of common stock	—	—	(362,793)	—	—	—	(362,793)
Balance at December 31, 2013	\$ 125,424	\$ 1,071,075	\$ (920,528)	\$ 3,678,709	\$ 225,552	\$ 4,596	\$ 4,184,828

See accompanying notes.

ARROW ELECTRONICS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the company and its majority-owned subsidiaries. All significant intercompany transactions are eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the company to make significant estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments, which are readily convertible into cash, with original maturities of three months or less.

Inventories

Inventories are stated at the lower of cost or market. Cost approximates the first-in, first-out method. Substantially all inventories represent finished goods held for sale.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The estimated useful lives for depreciation of buildings is generally 20 to 30 years, and the estimated useful lives of machinery and equipment is generally three to ten years. Leasehold improvements are amortized over the shorter of the term of the related lease or the life of the improvement. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If the carrying value of the asset can not be recovered from estimated future cash flows, undiscounted and without interest, the fair value of the asset is calculated using the present value of estimated net future cash flows. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference.

Software Development Costs

The company capitalizes certain internal and external costs incurred to acquire or create internal-use software. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software, which is generally three to seven years. At December 31, 2013 and 2012, the company had unamortized software development costs of \$420,180 and \$407,032, respectively, which are included in "Machinery and equipment" in the company's consolidated balance sheets.

Identifiable Intangible Assets

Amortization of definite-lived intangible assets is computed on the straight-line method over the estimated useful lives of the assets, while indefinite-lived intangible assets are not amortized. Identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The company also tests indefinite-lived intangible assets, consisting of acquired trade names, for impairment at least annually as of the first day of the fourth quarter. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference.

Investments

Investments are accounted for using the equity method if the investment provides the company the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist if the company has an ownership interest in the voting stock of the investee between 20% and 50%, although other factors, such as representation on the investee's Board of Directors, are considered in determining whether the equity method is appropriate. The company records its investments

ARROW ELECTRONICS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)

in equity method investees meeting these characteristics as "Investments in affiliated companies" in the company's consolidated balance sheets.

All other equity investments, which consist of investments for which the company does not possess the ability to exercise significant influence, are accounted for under the cost method, if privately held, or as available-for-sale, if publicly traded, and are included in "Other assets" in the company's consolidated balance sheets. Under the cost method of accounting, investments are carried at cost and are adjusted only for other-than-temporary declines in realizable value and additional investments. The company accounts for available-for-sale investments at fair value, using quoted market prices, and the related holding gains and losses are included in "Accumulated other comprehensive income" in the shareholders' equity section in the company's consolidated balance sheets. The company assesses its long-term investments accounted for as available-for-sale on an ongoing basis to determine whether declines in market value below cost are other-than-temporary. When the decline is determined to be other-than-temporary, the cost basis for the individual security is reduced and a loss is realized in the company's consolidated statement of operations in the period in which it occurs. The company makes such determination after considering the length of time and the extent to which the market value of the investment is less than its cost, the financial condition and operating results of the investee, and the company's intent and ability to retain the investment over time to potentially allow for any recovery in market value. In addition, the company assesses the following factors:

- broad economic factors impacting the investee's industry;
- publicly available forecasts for sales and earnings growth for the industry and investee; and
- the cyclical nature of the investee's industry.

The company could incur an impairment charge in future periods if, among other factors, the investee's future earnings differ from currently available forecasts.

Cost in Excess of Net Assets of Companies Acquired

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. The company tests goodwill for impairment annually as of the first day of the fourth quarter and/or when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. Examples of such events and circumstances that the company would consider include the following:

- macroeconomic conditions such as deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets;
- industry and market considerations such as a deterioration in the environment in which the company operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), a change in the market for the company's products or services, or a regulatory or political development;
- cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows;
- overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods;
- other relevant entity-specific events such as changes in management, key personnel, strategy, or customers; contemplation of bankruptcy; or litigation;
- events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit; and
- a sustained decrease in share price (considered in both absolute terms and relative to peers).

Goodwill is tested at a level of reporting referred to as "the reporting unit." The company's reporting units are defined as each of the three regional businesses within the global components business segment, which are the Americas, EMEA (Europe, Middle East, and Africa), and Asia/Pacific and each of the two regional businesses within the global Enterprise Computing Solutions ("ECS") business segment, which are North America and EMEA.

An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (that is, a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary.

ARROW ELECTRONICS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)

The company has elected not to perform the qualitative assessment and began its impairment testing with the first step of the two-step impairment process. The first step, used to identify potential impairment, compares the calculated fair value of a reporting unit with its carrying amount. If the carrying amount of the reporting unit is less than its fair value, no impairment exists and the second step is not performed. If the carrying amount of a reporting unit exceeds its fair value, the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for the excess.

The company estimates the fair value of a reporting unit using the income approach. For the purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The assumptions included in the income approach include forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others, all of which require significant judgments by management. Actual results may differ from those assumed in the company's forecasts. The company also reconciles its discounted cash flow analysis to its current market capitalization allowing for a reasonable control premium. As of the first day of the fourth quarters of 2013, 2012, and 2011, the company's annual impairment testing did not indicate impairment at any of the company's reporting units.

Foreign Currency Translation and Remeasurement

The assets and liabilities of international operations are translated at the exchange rates in effect at the balance sheet date. Revenue and expense accounts are translated at the monthly average exchange rates. Adjustments arising from the translation of the foreign currency financial statements of the company's international operations are reported as a component of "Accumulated other comprehensive income" in the company's consolidated balance sheets.

For foreign currency remeasurement from each local currency into the appropriate functional currency, monetary assets and liabilities are remeasured to functional currencies using current exchange rates in effect at the balance sheet date. Gains or losses from these remeasurements were not significant and have been included in the company's consolidated statements of operations. Non-monetary assets and liabilities are recorded at historical exchange rates, and the related remeasurement gains or losses are reported as a component of "Accumulated other comprehensive income" in the company's consolidated balance sheets.

Income Taxes

Income taxes are accounted for under the liability method. Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. The carrying value of the company's deferred tax assets is dependent upon the company's ability to generate sufficient future taxable income in certain tax jurisdictions. Should the company determine that it is more likely than not that some portion or all of its deferred tax assets will not be realized, a valuation allowance to the deferred tax assets would be established in the period such determination was made.

It is the company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. At December 31, 2013, the company believes it has appropriately accounted for any unrecognized tax benefits. To the extent the company prevails in matters for which a liability for an unrecognized tax benefit is established or is required to pay amounts in excess of the liability, the company's effective tax rate in a given financial statement period may be affected.

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to shareholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Comprehensive Income

Comprehensive income consists of consolidated net income, foreign currency translation adjustment, employee benefit plan items, and unrealized gains or losses on investment securities and interest rate swaps designated as cash flow hedges. Unrealized gains or losses on investment securities are net of any reclassification adjustments for realized gains or losses included in consolidated

ARROW ELECTRONICS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)

net income. Foreign currency translation adjustments included in comprehensive income were not tax effected as investments in international affiliates are deemed to be permanent. All other comprehensive income items are net of related income taxes.

Stock-Based Compensation

The company records share-based payment awards exchanged for employee services at fair value on the date of grant and expenses the awards in the consolidated statements of operations over the requisite employee service period. Stock-based compensation expense includes an estimate for forfeitures. Stock-based compensation expense related to awards with a market or performance condition is generally recognized over the vesting period of the award utilizing the graded vesting method, while all other awards are recognized on a straight-line basis. The company recorded, as a component of selling, general, and administrative expenses, amortization of stock-based compensation of \$36,923, \$34,546, and \$39,225 in 2013, 2012, and 2011, respectively.

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The company's operations are classified into two reportable business segments: global components and global ECS.

Revenue Recognition

The company recognizes revenue when there is persuasive evidence of an arrangement, delivery has occurred or services are rendered, the sales price is determinable, and collectibility is reasonably assured. Revenue typically is recognized at time of shipment. Sales are recorded net of discounts, rebates, and returns, which historically have not been material.

A portion of the company's business involves shipments directly from its suppliers to its customers. In these transactions, the company is responsible for negotiating price both with the supplier and customer, payment to the supplier, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the company recognizes the sale and cost of sale of the product upon receiving notification from the supplier that the product was shipped.

The company has certain business with select customers and suppliers that is accounted for on an agency basis (that is, the company recognizes the fees associated with serving as an agent in sales with no associated cost of sales) in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 605-45-45. Generally, these transactions relate to the sale of supplier service contracts to customers where the company has no future obligation to perform under these contracts or the rendering of logistics services for the delivery of inventory for which the company does not assume the risks and rewards of ownership.

During the third quarter of 2012, the company prospectively revised its presentation of sales related to certain fulfillment contracts to present these revenues on an agency basis as net fees, as compared to presenting gross sales and costs of sales in prior periods. This revised presentation had no impact on the company's consolidated balance sheet or statement of cash flows. Within the company's consolidated statement of operations, gross profit dollars, operating income dollars, net income dollars, and earnings per share were also not impacted for any periods reported. Prior to this prospective revision, these contracts approximated one and four percent of the company's consolidated sales for 2012 and 2011, respectively. Management has concluded that the impact of this revised presentation was not material and, therefore, prior periods have not been adjusted.

Shipping and Handling Costs

The company reports shipping and handling costs, primarily related to outbound freight, in the consolidated statements of operations as a component of selling, general, and administrative expenses. Shipping and handling costs included in selling, general, and administrative expenses totaled \$92,620, \$83,278, and \$78,666 in 2013, 2012, and 2011, respectively. If the company included such costs in cost of sales, gross profit margin as a percentage of sales for 2013 would decrease 50 basis points from 13.1% to 12.6% with a corresponding decrease in selling, general, and administrative expenses and no impact on reported earnings.

ARROW ELECTRONICS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)

Impact of Recently Issued Accounting Standards

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU No. 2013-11"). ASU No. 2013-11 requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with limited exceptions. ASU No. 2013-11 is effective for interim and annual periods beginning after December 15, 2013 and may be applied retrospectively. The adoption of the provisions of ASU No. 2013-11 is not expected to have a material impact on the company's financial position or results of operations.

In March 2013, the FASB issued Accounting Standards Update No. 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" ("ASU No. 2013-05"). ASU No. 2013-05 requires an entity that ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU No. 2013-05 is effective for interim and annual periods beginning after December 15, 2013, with early adoption permitted and is to be applied prospectively. The adoption of the provisions of ASU No. 2013-05 is not expected to have a material impact on the company's financial position or results of operations.

In February 2013, the FASB issued Accounting Standards Update No. 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date" ("ASU No. 2013-04"). ASU No. 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of the guidance is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. In addition, ASU No. 2013-04 requires an entity to disclose the nature and amount of the obligation, as well as other information about the obligations. ASU No. 2013-04 is effective for interim and annual periods beginning after December 15, 2013 and is to be applied retrospectively. The adoption of the provisions of ASU No. 2013-04 is not expected to have a material impact on the company's financial position or results of operations.

Reclassification

Certain prior year amounts were reclassified to conform to the current year presentation.

2. Acquisitions

The company accounts for acquisitions using the acquisition method of accounting. The results of operations of acquisitions are included in the company's consolidated results from their respective dates of acquisition. The company allocates the purchase price of each acquisition to the tangible assets, liabilities, and identifiable intangible assets acquired based on their estimated fair values. In certain circumstances, a portion of purchase price may be contingent upon the achievement of certain operating results. The fair values assigned to identifiable intangible assets acquired and contingent consideration were determined primarily by using an income approach which was based on assumptions and estimates made by management. Significant assumptions utilized in the income approach were based on company specific information and projections, which are not observable in the market and are thus considered Level 3 measurements by authoritative guidance (see Note 7). The excess of the purchase price over the fair value of the identified assets and liabilities has been recorded as goodwill. Any change in the estimated fair value of the net assets prior to the finalization of the allocation for acquisitions could change the amount of the purchase price allocable to goodwill. The company is not aware of any information that indicates the final purchase price allocations will differ materially from the preliminary estimates.

Recently Completed Acquisition

In January 2014, the company completed one acquisition for a purchase price of approximately \$60,000 in cash.

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2013 Acquisitions

On October 28, 2013, the company acquired CSS Computer Security Solutions Holding GmbH, doing business as ComputerLinks AG ("ComputerLinks"), for a purchase price of approximately \$313,209, which included \$20,981 of cash acquired. ComputerLinks is a value-added distributor of enterprise computing solutions with a comprehensive offering of IT solutions from many of the world's leading technology suppliers. ComputerLinks has operations in EMEA, North America, and select countries within the Asia Pacific region.

Since the date of the acquisition, ComputerLinks sales for the year ended December 31, 2013 of \$208,177 were included in the company's consolidated results of operations.

The following table summarizes the preliminary allocation of the net consideration paid to the fair value of the assets acquired and liabilities assumed for the ComputerLinks acquisition:

Accounts receivable, net	\$	177,700
Inventories		58,041
Other current assets		11,168
Property, plant, and equipment		7,070
Other assets		1,480
Identifiable intangible assets		39,195
Cost in excess of net assets acquired		275,442
Accounts payable		(213,456)
Accrued expenses		(51,270)
Other liabilities		(13,142)
Cash consideration paid, net of cash acquired	\$	<u>292,228</u>

In connection with the ComputerLinks acquisition, the company allocated the following amounts to identifiable intangible assets:

	<u>Weighted-Average Life</u>	
Customer relationships	9 years	\$ 37,125
Other intangible assets	(a)	2,070
Total identifiable intangible assets		<u>\$ 39,195</u>

(a) Consists of non-competition agreements and sales backlog with useful lives ranging from one to two years.

The cost in excess of net assets acquired related to the ComputerLinks acquisition was recorded in the company's global ECS business segment. The intangible assets related to the ComputerLinks acquisition are not expected to be deductible for income tax purposes.

During 2013, the company completed four additional acquisitions. The aggregate consideration for these four acquisitions was \$80,210, net of cash acquired, and includes \$4,498 of contingent consideration. The impact of these acquisitions was not material, individually or in the aggregate, to the company's consolidated financial position or results of operations.

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The following table summarizes the company's unaudited consolidated results of operations for 2013 and 2012, as well as the unaudited pro forma consolidated results of operations of the company, as though the 2013 acquisitions occurred on January 1:

	For the Years Ended December 31,			
	2013		2012	
	As Reported	Pro Forma	As Reported	Pro Forma
Sales	\$ 21,357,285	\$ 22,191,263	\$ 20,405,128	\$ 21,433,912
Net income attributable to shareholders	399,420	408,290	506,332	524,943
Net income per share:				
Basic	\$ 3.89	\$ 3.98	\$ 4.64	\$ 4.81
Diluted	\$ 3.85	\$ 3.94	\$ 4.56	\$ 4.73

The unaudited pro forma consolidated results of operations do not purport to be indicative of the results obtained had these acquisitions occurred as of the beginning of 2013 and 2012, or of those results that may be obtained in the future. Additionally, the above table does not reflect any anticipated cost savings or cross-selling opportunities expected to result from these acquisitions.

2012 Acquisitions

During 2012, the company completed seven acquisitions. The aggregate consideration for these seven acquisitions was \$289,782, net of cash acquired, and includes \$10,390 of contingent consideration. The impact of these acquisitions was not material, individually or in the aggregate, to the company's consolidated financial position or results of operations. The pro forma impact of the 2012 acquisitions on the consolidated results of operations of the company for the years ended December 31, 2012 and 2011, as though the 2012 acquisitions occurred on January 1 was also not material.

2011 Acquisitions

On March 1, 2011, the company acquired all of the assets and operations of the RF, Wireless and Power Division of Richardson Electronics, Ltd. ("Richardson RFPD") for a purchase price of \$235,973. Richardson RFPD is a leading value-added global component distributor and provider of engineered solutions serving the global radio frequency and wireless communications market. Richardson RFPD's product set includes devices for infrastructure and wireless networks, power management, and alternative energy markets.

On January 3, 2011, the company acquired Nu Horizons Electronics Corp. ("Nu Horizons") for a purchase price of \$161,125, which included cash acquired of \$18,085 and \$26,375 of debt paid at closing. Nu Horizons is a leading global distributor of advanced technology semiconductor, display, illumination, and power solutions to a wide variety of commercial original equipment manufacturers and electronic manufacturing service providers in the components industry. Nu Horizons has sales facilities and logistics centers throughout the world, serving a wide variety of end markets including industrial, military, networking, and data communications.

The fair value of the net assets acquired, including identifiable intangible assets, relating to the Nu Horizons acquisition was approximately \$162,213, which exceeds the purchase price discussed above of \$161,125. Accordingly, the company recognized the excess of the fair value of the net assets acquired over purchase price paid of \$1,088 (\$668 net of related taxes or \$.01 per share on both a basic and diluted basis) as a gain on bargain purchase. The gain on bargain purchase was included in "Other" in the company's consolidated statements of operations. Prior to recognizing the gain, the company reassessed the fair value of the assets acquired and liabilities assumed in the acquisition. The company believes it was able to acquire Nu Horizons for less than the fair value of its net assets due to Nu Horizons' stock trading below its book value for an extended period of time prior to the announcement of the acquisition. The company offered a purchase price per share for Nu Horizons that was above the prevailing stock price thereby representing a premium to the shareholders. The acquisition of Nu Horizons by the company was approved by Nu Horizons' shareholders.

Since the dates of the acquisitions, Richardson RFPD and Nu Horizons' sales for the year ended December 31, 2011 of \$876,817 were included in the company's consolidated results of operations.

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The cost in excess of net assets acquired related to the Richardson RFPD acquisition was recorded in the company's global components business segment. Substantially all of the intangible assets related to the Richardson RFPD acquisition are expected to be deductible for income tax purposes.

During 2011, the company completed six additional acquisitions for aggregate cash consideration of \$153,555, net of cash acquired. The impact of these acquisitions was not material, individually or in the aggregate, to the company's consolidated financial position or results of operations.

The following table summarizes the company's unaudited consolidated results of operations for 2011, as well as the unaudited pro forma consolidated results of operations of the company, as though the 2011 acquisitions occurred on January 1:

	For the Year Ended December 31, 2011	
	As Reported	Pro Forma
Sales	\$ 21,390,264	\$ 21,573,260
Net income attributable to shareholders	598,810	603,243
Net income per share:		
Basic	\$ 5.25	\$ 5.29
Diluted	\$ 5.17	\$ 5.20

The unaudited pro forma consolidated results of operations do not purport to be indicative of the results obtained had these acquisitions occurred as of the beginning of 2011, or of those results that may be obtained in the future. Additionally, the above table does not reflect any anticipated cost savings or cross-selling opportunities expected to result from these acquisitions.

Other

During 2012, the company made a payment of \$2,526 to increase its ownership interest in a majority-owned subsidiary. The payment was recorded as a reduction to capital in excess of par value, partially offset by the carrying value of the noncontrolling interest.

3. Cost in Excess of Net Assets of Companies Acquired and Intangible Assets, Net

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. The company tests goodwill and other indefinite-lived intangible assets for impairment annually as of the first day of the fourth quarter, or more frequently if indicators of potential impairment exist. As of the first day of the fourth quarters of 2013, 2012, and 2011, the company's annual impairment testing did not result in any indication of impairment.

Cost in excess of net assets of companies acquired, allocated to the company's business segments, is as follows:

	Global Components	Global ECS	Total
Balance as of December 31, 2011 (a)	\$ 763,952	\$ 709,381	\$ 1,473,333
Acquisitions	198,392	34,969	233,361
Foreign currency translation adjustment	(4,428)	9,437	5,009
Balance as of December 31, 2012 (a)	957,916	753,787	1,711,703
Acquisitions	50,218	275,442	325,660
Foreign currency translation adjustment	(7,274)	9,204	1,930
Balance as of December 31, 2013 (a)	\$ 1,000,860	\$ 1,038,433	\$ 2,039,293

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- (a) The total carrying value of cost in excess of net assets of companies acquired for all periods in the table above is reflected net of \$1,018,780 of accumulated impairment charges, of which \$716,925 was recorded in the global components business segment and \$301,855 was recorded in the global ECS business segment.

Intangible assets, net, are comprised of the following as of December 31, 2013:

	Weighted-Average Life	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	indefinite	\$ 179,000	\$ —	\$ 179,000
Customer relationships	10 years	374,244	(134,817)	239,427
Developed technology	5 years	9,625	(4,051)	5,574
Other intangible assets	(b)	4,609	(2,541)	2,068
		\$ 567,478	\$ (141,409)	\$ 426,069

Intangible assets, net, are comprised of the following as of December 31, 2012:

	Weighted-Average Life	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	indefinite	\$ 179,000	\$ —	\$ 179,000
Customer relationships	11 years	325,509	(100,172)	225,337
Developed technology	5 years	11,154	(2,508)	8,646
Other intangible assets	(b)	2,761	(1,711)	1,050
		\$ 518,424	\$ (104,391)	\$ 414,033

- (b) Consists of non-competition agreements and sales backlog with useful lives ranging from one to three years.

Amortization expense related to identifiable intangible assets was \$36,769 (\$29,339 net of related taxes or \$.29 and \$.28 per share on a basic and diluted basis, respectively), \$36,508 (\$29,336 net of related taxes or \$.27 and \$.26 per share on a basic and diluted basis, respectively), and \$35,359 (\$27,070 net of related taxes or \$.24 and \$.23 per share on a basic and diluted basis, respectively) for the years ended December 31, 2013, 2012, and 2011, respectively. Amortization expense for each of the years 2014 through 2018 is estimated to be approximately \$42,375, \$41,101, \$39,002, \$35,207, and \$29,282, respectively.

4. Investments in Affiliated Companies

The company owns a 50% interest in several joint ventures with Marubun Corporation (collectively "Marubun/Arrow") and a 50% interest in Arrow Altech Holdings (Pty.) Ltd. ("Altech Industries"), a joint venture with Allied Technologies Limited. These investments are accounted for using the equity method.

The following table presents the company's investment in Marubun/Arrow and the company's investment and long-term note receivable in Altech Industries at December 31:

	2013	2012
Marubun/Arrow	\$ 54,672	\$ 50,864
Altech Industries	12,557	14,739
	\$ 67,229	\$ 65,603

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The equity in earnings of affiliated companies for the years ended December 31 consists of the following:

	2013	2012	2011
Marubun/Arrow	\$ 6,386	\$ 6,825	\$ 5,338
Altech Industries	1,043	1,287	1,398
	<u>\$ 7,429</u>	<u>\$ 8,112</u>	<u>\$ 6,736</u>

Under the terms of various joint venture agreements, the company is required to pay its pro-rata share of the third party debt of the joint ventures in the event that the joint ventures are unable to meet their obligations. At December 31, 2013, the company's pro-rata share of this debt was approximately \$650. The company believes that there is sufficient equity in each of the joint ventures to meet their obligations.

5. Accounts Receivable

Accounts receivable, net, consists of the following at December 31:

	2013	2012
Accounts receivable	\$ 5,833,888	\$ 4,978,136
Allowances for doubtful accounts	(64,129)	(54,238)
Accounts receivable, net	<u>\$ 5,769,759</u>	<u>\$ 4,923,898</u>

The company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowances for doubtful accounts are determined using a combination of factors, including the length of time the receivables are outstanding, the current business environment, and historical experience.

6. Debt

Short-term borrowings, including current portion of long-term debt, consists of the following at December 31:

	2013	2012
6.875% senior notes, due 2013	\$ —	\$ 335,384
Short-term borrowings in various countries	23,878	28,973
	<u>\$ 23,878</u>	<u>\$ 364,357</u>

Short-term borrowings in various countries are primarily utilized to support the working capital requirements of certain international operations. The weighted-average interest rates on these borrowings at December 31, 2013 and 2012 were 4.5% and 4.2%, respectively.

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Long-term debt consists of the following at December 31:

	2013	2012
Revolving credit facility	\$ —	\$ 123,600
Asset securitization program	420,000	225,000
3.375% notes, due 2015	255,004	257,732
6.875% senior debentures, due 2018	199,078	198,869
3.00% notes, due 2018	298,691	—
6.00% notes, due 2020	299,945	299,936
5.125% notes, due 2021	249,435	249,356
4.50% notes, due 2023	297,767	—
7.50% senior debentures, due 2027	198,170	198,030
Other obligations with various interest rates and due dates	8,042	34,955
	<u>\$ 2,226,132</u>	<u>\$ 1,587,478</u>

The 7.50% senior debentures are not redeemable prior to their maturity. The 3.375% notes, 6.875% senior debentures, 3.00% notes, 6.00% notes, 5.125% notes, and 4.50% notes may be called at the option of the company subject to "make whole" clauses.

The estimated fair market value at December 31, using quoted market prices, is as follows:

	2013	2012
6.875% senior notes, due 2013	\$ —	\$ 342,000
3.375% notes, due 2015	260,000	260,000
6.875% senior debentures, due 2018	228,000	236,000
3.00% notes, due 2018	300,000	—
6.00% notes, due 2020	330,000	342,000
5.125% notes, due 2021	260,000	272,500
4.50% notes, due 2023	291,000	—
7.50% senior debentures, due 2027	232,000	246,000

The carrying amount of the company's short-term borrowings in various countries, revolving credit facility, asset securitization program, and other obligations approximate their fair value.

In December 2013, the company entered into a \$1,500,000 revolving credit facility, maturing in December 2018. This facility may be used by the company for general corporate purposes including working capital in the ordinary course of business, letters of credit, repayment, prepayment or purchase of long-term indebtedness and acquisitions, and as support for the company's commercial paper program, as applicable. This agreement amended the company's \$1,200,000 revolving credit facility which was scheduled to expire in August 2016. Interest on borrowings under the revolving credit facility is calculated using a base rate or a euro currency rate plus a spread based on the company's credit ratings (1.30% at December 31, 2013). The facility fee is .20%. There were no outstanding borrowings under the revolving credit facility at December 31, 2013. At December 31, 2012, the company had \$123,600 in outstanding borrowings under the revolving credit facility.

The company has a \$775,000 asset securitization program collateralized by accounts receivable of certain of its United States subsidiaries, maturing in December 2014. The asset securitization program is conducted through Arrow Electronics Funding Corporation ("AFC"), a wholly-owned, bankruptcy remote subsidiary. The asset securitization program does not qualify for sale treatment. Accordingly, the accounts receivable and related debt obligation remain on the company's consolidated balance sheets. Interest on borrowings is calculated using a base rate or a commercial paper rate plus a spread, which is based on the company's credit ratings (.40% at December 31, 2013), or an effective interest rate of .61% at December 31, 2013. The facility fee is .40%.

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At December 31, 2013 and 2012, the company had \$420,000 and \$225,000, respectively, in outstanding borrowings under the asset securitization program, which was included in "Long-term debt" in the company's consolidated balance sheets, and total collateralized accounts receivable of approximately \$1,867,552 and \$1,610,946, respectively, were held by AFC and were included in "Accounts receivable, net" in the company's consolidated balance sheets. Any accounts receivable held by AFC would likely not be available to other creditors of the company in the event of bankruptcy or insolvency proceedings before repayment of any outstanding borrowings under the asset securitization program.

Both the revolving credit facility and asset securitization program include terms and conditions that limit the incurrence of additional borrowings, limit the company's ability to pay cash dividends or repurchase stock, and require that certain financial ratios be maintained at designated levels. The company was in compliance with all covenants as of December 31, 2013 and is currently not aware of any events that would cause non-compliance with any covenants in the future.

Annual payments of borrowings during each of the years 2014 through 2018 are \$443,878, \$261,400, \$1,395, \$229, and \$497,791, respectively, and \$1,045,317 for all years thereafter.

In February 2013, the company completed the sale of \$300,000 principal amount of its 3.00% notes due in 2018 and \$300,000 principal amount of its 4.50% notes due in 2023. The net proceeds of the offering of \$591,156 were used to refinance the company's 6.875% senior notes due July 2013 and for general corporate purposes.

In March 2013, the company redeemed \$332,107 principal amount of its 6.875% senior notes due July 2013. The related loss on the redemption aggregated \$4,277 (\$2,627 net of related taxes or \$.03 per share on both a basic and diluted basis) and was recognized as a loss on prepayment of debt which was included in "Other" in the company's consolidated statements of operations.

During 2011, the company repaid its \$200,000 bank term loan which was due in January 2012.

During 2011, the company redeemed \$17,893 principal amount of its 6.875% senior notes due in 2013. The related loss on the repurchase aggregated \$895 (\$549 net of related taxes) and was recognized as a loss on prepayment of debt which was included in "Other" in the company's consolidated statements of operations.

Interest and other financing expense, net, includes interest and dividend income of \$5,632, \$5,779, and \$6,113 in 2013, 2012, and 2011, respectively. Interest paid, net of interest and dividend income, amounted to \$116,663, \$113,628, and \$104,340 in 2013, 2012, and 2011, respectively.

7. Financial Instruments Measured at Fair Value

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

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

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The following table presents assets (liabilities) measured at fair value on a recurring basis at December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Available-for-sale securities	\$ 69,857	\$ —	\$ —	\$ 69,857
Foreign exchange contracts	—	(654)	—	(654)
Contingent consideration	—	—	(5,845)	(5,845)
	<u>\$ 69,857</u>	<u>\$ (654)</u>	<u>\$ (5,845)</u>	<u>\$ 63,358</u>

The following table presents assets (liabilities) measured at fair value on a recurring basis at December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Available-for-sale securities	\$ 67,903	\$ —	\$ —	\$ 67,903
Interest rate swaps	—	(10,832)	—	(10,832)
Foreign exchange contracts	—	(107)	—	(107)
Contingent consideration	—	—	(806)	(806)
	<u>\$ 67,903</u>	<u>\$ (10,939)</u>	<u>\$ (806)</u>	<u>\$ 56,158</u>

The following table summarizes the Level 3 activity for the year ended December 31, 2013:

Balance as of December 31, 2012	\$ (806)
Fair value of initial contingent consideration	(4,521)
Change in fair value of contingent consideration included in earnings	(518)
Balance as of December 31, 2013	<u>\$ (5,845)</u>

The change in the fair value of contingent consideration is included in "Restructuring, integration, and other charges" in the company's consolidated statements of operations.

During 2013, 2012, and 2011 there were no transfers of assets (liabilities) measured at fair value between the three levels of the fair value hierarchy.

Available-For-Sale Securities

The company has an 8.4% equity ownership interest in Marubun Corporation ("Marubun"), a 1.9% equity ownership interest in WPG Holdings Co., Ltd. ("WPG"), and a portfolio of mutual funds with quoted market prices, all of which are accounted for as available-for-sale securities.

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The fair value of the company's available-for-sale securities is as follows at December 31:

	2013		
	Marubun	WPG	Mutual Funds
Cost basis	\$ 10,016	\$ 10,798	\$ 15,614
Unrealized holding gain	2,709	24,903	5,817
Fair value	\$ 12,725	\$ 35,701	\$ 21,431

	2012		
	Marubun	WPG	Mutual Funds
Cost basis	\$ 10,016	\$ 10,798	\$ 15,271
Unrealized holding gain	85	29,784	1,949
Fair value	\$ 10,101	\$ 40,582	\$ 17,220

The fair values of these investments are included in "Other assets" in the company's consolidated balance sheets, and the related unrealized holding gains or losses are included in "Accumulated other comprehensive income" in the shareholders' equity section in the company's consolidated balance sheets.

Derivative Instruments

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

The fair values of derivative instruments in the consolidated balance sheets are as follows at December 31:

	Balance Sheet Location	Asset (Liability) Derivatives	
		Fair Value	
		2013	2012
Derivative instruments designated as hedges:			
Interest rate swaps designated as cash flow hedges	Accrued expenses	\$ —	\$ (10,832)
Foreign exchange contracts designated as cash flow hedges	Other current assets	368	433
Foreign exchange contracts designated as cash flow hedges	Accrued expenses	(203)	(45)
Total derivative instruments designated as hedging instruments		165	(10,444)
Derivative instruments not designated as hedges:			
Foreign exchange contracts	Other current assets	1,275	1,561
Foreign exchange contracts	Accrued expenses	(2,094)	(2,056)
Total derivative instruments not designated as hedging instruments		(819)	(495)
Total		\$ (654)	\$ (10,939)

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The effect of derivative instruments on the consolidated statements of operations is as follows for the years ended December 31:

	Gain (Loss) Recognized in Income		
	2013	2012	2011
Derivative instruments not designated as hedges:			
Foreign exchange contracts (a)	\$ (144)	\$ (3,777)	\$ (3,633)
Cash Flow Hedges			
	Interest Rate Swaps (b)	Foreign Exchange Contracts (c)	
2013			
<u>Effective portion:</u>			
Gain (loss) recognized in other comprehensive income	\$ 3,132	\$ (243)	
Gain (loss) reclassified into income	\$ (537)	\$ 439	
<u>Ineffective portion:</u>			
Gain (loss) recognized in income	\$ 292	\$ —	
2012			
<u>Effective portion:</u>			
Gain (loss) recognized in other comprehensive income	\$ (7,823)	\$ 1,012	
Gain (loss) reclassified into income	\$ —	\$ (54)	
<u>Ineffective portion:</u>			
Gain (loss) recognized in income	\$ —	\$ —	
2011			
<u>Effective portion:</u>			
Gain (loss) recognized in other comprehensive income	\$ (3,009)	\$ (711)	
Gain (loss) reclassified into income	\$ —	\$ 53	
<u>Ineffective portion:</u>			
Gain (loss) recognized in income	\$ —	\$ —	

- (a) The amount of gain (loss) recognized in income on derivatives is recorded in "Cost of sales" in the company's consolidated statements of operations.
- (b) Both the effective and ineffective portions of any gain (loss) reclassified or recognized in income are recorded in "Interest and other financing expense, net" in the company's consolidated statements of operations.
- (c) Both the effective and ineffective portions of any gain (loss) reclassified or recognized in income are recorded in "Cost of sales" in the company's consolidated statements of operations.

Interest Rate Swaps

The company occasionally enters into interest rate swap transactions that convert certain fixed-rate debt to variable-rate debt or variable-rate debt to fixed-rate debt in order to manage its targeted mix of fixed- and floating-rate debt. The company uses the hypothetical derivative method to assess the effectiveness of its interest rate swaps on a quarterly basis. The effective portion of the change in the fair value of interest rate swaps designated as fair value hedges is recorded as a change to the carrying value of the related hedged debt, and the effective portion of the change in fair value of interest rate swaps designated as cash flow hedges

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is recorded in the shareholders' equity section in the company's consolidated balance sheets in "Accumulated other comprehensive income." The ineffective portion of the interest rate swaps, if any, is recorded in "Interest and other financing expense, net" in the company's consolidated statements of operations.

In September 2011, the company entered into a ten-year forward-starting interest rate swap (the "2011 swap") which locked in a treasury rate of 2.63% on an aggregate notional amount of \$175,000. This swap managed the risk associated with changes in treasury rates and the impact of future interest payments. The 2011 swap related to the interest payments for anticipated debt issuances to replace the company's 6.875% senior notes due to mature in July 2013. The 2011 swap is classified as a cash flow hedge and had a negative fair value of \$10,832 at December 31, 2012. In February 2013, the company paid \$7,700 to terminate the 2011 swap upon issuance of the ten-year notes due in 2023. The fair value of the 2011 swap was recorded in the shareholders' equity section in the company's consolidated balance sheets in "Accumulated other comprehensive income" and will be reclassified into income over the ten-year term of the notes due in 2023. During 2013, the company reclassified \$(245) into income relating to the 2011 swap.

In December 2010, the company entered into interest rate swaps, with an aggregate notional amount of \$250,000. The swaps modified the company's interest rate exposure by effectively converting the fixed 3.375% notes due in November 2015 to a floating rate, based on the three-month U.S. dollar LIBOR plus a spread, through its maturity. In September 2011, these interest rate swap agreements were terminated for proceeds of \$11,856, net of accrued interest. The proceeds of the swap terminations, less accrued interest, were reflected as a premium to the underlying debt and are being amortized as a reduction to interest expense over the remaining term of the underlying debt.

In June 2004 and November 2009, the company entered into interest rate swaps, with an aggregate notional amount of \$275,000. The swaps modified the company's interest rate exposure by effectively converting a portion of the fixed 6.875% senior notes due in July 2013 to a floating rate, based on the six-month U.S. dollar LIBOR plus a spread, through its maturity. In September 2011, these interest rate swap agreements were terminated for proceeds of \$12,203, net of accrued interest. The proceeds of the swap terminations, less accrued interest, were reflected as a premium to the underlying debt and were amortized as a reduction to interest expense over the term of the underlying debt.

Foreign Exchange Contracts

The company enters into foreign exchange forward, option, or swap contracts (collectively, the "foreign exchange contracts") to mitigate the impact of changes in foreign currency exchange rates. These contracts are executed to facilitate the hedging of foreign currency exposures resulting from inventory purchases and sales and generally have terms of no more than six months. Gains or losses on these contracts are deferred and recognized when the underlying future purchase or sale is recognized or when the corresponding asset or liability is revalued. The company does not enter into foreign exchange contracts for trading purposes. The risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the company minimizes by limiting its counterparties to major financial institutions. The fair value of the foreign exchange contracts are estimated using market quotes. The notional amount of the foreign exchange contracts at December 31, 2013 and 2012 was \$445,684 and \$425,053, respectively.

Contingent Consideration

In connection with two of the 2013 acquisitions, payment of a portion of the respective purchase price is contingent upon the achievement of certain operating results, with maximum possible payouts of \$6,000 over a two-year period and \$5,400 at the end of a three-year period. Additionally, in connection with one of the 2012 acquisitions, payment of a portion of the respective purchase price is contingent upon the achievement of certain operating results, with a maximum possible payout of \$18,000 over a three-year period. The company estimated the fair value of the contingent consideration as the present value of the expected contingent payments, determined using the weighted probabilities of the possible payments. The company reassesses the fair value of the contingent consideration on a quarterly basis. Contingent consideration of \$2,123 and \$3,722 was included in "Accrued expenses" and "Other liabilities" in the company's consolidated balance sheets as of December 31, 2013, respectively. At December 31, 2012, contingent consideration of \$806 was included in "Other liabilities" in the company's consolidated balance sheets. A twenty percent increase or decrease in projected operating performance over the remaining performance period would not result in a material change in the fair value of the contingent consideration recorded as of December 31, 2013.

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Other

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

8. Income Taxes

The provision for income taxes for the years ended December 31 consists of the following:

	2013	2012	2011
Current:			
Federal	\$ 85,173	\$ 134,276	\$ 113,937
State	15,845	22,072	19,416
International	81,052	52,708	88,509
	<u>182,070</u>	<u>209,056</u>	<u>221,862</u>
Deferred:			
Federal	22,973	9,690	25,729
State	2,438	2,572	3,328
International	(25,138)	(17,676)	(40,434)
	<u>273</u>	<u>(5,414)</u>	<u>(11,377)</u>
	<u>\$ 182,343</u>	<u>\$ 203,642</u>	<u>\$ 210,485</u>

The principal causes of the difference between the U.S. federal statutory tax rate of 35% and effective income tax rates for the years ended December 31 are as follows:

	2013	2012	2011
United States	\$ 326,990	\$ 441,526	\$ 405,508
International	255,229	268,833	404,293
Income before income taxes	<u>\$ 582,219</u>	<u>\$ 710,359</u>	<u>\$ 809,801</u>
Provision at statutory tax rate	\$ 203,777	\$ 248,626	\$ 283,430
State taxes, net of federal benefit	11,885	16,019	14,784
International effective tax rate differential	(22,059)	(43,008)	(48,785)
Change in valuation allowance	(8,253)	(6,266)	(49,826)
Other non-deductible expenses	2,840	2,764	4,744
Changes in tax accruals	(1,336)	(10,613)	12,437
Other	(4,511)	(3,880)	(6,299)
Provision for income taxes	<u>\$ 182,343</u>	<u>\$ 203,642</u>	<u>\$ 210,485</u>

During 2013, the company recorded an increase in the provision for income taxes, inclusive of penalties, of \$20,809 (\$.20 per share on both a basic and diluted basis) and interest expense of \$1,623 (\$1,236 net of related taxes or \$.01 per share on both a basic and diluted basis) relating to the settlement of certain international tax matters.

During 2011, the company recorded a net reduction in the provision for income taxes of \$28,928 (\$.25 per share on both a basic and diluted basis) principally due to a reversal of a valuation allowance on certain deferred tax assets as a result of a realignment of the company's international business operations.

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At December 31, 2013, the company had a liability for unrecognized tax benefits of \$45,987 (substantially all of which, if recognized, would favorably affect the company's effective tax rate), of which approximately \$317 is expected to be paid over the next twelve months. The company does not believe there will be any other material changes in its unrecognized tax positions over the next twelve months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31 is as follows:

	2013	2012	2011
Balance at beginning of year	\$ 46,980	\$ 63,498	\$ 66,110
Additions based on tax positions taken during a prior period	22,170	448	10,850
Reductions based on tax positions taken during a prior period	(3,684)	(11,824)	(2,389)
Additions based on tax positions taken during the current period	7,593	8,014	7,602
Reductions related to settlement of tax matters	(24,450)	(8,288)	(12,879)
Reductions related to a lapse of applicable statute of limitations	(2,622)	(4,868)	(5,796)
Balance at end of year	<u>\$ 45,987</u>	<u>\$ 46,980</u>	<u>\$ 63,498</u>

Interest costs related to unrecognized tax benefits are classified as a component of "Interest and other financing expense, net" in the company's consolidated statements of operations. In 2013, 2012, and 2011 the company recognized \$267, \$18, and \$2,068, respectively, of interest expense related to unrecognized tax benefits. At December 31, 2013 and 2012, the company had a liability for the payment of interest of \$10,637 and \$10,599, respectively, related to unrecognized tax benefits.

In many cases the company's uncertain tax positions are related to tax years that remain subject to examination by tax authorities. The following describes the open tax years, by major tax jurisdiction, as of December 31, 2013:

United States - Federal	2010 - present
United States - States	2007 - present
Germany (a)	2010 - present
Hong Kong	2006 - present
Italy (a)	2008 - present
Sweden	2007 - present
United Kingdom	2011 - present

(a) Includes federal as well as local jurisdictions.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated balance sheets. These temporary differences result in taxable or deductible amounts in future years.

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The significant components of the company's deferred tax assets and liabilities, included primarily in "Other current assets," "Other assets," "Accrued expenses," and "Other liabilities" in the company's consolidated balance sheets, consist of the following at December 31:

	2013	2012
Deferred tax assets:		
Net operating loss carryforwards	\$ 92,784	\$ 95,960
Inventory adjustments	43,009	45,201
Allowance for doubtful accounts	16,513	17,008
Accrued expenses	52,664	56,222
Interest carryforward	64,717	46,876
Stock-based compensation awards	11,507	14,266
Other comprehensive income items	6,206	15,055
Other	1,470	3,381
	288,870	293,969
Valuation allowance	(16,156)	(24,409)
Total deferred tax assets	\$ 272,714	\$ 269,560
Deferred tax liabilities:		
Goodwill	\$ (54,261)	\$ (31,107)
Depreciation	(65,309)	(61,896)
Intangible assets	(66,919)	(61,690)
Total deferred tax liabilities	\$ (186,489)	\$ (154,693)
Total net deferred tax assets	\$ 86,225	\$ 114,867

At December 31, 2013, the company had international tax loss carryforwards of approximately \$237,579, of which \$30,000 have expiration dates ranging from 2014 and 2033, and the remaining \$207,579 have no expiration date. Deferred tax assets related to these international tax loss carryforwards were \$67,415 with a corresponding valuation allowance of \$11,168.

The company also has Federal net operating loss carryforwards of approximately \$64,514 at December 31, 2013 which relate to acquired subsidiaries. These Federal net operating losses expire in various years beginning after 2020. The company has an agreement with the sellers of an acquired business to reimburse them for the company's utilization of certain Federal net operating loss carryforwards.

Valuation allowances reflect the deferred tax benefits that management is uncertain of the ability to utilize in the future.

Cumulative undistributed earnings of international subsidiaries were \$2,813,169 at December 31, 2013. No deferred Federal income taxes were provided for the undistributed earnings as they are permanently reinvested in the company's international operations.

Income taxes paid, net of income taxes refunded, amounted to \$235,102, \$179,408, and \$236,872 in 2013, 2012, and 2011, respectively.

9. Restructuring, Integration, and Other Charges

In 2013, 2012, and 2011, the company recorded restructuring, integration, and other charges of \$92,650 (\$65,601 net of related taxes or \$.64 and \$.63 per share on a basic and diluted basis, respectively), \$47,437 (\$30,739 net of related taxes or \$.28 per share on both a basic and diluted basis), and \$37,811 (\$28,054 net of related taxes or \$.25 and \$.24 per share on a basic and diluted basis, respectively), respectively.

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The following table presents the components of the restructuring, integration, and other charges for the years ended December 31:

	2013	2012	2011
Restructuring charges - current period actions	\$ 79,921	\$ 43,333	\$ 23,818
Restructuring and integration charges (credits) - actions taken in prior periods	794	1,387	(689)
Acquisition-related expenses	11,935	2,717	14,682
	<u>\$ 92,650</u>	<u>\$ 47,437</u>	<u>\$ 37,811</u>

2013 Restructuring Charge

The following table presents the components of the 2013 restructuring charge of \$79,921 and activity in the related restructuring accrual for 2013:

	Personnel Costs	Facilities Costs	Other	Total
Restructuring charge	\$ 66,233	\$ 12,586	\$ 1,102	\$ 79,921
Payments	(41,350)	(6,870)	—	(48,220)
Non-cash usage	—	—	(895)	(895)
Foreign currency translation adjustment	838	92	1	931
Balance as of December 31, 2013	<u>\$ 25,721</u>	<u>\$ 5,808</u>	<u>\$ 208</u>	<u>\$ 31,737</u>

The restructuring charge of \$79,921 in 2013 includes personnel costs of \$66,233, facilities costs of \$12,586, and other costs of \$1,102. The personnel costs are related to the elimination of approximately 870 positions within the global components business segment and approximately 310 positions within the global ECS business segment. The facilities costs are related to exit activities for 38 vacated facilities worldwide due to the company's continued efforts to streamline its operations and reduce real estate costs. These restructuring initiatives are due to the company's continued efforts to lower cost and drive operational efficiency.

2012 Restructuring Charge

The following table presents the components of the 2012 restructuring charge of \$43,333 and activity in the related restructuring accrual for 2012 and 2013:

	Personnel Costs	Facilities Costs	Asset Write- Downs	Total
Restructuring charge	\$ 31,318	\$ 5,416	\$ 6,599	\$ 43,333
Payments	(20,983)	(998)	—	(21,981)
Non-cash usage	—	—	(6,599)	(6,599)
Foreign currency translation adjustment	166	24	—	190
Balance as of December 31, 2012	<u>10,501</u>	<u>4,442</u>	<u>—</u>	<u>14,943</u>
Restructuring charge (credit)	675	(189)	—	486
Payments	(10,291)	(3,261)	—	(13,552)
Foreign currency translation adjustment	(12)	(59)	—	(71)
Balance as of December 31, 2013	<u>\$ 873</u>	<u>\$ 933</u>	<u>\$ —</u>	<u>\$ 1,806</u>

The restructuring charge of \$43,333 in 2012 includes personnel costs of \$31,318, facilities costs of \$5,416, and asset write-downs of \$6,599. The personnel costs are related to the elimination of approximately 505 positions within the global components business segment and approximately 360 positions within the global ECS business segment. The facilities costs are related to exit activities for 14 vacated facilities worldwide due to the company's continued efforts to streamline its operations and reduce real estate costs.

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The asset write-downs resulted from the company's decision to exit certain business activities which caused these assets to become redundant and have no future benefit. These restructuring initiatives are due to the company's continued efforts to lower cost and drive operational efficiency.

2011 Restructuring Charge

The following table presents the components of the 2011 restructuring charge of \$23,818 and activity in the related restructuring accrual for 2011, 2012, and 2013:

	Personnel Costs	Facilities Costs	Other	Total
Restructuring charge	\$ 17,474	\$ 5,387	\$ 957	\$ 23,818
Payments	(11,830)	(2,213)	(957)	(15,000)
Foreign currency translation adjustment	(127)	16	—	(111)
Balance as of December 31, 2011	5,517	3,190	—	8,707
Restructuring charge	2,413	423	—	2,836
Payments	(6,883)	(1,938)	—	(8,821)
Foreign currency translation adjustment	(38)	7	—	(31)
Balance as of December 31, 2012	1,009	1,682	—	2,691
Restructuring charge (credit)	(133)	319	—	186
Payments	(194)	(1,326)	—	(1,520)
Foreign currency translation adjustment	28	(2)	—	26
Balance as of December 31, 2013	\$ 710	\$ 673	\$ —	\$ 1,383

The restructuring charge of \$23,818 in 2011 primarily includes personnel costs of \$17,474 and facilities costs of \$5,387. The personnel costs are related to the elimination of approximately 280 positions within the global components business segment and approximately 240 positions within the global ECS business segment. The facilities costs are related to exit activities for 18 vacated facilities in the Americas and EMEA due to the company's continued efforts to streamline its operations and reduce real estate costs. These restructuring initiatives are due to the company's continued efforts to lower cost and drive operational efficiency, primarily related to the integration of recently acquired businesses.

Restructuring and Integration Accruals Related to Actions Taken Prior to 2011

Included in restructuring, integration, and other charges for 2013 are restructuring and integration charges of \$122 related to restructuring and integration actions taken prior to 2011. The restructuring and integration charge includes adjustments to personnel costs of \$(8) and facilities costs of \$130. The restructuring and integration accruals related to actions taken prior to 2011 of \$1,225, include accruals for personnel costs of \$239 and accruals for facilities costs of \$986.

Restructuring and Integration Accrual Summary

In summary, the restructuring and integration accruals aggregate \$36,151 at December 31, 2013, all of which are expected to be spent in cash, and are expected to be utilized as follows:

- The accruals for personnel costs totaling \$27,543 to cover the termination of personnel are primarily expected to be spent within one year.
- The accruals for facilities costs totaling \$8,400 relate to vacated leased properties that have scheduled payments of \$5,465 in 2014, \$1,970 in 2015, \$584 in 2016, \$255 in 2017, and \$126 in 2018.
- Other accruals of \$208 are expected to be spent within one year.

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Acquisition-Related Expenses

Included in restructuring, integration, and other charges for 2013 are acquisition-related expenses of \$11,935, primarily consisting of charges related to contingent consideration for acquisitions completed in prior years which were conditional upon the financial performance of the acquired companies and the continued employment of the selling shareholders, as well as professional fees directly related to recent acquisition activity.

Included in restructuring, integration, and other charges for 2012 are acquisition-related expenses of \$2,717, primarily consisting of charges related to contingent consideration for acquisitions completed in prior years which were conditional upon the financial performance of the acquired companies and the continued employment of the selling shareholders, as well as professional fees directly related to recent acquisition activity, net of adjustments for changes in the fair value of contingent consideration of \$9,584 which were conditional upon the financial performance of the acquired companies.

Included in restructuring, integration, and other charges for 2011 are acquisition-related expenses of \$14,682, primarily consisting of professional fees and other costs directly related to recent acquisition activity.

10. Shareholders' Equity

Accumulated Other Comprehensive Income

The following table presents the changes in the balances of each component of accumulated other comprehensive income:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) on Investment Securities, Net	Unrealized Gain (Loss) on Interest Rate Swaps Designated as Cash Flow Hedges, Net	Employee Benefit Plan Items, Net	Total
Balance as of December 31, 2012	\$ 182,632	\$ 19,617	\$ (6,669)	\$ (50,443)	\$ 145,137
Other comprehensive income before reclassifications (a)	66,232	1,027	1,923	8,647	77,829
Amounts reclassified into income	(439)	—	152	2,873	2,586
Net change in accumulated other comprehensive income for the year ended December 31, 2013	65,793	1,027	2,075	11,520	80,415
Balance as of December 31, 2013	\$ 248,425	\$ 20,644	\$ (4,594)	\$ (38,923)	\$ 225,552

(a) Foreign currency translation adjustment includes intra-entity foreign currency transactions that are of a long-term investment nature of \$(17,557) for 2013.

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Common Stock Outstanding Activity

The following table sets forth the activity in the number of shares outstanding (in thousands):

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Common stock outstanding at December 31, 2010	125,337	10,690	114,647
Shares issued for stock-based compensation awards	45	(2,662)	2,707
Repurchases of common stock	—	5,540	(5,540)
Common stock outstanding at December 31, 2011	125,382	13,568	111,814
Shares issued for stock-based compensation awards	42	(1,326)	1,368
Repurchases of common stock	—	7,181	(7,181)
Common stock outstanding at December 31, 2012	125,424	19,423	106,001
Shares issued for stock-based compensation awards	—	(2,772)	2,772
Repurchases of common stock	—	8,837	(8,837)
Common stock outstanding at December 31, 2013	125,424	25,488	99,936

The company has 2,000,000 authorized shares of serial preferred stock with a par value of one dollar. There were no shares of serial preferred stock outstanding at December 31, 2013 and 2012.

Share-Repurchase Programs

In February 2013, the company's Board of Directors (the "Board") approved the repurchase of up to \$200,000 of the company's common stock through a share-repurchase program. In July 2013, the company's Board approved an additional repurchase of up to \$200,000 of the company's common stock. As of December 31, 2013, the company repurchased 6,032,892 shares under these programs with a market value of \$248,571 at the dates of repurchase.

11. Net Income Per Share

The following table presents the computation of net income per share on a basic and diluted basis for the years ended December 31 (shares in thousands):

	2013	2012	2011
Net income attributable to shareholders	\$ 399,420	\$ 506,332	\$ 598,810
Weighted-average shares outstanding - basic	102,559	109,240	114,025
Net effect of various dilutive stock-based compensation awards	1,140	1,837	1,907
Weighted-average shares outstanding - diluted	103,699	111,077	115,932
Net income per share:			
Basic	\$ 3.89	\$ 4.64	\$ 5.25
Diluted (a)	\$ 3.85	\$ 4.56	\$ 5.17

- (a) Stock-based compensation awards for the issuance of 874 shares, 1,424 shares, and 1,051 shares for the years ended December 31, 2013, 2012, and 2011, respectively, were excluded from the computation of net income per share on a diluted basis as their effect was anti-dilutive.

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12. Employee Stock Plans

Omnibus Plan

The company maintains the Arrow Electronics, Inc. 2004 Omnibus Incentive Plan (the "Omnibus Plan"), which replaced the Arrow Electronics, Inc. Stock Option Plan, the Arrow Electronics, Inc. Restricted Stock Plan, the 2002 Non-Employee Directors Stock Option Plan, the Non-Employee Directors Deferral Plan, and the 1999 CEO Bonus Plan (collectively, the "Prior Plans"). The Omnibus Plan broadens the array of equity alternatives available to the company when designing compensation incentives. The Omnibus Plan permits the grant of cash-based awards, non-qualified stock options, incentive stock options ("ISOs"), stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, covered employee annual incentive awards, and other stock-based awards. The Compensation Committee of the company's Board of Directors (the "Compensation Committee") determines the vesting requirements, termination provision, and the terms of the award for any awards under the Omnibus Plan when such awards are issued.

Under the terms of the Omnibus Plan, a maximum of 21,800,000 shares of common stock may be awarded, subject to adjustment. There were 4,405,137 and 6,178,635 shares available for grant under the Omnibus Plan as of December 31, 2013 and 2012, respectively. Shares currently subject to awards granted under the Prior Plans, which cease to be subject to such awards for any reason other than exercise for, or settlement in, shares will also be available under the Omnibus Plan. Generally, shares are counted against the authorization only to the extent that they are issued. Restricted stock, restricted stock units, performance shares, and performance units count against the authorization at a rate of 1.69 to 1.

After adoption of the Omnibus Plan, there were no additional awards made under any of the Prior Plans, though awards previously granted under the Prior Plans will survive according to their terms.

Stock Options

Under the Omnibus Plan, the company may grant both ISOs and non-qualified stock options. ISOs may only be granted to employees of the company, its subsidiaries, and its affiliates. The exercise price for options cannot be less than the fair market value of Arrow's common stock on the date of grant. Options generally become exercisable in equal installments over a four-year period. Options currently outstanding have terms of ten years.

The following information relates to the stock option activity for the year ended December 31, 2013:

	Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life		Aggregate Intrinsic Value
Outstanding at December 31, 2012	3,008,520	\$ 32.93			
Granted	489,779	41.56			
Exercised	(1,180,151)	30.52			
Forfeited	(90,040)	37.29			
Outstanding at December 31, 2013	2,228,108	35.92	76	months	\$ 40,834
Exercisable at December 31, 2013	1,134,833	32.68	54	months	\$ 24,475

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the company's closing stock price on the last trading day of 2013 and the exercise price, multiplied by the number of in-the-money options) received by the option holders had all option holders exercised their options on December 31, 2013. This amount changes based on the market value of the company's stock.

The total intrinsic value of options exercised during 2013, 2012, and 2011 was \$16,345, \$7,675, and \$17,642, respectively.

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Cash received from option exercises during 2013, 2012, and 2011 was \$36,014, \$13,372, and \$46,665, respectively, and is included within the financing activities section in the company's consolidated statements of cash flows. The actual tax benefit realized from share-based payment awards during 2013, 2012, and 2011 was \$21,882, \$11,842, and \$19,796, respectively.

The fair value of stock options was estimated using the Black-Scholes valuation model with the following weighted-average assumptions for the years ended December 31:

	2013	2012	2011
Volatility (percent) (a)	41	39	37
Expected term (in years) (b)	5.4	5.3	5.5
Risk-free interest rate (percent) (c)	1.0	1.0	2.4

- (a) Volatility is measured using historical daily price changes of the company's common stock over the expected term of the option.
- (b) The expected term represents the weighted-average period the option is expected to be outstanding and is based primarily on the historical exercise behavior of employees.
- (c) The risk-free interest rate is based on the U.S. Treasury zero-coupon yield with a maturity that approximates the expected term of the option.

There is no expected dividend yield.

The weighted-average fair value per option granted was \$15.83, \$15.20, and \$14.80 during 2013, 2012, and 2011, respectively.

Performance Awards

The Compensation Committee, subject to the terms and conditions of the Omnibus Plan, may grant performance share and/or performance unit awards (collectively "performance awards"). The fair value of a performance award is the fair market value of the company's common stock on the date of grant. Such awards will be earned only if performance goals over performance periods established by or under the direction of the Compensation Committee are met. The performance goals and periods may vary from participant-to-participant, group-to-group, and time-to-time. The performance awards will be delivered in common stock at the end of the service period based on the company's actual performance compared to the target metric and may be from 0% to 175% of the initial award. Compensation expense is recognized using the graded vesting method over the three-year service period and is adjusted each period based on the current estimate of performance compared to the target metric.

Restricted Stock

Subject to the terms and conditions of the Omnibus Plan, the Compensation Committee may grant shares of restricted stock and/or restricted stock units. Restricted stock units are similar to restricted stock except that no shares are actually awarded to the participant on the date of grant. Shares of restricted stock and/or restricted stock units awarded under the Omnibus Plan may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable period of restriction established by the Compensation Committee and specified in the award agreement (and in the case of restricted stock units until the date of delivery or other payment). Compensation expense is recognized on a straight-line basis as shares become free of forfeiture restrictions (i.e., vest) generally over a four-year period.

Non-Employee Director Awards

The company's Board shall set the amounts and types of equity awards that shall be granted to all non-employee directors on a periodic, nondiscriminatory basis pursuant to the Omnibus Plan, as well as any additional amounts, if any, to be awarded, also on a periodic, nondiscriminatory basis, based on each of the following: the number of committees of the Board on which a non-employee director serves, service of a non-employee director as the chair of a Committee of the Board, service of a non-employee director as Chairman of the Board or Lead Director, or the first selection or appointment of an individual to the Board as a non-employee director. Non-employee directors currently receive annual awards of fully-vested restricted stock units valued at \$130. All restricted stock units are settled in common stock following the director's separation from the Board.

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Unless a non-employee director gives notice setting forth a different percentage, 50% of each director's annual retainer fee is deferred and converted into units based on the fair market value of the company's stock as of the date it was payable. Upon a non-employee director's termination of Board service, each unit in their deferral account will be converted into a share of company stock and distributed to the non-employee director as soon as practicable following such date.

Summary of Non-Vested Shares

The following information summarizes the changes in non-vested performance shares, performance units, restricted stock, and restricted stock units for 2013:

	Shares	Weighted- Average Grant Date Fair Value
Non-vested shares at December 31, 2012	2,784,653	\$ 32.56
Granted	1,017,669	39.08
Vested	(1,511,109)	26.44
Forfeited	(204,794)	37.88
Non-vested shares at December 31, 2013	2,086,419	39.65

The total fair value of shares vested during 2013, 2012, and 2011 was \$59,876, \$34,593, and \$48,055, respectively.

As of December 31, 2013, there was \$41,520 of total unrecognized compensation cost related to non-vested shares and stock options which is expected to be recognized over a weighted-average period of 2.2 years.

13. Employee Benefit Plans

The company maintains an unfunded Arrow supplemental executive retirement plan ("SERP") under which the company will pay supplemental pension benefits to certain employees upon retirement. As of December 31, 2013, there were 10 current and 16 former corporate officers participating in this plan. The Board determines those employees who are eligible to participate in the Arrow SERP.

The Arrow SERP, as amended, provides for the pension benefits to be based on a percentage of average final compensation, based on years of participation in the Arrow SERP. The Arrow SERP permits early retirement, with payments at a reduced rate, based on age and years of service subject to a minimum retirement age of 55. Participants whose accrued rights under the Arrow SERP, prior to the 2002 amendment, which were adversely affected by the amendment, will continue to be entitled to such greater rights.

Additionally, as part of the company's acquisition of Wyle Electronics ("Wyle") in 2000, Wyle provided retirement benefits for certain employees under a defined benefit plan. Benefits under this plan were frozen as of December 31, 2000.

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The company uses a December 31 measurement date for the Arrow SERP and the Wyle defined benefit plan. Pension information for the years ended December 31 is as follows:

	Arrow SERP		Wyle Defined Benefit Plan	
	2013	2012	2013	2012
Accumulated benefit obligation	\$ 67,320	\$ 63,584	\$ 126,481	\$ 128,771
Changes in projected benefit obligation:				
Projected benefit obligation at beginning of year	\$ 73,327	\$ 61,690	\$ 128,771	\$ 118,191
Service cost	2,126	2,064	—	—
Interest cost	2,846	3,031	5,038	5,442
Actuarial loss (gain)	301	9,780	(1,158)	10,808
Benefits paid	(3,288)	(3,238)	(6,170)	(5,670)
Projected benefit obligation at end of year	\$ 75,312	\$ 73,327	\$ 126,481	\$ 128,771
Changes in plan assets:				
Fair value of plan assets at beginning of year	\$ —	\$ —	\$ 92,976	\$ 81,719
Actual return on plan assets	—	—	17,608	11,477
Company contributions	—	—	300	5,450
Benefits paid	—	—	(6,170)	(5,670)
Fair value of plan assets at end of year	\$ —	\$ —	\$ 104,714	\$ 92,976
Funded status	\$ (75,312)	\$ (73,327)	\$ (21,767)	\$ (35,795)
Amounts recognized in the company's consolidated balance sheets:				
Current liabilities	\$ (3,531)	\$ (3,483)	\$ —	\$ —
Noncurrent liabilities	(71,781)	(69,844)	(21,767)	(35,795)
Net assets (liabilities) at end of year	\$ (75,312)	\$ (73,327)	\$ (21,767)	\$ (35,795)
Components of net periodic pension cost:				
Service cost	\$ 2,126	\$ 2,064	\$ —	\$ —
Interest cost	2,846	3,031	5,038	5,442
Expected return on plan assets	—	—	(6,516)	(6,200)
Amortization of net loss	2,707	2,013	1,956	1,745
Amortization of prior service cost	42	42	—	—
Net periodic pension cost	\$ 7,721	\$ 7,150	\$ 478	\$ 987
Weighted-average assumptions used to determine benefit obligation:				
Discount rate	4.50%	4.00%	4.50%	4.00%
Rate of compensation increase	5.00%	5.00%	N/A	N/A
Expected return on plan assets	N/A	N/A	6.75%	7.25%
Weighted-average assumptions used to determine net periodic pension cost:				
Discount rate	4.00%	4.75%	4.00%	4.75%
Rate of compensation increase	5.00%	5.00%	N/A	N/A
Expected return on plan assets	N/A	N/A	7.25%	7.50%

The amounts reported for net periodic pension cost and the respective benefit obligation amounts are dependent upon the actuarial assumptions used. The company reviews historical trends, future expectations, current market conditions, and external data to determine the assumptions. The discount rate represents the market rate for a high-quality corporate bond. The rate of compensation increase is determined by the company, based upon its long-term plans for such increases. The expected return on plan assets is

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based on current and expected asset allocations, historical trends, and projected returns on those assets. The actuarial assumptions used to determine the net periodic pension cost are based upon the prior year's assumptions used to determine the benefit obligation.

Benefit payments are expected to be paid as follows:

	Arrow SERP	Wyle Defined Benefit Plan
2014	\$ 3,602	\$ 6,755
2015	3,564	6,804
2016	3,617	6,980
2017	3,568	7,053
2018	4,054	7,089
2019-2023	25,890	37,572

The company makes contributions to the Wyle defined benefit plan so that minimum contribution requirements, as determined by government regulations, are met. The company made contributions of \$300 and \$5,450 in 2013 and 2012, respectively, and expects to make estimated contributions of \$5,600 in 2014.

The fair values of the company's pension plan assets for the Wyle defined benefit plan at December 31, 2013, utilizing the fair value hierarchy discussed in Note 7, are as follows:

	Level 1	Level 2	Level 3	Total
Equities:				
U.S. common stocks	\$ 42,638	\$ —	\$ —	\$ 42,638
International mutual funds	15,276	—	—	15,276
Index mutual funds	15,482	—	—	15,482
Fixed Income:				
Mutual funds	27,827	—	—	27,827
Insurance contracts	—	3,491	—	3,491
Total	\$ 101,223	\$ 3,491	\$ —	\$ 104,714

The fair values of the company's pension plan assets for the Wyle defined benefit plan at December 31, 2012, utilizing the fair value hierarchy discussed in Note 7, are as follows:

	Level 1	Level 2	Level 3	Total
Cash Equivalents:				
Common collective trusts	\$ —	\$ 749	\$ —	\$ 749
Equities:				
U.S. common stocks	33,806	—	—	33,806
International mutual funds	12,714	—	—	12,714
Index mutual funds	12,674	—	—	12,674
Fixed Income:				
Mutual funds	30,374	—	—	30,374
Insurance contracts	—	2,659	—	2,659
Total	\$ 89,568	\$ 3,408	\$ —	\$ 92,976

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The investment portfolio contains a diversified blend of common stocks, bonds, cash equivalents, and other investments, which may reflect varying rates of return. The investments are further diversified within each asset classification. The portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance. The long-term target allocations for plan assets are 65% in equities and 35% in fixed income, although the actual plan asset allocations may be within a range around these targets. The actual asset allocations are reviewed and rebalanced on a periodic basis to maintain the target allocations.

Comprehensive Income Items

In 2013, 2012, and 2011, actuarial (gains) losses of \$(7,615), \$9,120, and \$15,228, respectively, were recognized in comprehensive income, net of related taxes, related to the company's defined benefit plans. In 2013, 2012, and 2011, the following amounts were recognized as a reclassification adjustment of comprehensive income, net of related taxes, as a result of being recognized in net periodic pension cost: prior service cost of \$19, \$19, and \$19, respectively and an actuarial loss of \$2,854, \$2,311, and \$1,103, respectively.

Included in accumulated other comprehensive loss at December 31, 2013 and 2012 are the following amounts, net of related taxes, that have not yet been recognized in net periodic pension cost: unrecognized prior service costs of \$7 and \$25, respectively, and unrecognized actuarial losses of \$36,584 and \$47,053, respectively.

The prior service cost and actuarial loss included in accumulated other comprehensive loss, net of related taxes, which are expected to be recognized in net periodic pension cost for the year ended December 31, 2014 are \$19 and \$2,500, respectively.

Stock Ownership Plan

Effective December 31, 2012, the company froze its noncontributory employee stock ownership plan to new participants and no further contributions were made by the company in 2013 on behalf of participants in the plan. The account balances of participants in the plan as of December 31, 2012 became fully vested. The plan enabled most United States employees to acquire shares of the company's common stock. Contributions, which were determined by the Board, were in the form of common stock or cash, which was used to purchase the company's common stock for the benefit of participating employees. Contributions to the plan in 2012 and 2011 were \$5,966 and \$5,222, respectively.

Defined Contribution Plan

The company has defined contribution plans for eligible employees, which qualify under Section 401(k) of the Internal Revenue Code. The company's contribution to the plans, which are based on a specified percentage of employee contributions, amounted to \$14,102, \$14,014, and \$10,063 in 2013, 2012, and 2011, respectively. In lieu of contributions to the employee stock ownership plan, which was frozen on December 31, 2012 as described above, the company made discretionary contributions to the company's defined benefit 401(k) plan, which amounted to \$7,403 in 2013. Certain international subsidiaries maintain separate defined contribution plans for their employees and made contributions thereunder, which amounted to \$26,038, \$23,990, and \$23,450 in 2013, 2012, and 2011, respectively.

14. Lease Commitments

The company leases certain office, distribution, and other property under non-cancelable operating leases expiring at various dates through 2023. Rental expense under non-cancelable operating leases, net of sublease income, amounted to \$79,966, \$79,104, and \$74,882 in 2013, 2012, and 2011, respectively.

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Aggregate minimum rental commitments under all non-cancelable operating leases, exclusive of real estate taxes, insurance, and leases related to facilities closed as a result of the integration of acquired businesses and the restructuring of the company, are as follows:

2014	\$	60,191
2015		51,597
2016		30,199
2017		21,268
2018		12,945
Thereafter		21,367

15. Contingencies

2012 Settlement of Legal Matter

In connection with the purchase of Wyle in August 2000, the company acquired certain of the then outstanding obligations of Wyle, including Wyle's indemnification obligations to the purchasers of its Wyle Laboratories division for environmental clean-up costs associated with any then existing contamination or violation of environmental regulations. Under the terms of the company's purchase of Wyle from the sellers, the sellers agreed to indemnify the company for certain costs associated with the Wyle environmental obligations, among other things. During 2012, the company entered into a settlement agreement with the sellers pursuant to which the sellers paid \$110,000 and the company released the sellers from their indemnification obligation. In connection with this settlement, the company recorded a gain on the settlement of legal matters of \$79,158 (\$48,623 net of related taxes or \$.45 and \$.44 per share on a basic and diluted basis, respectively) representing the difference between the settlement amount and the amount receivable from the sellers for reimbursement of costs incurred by the company. As part of the settlement agreement the company accepted responsibility for any potential subsequent costs incurred related to the Wyle matters. The company is aware of two Wyle Laboratories facilities (in Huntsville, Alabama and Norco, California) at which contaminated groundwater was identified and will require environmental remediation. In addition, the company was named as a defendant in several lawsuits related to the Norco facility and a third site in El Segundo, California which have now been settled to the satisfaction of the parties.

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

Accruals for environmental liabilities are included in "Accrued expenses" and "Other liabilities" in the company's consolidated balance sheets.

As successor-in-interest to Wyle, the company is the beneficiary of various Wyle insurance policies that covered liabilities arising out of operations at Norco and Huntsville. To date, the company has recovered approximately \$33,000 from certain insurance carriers. The company continues to seek recovery from an umbrella liability policy carrier for its proportional share of the total Norco liability. The company is considering the best way to pursue its potential claims against insurers regarding liabilities arising out of operations at Huntsville. The resolution of these matters will likely take several years. The company has not recorded a receivable for any potential future insurance recoveries related to the Norco and Huntsville environmental matters, as the realization of the claims for recovery are not deemed probable at this time.

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The company believes the settlement amount together with potential recoveries from various insurance policies covering environmental remediation and related litigation will be sufficient to cover any potential future costs related to the Wyle acquisition; however, it is possible unexpected costs beyond those anticipated could occur.

Environmental Matters - Huntsville

Characterization of the extent of contaminated soil and groundwater continues at the site in Huntsville, Alabama. Under the direction of the Alabama Department of Environmental Management, approximately \$4,000 was spent to date. The pace of the ongoing remedial investigations, project management, and regulatory oversight is likely to increase somewhat and though the complete scope of the activities is not yet known, the company currently estimates additional investigative and related expenditures at the site of approximately \$500 to \$750. The nature and scope of both feasibility studies and subsequent remediation at the site has not yet been determined, but assuming the outcome includes source control and certain other measures, the cost is estimated to be between \$3,000 and \$4,000.

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

Environmental Matters - Norco

In October 2003, the company entered into a consent decree with Wyle Laboratories and the California Department of Toxic Substance Control (the "DTSC") in connection with the Norco site. In April 2005, a Remedial Investigation Work Plan was approved by DTSC that provided for site-wide characterization of known and potential environmental issues. Investigations performed in connection with this work plan and a series of subsequent technical memoranda continued until the filing of a final Remedial Investigation Report early in 2008. Work is under way pertaining to the remediation of contaminated groundwater at certain areas on the Norco site and of soil gas in a limited area immediately adjacent to the site. In 2008, a hydraulic containment system was installed to capture and treat groundwater before it moves into the adjacent offsite area. In September 2013, the DTSC approved the final Remedial Action Plan ("RAP") and work is currently progressing under the RAP. The approval of the RAP includes the potential for additional remediation action after the five year review of the hydraulic containment system if the review finds that contaminants have not been sufficiently reduced in the offsite area.

Approximately \$44,000 was spent to date on remediation, project management, regulatory oversight, and investigative and feasibility study activities. The company currently estimates that these activities will give rise to an additional \$17,600 to \$24,500. Project management and regulatory oversight include costs incurred by project consultants for project management and costs billed by DTSC to provide regulatory oversight.

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

2011 Settlement of Legal Matter

During 2011, the company recorded a charge of \$5,875 (\$3,609 net of related taxes or \$.03 per share on both a basic and diluted basis) in connection with the settlement of a legal matter, inclusive of related legal costs. This matter related to a customer dispute that originated in 1997. The company had successfully defended itself in a trial, but the verdict was subsequently overturned, in part, by an appellate court and remanded for a new trial. The company ultimately decided to settle this matter to avoid further legal expense and the burden on management's time that such a trial would entail.

Tekelec Matter

In 2000, the company purchased Tekelec Europe SA ("Tekelec") from Tekelec Airtronic SA and certain other selling shareholders. Subsequent to the closing of the acquisition, Tekelec received a product liability claim in the amount of €11,333. The product liability claim was the subject of a French legal proceeding started by the claimant in 2002, under which separate determinations were made as to whether the products that are subject to the claim were defective and the amount of damages sustained by the purchaser. The manufacturer of the products also participated in this proceeding. The claimant has commenced legal proceedings against Tekelec and its insurers to recover damages in the amount of €3,742 and expenses of €312 plus interest. In May 2012,

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the French court ruled in favor of Tekelec and dismissed the plaintiff's claims. However, that decision has been appealed by the plaintiff. The company believes that any amount in addition to the amount accrued by the company would not materially adversely impact the company's consolidated financial position, liquidity, or results of operations.

Antitrust Investigation

On January 21, 2014, the company received a Civil Investigative Demand in connection with an investigation by the Federal Trade Commission ("FTC") relating generally to the use of a database program (the "database program") that has operated for more than ten years under the auspices of the Global Technology Distribution Council ("GTDC"), a trade group of which the company is a member. Under the database program, certain members of the GTDC who participate in the program provide sales data to a third party independent contractor chosen by the GTDC. The data is aggregated by the third party and the aggregated data is made available to the program participants. The company understands that other members participating in the database program have received similar Civil Investigative Demands.

The company is in the process of responding to the Civil Investigative Demand. The Civil Investigative Demand merely seeks information, and no proceedings have been instituted against any person. The company has conducted a preliminary review, and does not have any reason to believe that there has been any conduct by the company or its employees that would be actionable under the antitrust laws in connection with its participation in the database program. Since this matter is at a preliminary stage, it is not possible to predict the potential impact, if any, of the Civil Investigative Demand or whether any actions may be instituted by the FTC against any person.

Other

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

16. Segment and Geographic Information

The company is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. The company distributes electronic components to original equipment manufacturers and contract manufacturers through its global components business segment and provides enterprise computing solutions to value-added resellers through its global ECS business segment. As a result of the company's philosophy of maximizing operating efficiencies through the centralization of certain functions, selected fixed assets and related depreciation, as well as borrowings, are not directly attributable to the individual operating segments and are included in the corporate business segment.

Sales and operating income (loss), by segment, for the years ended December 31 are as follows:

	2013	2012	2011
Sales:			
Global components	\$ 13,495,766	\$ 13,361,122	\$ 14,853,823
Global ECS	7,861,519	7,044,006	6,536,441
Consolidated	<u>\$ 21,357,285</u>	<u>\$ 20,405,128</u>	<u>\$ 21,390,264</u>
Operating income (loss):			
Global components	\$ 575,612	\$ 619,282	\$ 823,774
Global ECS	350,442	290,970	262,893
Corporate (a)	(232,554)	(106,129)	(177,824)
Consolidated	<u>\$ 693,500</u>	<u>\$ 804,123</u>	<u>\$ 908,843</u>

(a) Includes restructuring, integration, and other charges of \$92,650, \$47,437, and \$37,811 in 2013, 2012, and 2011, respectively. Also included is a gain of \$79,158 and a charge of \$5,875 in 2012 and 2011, respectively, related to the settlement of legal matters.

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Total assets, by segment, at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
Global components	\$ 6,596,255	\$ 6,467,123
Global ECS	4,807,400	3,685,100
Corporate	657,228	633,464
Consolidated	<u>\$ 12,060,883</u>	<u>\$ 10,785,687</u>

Sales, by geographic area, for the years ended December 31 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Americas (b)	\$ 11,023,076	\$ 10,641,903	\$ 10,576,106
EMEA	6,221,569	5,927,231	6,889,479
Asia/Pacific	4,112,640	3,835,994	3,924,679
Consolidated	<u>\$ 21,357,285</u>	<u>\$ 20,405,128</u>	<u>\$ 21,390,264</u>

(b) Includes sales related to the United States of \$10,074,361, \$9,746,612, and \$9,706,593 in 2013, 2012, and 2011, respectively.

Net property, plant, and equipment, by geographic area, is as follows:

	<u>2013</u>	<u>2012</u>
Americas (c)	\$ 526,640	\$ 512,775
EMEA	84,383	65,947
Asia/Pacific	21,366	20,919
Consolidated	<u>\$ 632,389</u>	<u>\$ 599,641</u>

(c) Includes net property, plant, and equipment related to the United States of \$525,080 and \$511,555 at December 31, 2013 and 2012, respectively.

17. Quarterly Financial Data (Unaudited)

The company operates on a quarterly interim reporting calendar that closes on the Saturday following the end of the calendar quarter.

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A summary of the company's consolidated quarterly results of operations is as follows:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2013				
Sales	\$ 4,849,629	\$ 5,306,085	\$ 5,048,211	\$ 6,153,360
Gross profit	642,072	689,572	671,660	787,625
Net income attributable to shareholders	77,875 (b)	89,935 (c)	96,779 (d)	134,831 (e)
Net income per share (a):				
Basic	\$.74 (b)	\$.87 (c)	\$.96 (d)	\$ 1.34 (e)
Diluted	\$.72 (b)	\$.86 (c)	\$.95 (d)	\$ 1.32 (e)
2012				
Sales	\$ 4,889,529	\$ 5,150,563	\$ 4,962,331	\$ 5,402,705
Gross profit	680,579	687,144	662,719	706,844
Net income attributable to shareholders	113,628 (f)	114,383 (g)	103,617 (h)	174,704 (i)
Net income per share (a):				
Basic	\$ 1.01 (f)	\$ 1.04 (g)	\$.96 (h)	\$ 1.64 (i)
Diluted	\$ 1.00 (f)	\$ 1.02 (g)	\$.94 (h)	\$ 1.62 (i)

- (a) Quarterly net income per share is calculated using the weighted-average shares outstanding during each quarterly period, while net income per share for the full year is calculated using the weighted-average shares outstanding during the year. Therefore, the sum of the net income per share for each of the four quarters may not equal the net income per share for the full year.
- (b) Includes amortization expense related to identifiable intangible assets (\$7,116 net of related taxes or \$.07 per share on both a basic and diluted basis), restructuring, integration, and other charges (\$15,495 net of related taxes or \$.15 and \$.14 per share on a basic and diluted basis, respectively), and a loss on prepayment of debt (\$2,627 net of related taxes or \$.02 per share on both a basic and diluted basis).
- (c) Includes amortization expense related to identifiable intangible assets (\$7,029 net of related taxes or \$.07 per share on both a basic and diluted basis) and restructuring, integration, and other charges (\$20,688 net of related taxes or \$.20 per share on both a basic and diluted basis). Also included is an increase in the provision for income taxes (\$5,362 net of related taxes or \$.05 per share on both a basic and diluted basis) and interest expense (\$939 net of related taxes or \$.01 per share on both a basic and diluted basis) related to the settlement of certain international tax matters.
- (d) Includes amortization expense related to identifiable intangible assets (\$7,074 net of related taxes or \$.07 per share on both a basic and diluted basis) and restructuring, integration, and other charges (\$16,077 net of related taxes or \$.16 per share on both a basic and diluted basis).
- (e) Includes amortization expense related to identifiable intangible assets (\$8,120 net of related taxes or \$.08 per share on both a basic and diluted basis) and restructuring, integration, and other charges (\$13,341 net of related taxes or \$.13 per share on both a basic and diluted basis). Also included is an increase in the provision for income taxes (\$15,447 net of related taxes or \$.15 per share on both a basic and diluted basis) and interest expense (\$297 net of related taxes) related to the settlement of certain international tax matters.
- (f) Includes amortization expense related to identifiable intangible assets (\$7,576 net of related taxes or \$.07 per share on both a basic and diluted basis) and restructuring, integration, and other charges (\$6,141 net of related taxes or \$.05 per share on both a basic and diluted basis).

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- (g) Includes amortization expense related to identifiable intangible assets (\$7,360 net of related taxes or \$.07 per share on both a basic and diluted basis) and restructuring, integration, and other charges (\$9,702 net of related taxes or \$.09 per share on both a basic and diluted basis).
- (h) Includes amortization expense related to identifiable intangible assets (\$7,145 net of related taxes or \$.07 per share on both a basic and diluted basis) and restructuring, integration, and other charges (\$8,576 net of related taxes or \$.08 per share on both a basic and diluted basis).
- (i) Includes amortization expense related to identifiable intangible assets (\$7,255 net of related taxes or \$.07 per share on both a basic and diluted basis), restructuring, integration, and other charges (\$6,320 net of related taxes or \$.06 per share on both a basic and diluted basis), and a gain on the settlement of a legal matter (\$48,623 net of related taxes or \$.46 and \$.45 per share on a basic and diluted basis, respectively).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The company's management, under the supervision and with the participation of the company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the company's disclosure controls and procedures as of December 31, 2013 (the "Evaluation"). Based upon the Evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate "internal control over financial reporting" (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Management evaluates the effectiveness of the company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework). Management, under the supervision and with the participation of the company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2013, and concluded that it is effective.

The company acquired five separate entities during the year ended December 31, 2013, which are included in the company's 2013 consolidated financial statements and constituted 6.6 percent of total assets as of December 31, 2013 and 1.3 percent of the company's consolidated sales and 3.2 percent of the company's consolidated net income attributable to shareholders for the year ended December 31, 2013. The company has excluded these five entities from its annual assessment of and conclusion on the effectiveness of the company's internal control over financial reporting.

The company's independent registered public accounting firm, Ernst & Young LLP, has audited the effectiveness of the company's internal control over financial reporting as of December 31, 2013, as stated in their report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Arrow Electronics, Inc.

We have audited Arrow Electronics, Inc.'s (the "company") internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of five separate entities that were acquired during the year ended December 31, 2013, which are included in the company's 2013 consolidated financial statements and constituted 6.6 percent of total assets as of December 31, 2013 and 1.3 percent of the sales and 3.2 percent of the net income attributable to shareholders for the year then ended. Our audit of internal control over financial reporting of the company also did not include an evaluation of the internal control over financial reporting of these five entities.

In our opinion, Arrow Electronics, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Arrow Electronics, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013 and our report dated February 5, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
February 5, 2014

Changes in Internal Control Over Financial Reporting

There was no change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

See "Executive Officers" in Part I of this Annual Report on Form 10-K. In addition, the information set forth under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the company's Proxy Statement, filed in connection with the Annual Meeting of Shareholders scheduled to be held on May 22, 2014, are incorporated herein by reference.

Information about the company's audit committee financial experts set forth under the heading "The Board and its Committees" in the company's Proxy Statement, filed in connection with the Annual Meeting of Shareholders scheduled to be held on May 22, 2014, is incorporated herein by reference.

Information about the company's code of ethics governing the Chief Executive Officer, Chief Financial Officer, and Corporate Controller, known as the "Finance Code of Ethics," as well as a code of ethics governing all employees, known as the "Worldwide Code of Business Conduct and Ethics," is available free-of-charge on the company's website at <http://www.arrow.com> and is available in print to any shareholder upon request.

Information about the company's "Corporate Governance Guidelines" and written committee charters for the company's Audit Committee, Compensation Committee, and Corporate Governance Committee is available free-of-charge on the company's website at <http://www.arrow.com> and is available in print to any shareholder upon request.

Item 11. Executive Compensation.

The information required by Item 11 is included in the company's Proxy Statement filed in connection with the Annual Meeting of Shareholders scheduled to be held on May 22, 2014, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters .

The information required by Item 12 is included in the company's Proxy Statement filed in connection with the Annual Meeting of Shareholders scheduled to be held on May 22, 2014, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is included in the company's Proxy Statement filed in connection with the Annual Meeting of Shareholders scheduled to be held on May 22, 2014, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 is included in the company's Proxy Statement filed in connection with the Annual Meeting of Shareholders scheduled to be held on May 22, 2014, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:	<u>Page</u>
1. Financial Statements.	
Report of Independent Registered Public Accounting Firm	41
Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011	42
Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012, and 2011	43
Consolidated Balance Sheets as of December 31, 2013 and 2012	44
Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012, and 2011	45
Consolidated Statements of Equity for the years ended December 31, 2013, 2012, and 2011	46
Notes to the Consolidated Financial Statements	48
2. Financial Statement Schedule.	
Schedule II - Valuation and Qualifying Accounts	94
All other schedules are omitted since the required information is not present, or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.	
3. Exhibits.	
See Index of Exhibits included on pages 88 - 93	

INDEX OF EXHIBITS

Exhibit Number	Exhibit
3(a)(i)	Restated Certificate of Incorporation of the company, as amended (incorporated by reference to Exhibit 3(a) to the company's Annual Report on Form 10-K for the year ended December 31, 1994, Commission File No. 1-4482).
3(a)(ii)	Certificate of Amendment of the Certificate of Incorporation of Arrow Electronics, Inc., dated as of August 30, 1996 (incorporated by reference to Exhibit 3 to the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, Commission File No. 1-4482).
3(a)(iii)	Certificate of Amendment of the Restated Certificate of Incorporation of the company, dated as of October 12, 2000 (incorporated by reference to Exhibit 3(a)(iii) to the company's Annual Report on Form 10-K for the year ended December 31, 2000, Commission File No. 1-4482).
3(b)	Amended Corporate By-Laws, dated July 29, 2004 (incorporated by reference to Exhibit 3(ii) to the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, Commission File No. 1-4482).
4(a)(i)	Indenture, dated as of January 15, 1997, between the company and The Bank of New York Mellon (formerly, the Bank of Montreal Trust Company), as Trustee (incorporated by reference to Exhibit 4(b)(i) to the company's Annual Report on Form 10-K for the year ended December 31, 1996, Commission File No. 1-4482).
4(a)(ii)	Officers' Certificate, as defined by the Indenture in 4(a)(i) above, dated as of January 22, 1997, with respect to the company's \$200,000,000 7% Senior Notes due 2007 and \$200,000,000 7 1/2% Senior Debentures due 2027 (incorporated by reference to Exhibit 4(b)(ii) to the company's Annual Report on Form 10-K for the year ended December 31, 1996, Commission File No. 1-4482).
4(a)(iii)	Officers' Certificate, as defined by the Indenture in 4(a)(i) above, dated as of January 15, 1997, with respect to the \$200,000,000 6 7/8% Senior Debentures due 2018, dated as of May 29, 1998 (incorporated by reference to Exhibit 4(b)(iii) to the company's Annual Report on Form 10-K for the year ended December 31, 1998, Commission File No. 1-4482).
4(a)(iv)	Supplemental Indenture, dated as of February 21, 2001, between the company and The Bank of New York (as successor to the Bank of Montreal Trust Company), as trustee (incorporated by reference to Exhibit 4.2 to the company's Current Report on Form 8-K, dated March 12, 2001, Commission File No. 1-4482).
4(a)(v)	Supplemental Indenture, dated as of December 31, 2001, between the company and The Bank of New York (as successor to the Bank of Montreal Trust Company), as trustee (incorporated by reference to Exhibit 4(b)(vi) to the company's Annual Report on Form 10-K for the year ended December 31, 2001, Commission File No. 1-4482).
4(a)(vi)	Supplemental Indenture, dated as of March 11, 2005, between the company and The Bank of New York (as successor to the Bank of Montreal Trust Company), as trustee (incorporated by reference to Exhibit 4(b)(vii) to the company's Annual Report on Form 10-K for the year ended December 31, 2004, Commission File No. 1-4482).
4(a)(vii)	Supplemental Indenture, dated as of September 30, 2009, between the company and The Bank of New York Mellon (as successor to the Bank of Montreal Trust Company), as trustee (incorporated by reference to Exhibit 4.1 to the company's Current Report on Form 8-K dated September 29, 2009, Commission File No. 1-4482).
4(a)(viii)	Supplemental Indenture, dated as of November 3, 2010, between the company and The Bank of New York Mellon (as successor to the Bank of Montreal Trust Company), as trustee (incorporated by reference to Exhibit 4.1 to the company's Current Report on Form 8-K dated November 2, 2010, Commission File No. 1-4482).

- 4(a)(ix) Supplemental Indenture, dated as of February 20, 2013, between the company and The Bank of New York Mellon (as successor to the Bank of Montreal Trust Company), as trustee (incorporated by reference to Exhibit 4.1 to the company's Current Report on Form 8-K dated February 14, 2013, Commission File No. 1-4482).
- 10(a) Arrow Electronics Savings Plan, as amended and restated effective January 1, 2012 (incorporated by reference to Exhibit 10(a) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(b) Wyle Electronics Retirement Plan, as amended and restated on September 9, 2009 (incorporated by reference to Exhibit 10(b) to the company's Quarterly Report on Form 10-Q for the quarter ended October 3, 2009, Commission File No. 1-4482).
- 10(c) Arrow Electronics Stock Ownership Plan, as amended and restated on September 9, 2009 (incorporated by reference to Exhibit 10(c) to the company's Quarterly Report on Form 10-Q for the quarter ended October 3, 2009, Commission File No. 1-4482).
- 10(c)(i) Amendment 4 to the Arrow Electronics Stock Ownership Plan effective December 31, 2012 (incorporated by reference to Exhibit 10(c)(i) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(d)(i) Arrow Electronics, Inc. 2004 Omnibus Incentive Plan (as amended through February 25, 2010)(incorporated by reference to Exhibit 10(d)(i) to the company's Annual Report on Form 10-K for the year ended December 31, 2010, Commission File No. 1-4482).
- 10(d)(ii) Form of Non-Qualified Stock Option Award Agreement under 10(d)(i) above (incorporated by reference to Exhibit 10(d)(ii) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(d)(iii) Form of Performance Stock Unit Award Agreement under 10(d)(i) above (incorporated by reference to Exhibit 10(d)(iii) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(d)(iv) Form of Restricted Stock Unit Award Agreement under 10(d)(i) above (incorporated by reference to Exhibit 10(d)(iv) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(e) Arrow Electronics, Inc. Stock Option Plan, as amended and restated effective February 27, 2002 (incorporated by reference to Exhibit 10(d)(i) to the company's Annual Report on Form 10-K for the year ended December 31, 2002, Commission File No. 1-4482).
- 10(f) Non-Employee Directors Deferred Compensation Plan, as amended and restated on January 1, 2009 (incorporated by reference to Exhibit 10(g) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(g) Arrow Electronics, Inc. Supplemental Executive Retirement Plan, as amended effective January 1, 2009 (incorporated by reference to Exhibit 10(i) to the company's Annual Report on Form 10-K for the year ended December 31, 2009, Commission File No. 1-4482).
- 10(h) Arrow Electronics, Inc. Executive Deferred Compensation Plan amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 10(i) to the company's Annual Report on Form 10-K for the year ended December 31, 2011, Commission File No. 1-4482).
- 10(i)(i) Arrow Electronics, Inc. Executive Severance Policy (incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated February 19, 2013, Commission File No. 1-4482).

- 10(i)(ii) Form of the Arrow Electronics, Inc. Executive Severance Policy Participation Agreement (incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated February 19, 2013, Commission File No. 1-4482).
- 10(i)(iii) Form of Executive Change in Control Retention Agreement (incorporated by reference to Exhibit 10.3 to the company's Current Report on Form 8-K dated February 19, 2013, Commission File No. 1-4482).
- 10(i)(iv) Grantor Trust Agreement, as amended and restated on November 11, 2003, by and between Arrow Electronics, Inc. and Wachovia Bank, N.A. (incorporated by reference to Exhibit 10(i)(xvii) to the company's Annual Report on Form 10-K for the year ended December 31, 2003, Commission File No. 1-4482).
- 10(i)(v) First Amendment, dated September 17, 2004, to the amended and restated Grantor Trust Agreement in 10(j)(x) above by and between Arrow Electronics, Inc. and Wachovia Bank, N.A. (incorporated by reference to Exhibit 10(a) to the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, Commission File No. 1-4482).
- 10(i)(vi) Paying Agency Agreement, dated November 11, 2003, by and between Arrow Electronics, Inc. and Wachovia Bank, N.A. (incorporated by reference to Exhibit 10(d)(iii) to the company's Annual Report on Form 10-K for the year ended December 31, 2003, Commission File No. 1-4482).
- 10(j) Amended and Restated Five-Year Credit Agreement, dated as of December 13, 2013, among Arrow Electronics, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent and BNP Paribas, Bank of America, N.A., The Bank of Nova Scotia and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as syndication agents.
- 10(k)(i) Transfer and Administration Agreement, dated as of March 21, 2001, by and among Arrow Electronics Funding Corporation, Arrow Electronics, Inc., individually and as Master Servicer, the several Conduit Investors, Alternate Investors and Funding Agents and Bank of America, National Association, as administrative agent (incorporated by reference to Exhibit 10(m)(i) to the company's Annual Report on Form 10-K for the year ended December 31, 2001, Commission File No. 1-4482).
- 10(k)(ii) Amendment No. 1 to the Transfer and Administration Agreement, dated as of November 30, 2001, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(m)(ii) to the company's Annual Report on Form 10-K for the year ended December 31, 2001, Commission File No. 1-4482).
- 10(k)(iii) Amendment No. 2 to the Transfer and Administration Agreement, dated as of December 14, 2001, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(m)(iii) to the company's Annual Report on Form 10-K for the year ended December 31, 2001, Commission File No. 1-4482).
- 10(k)(iv) Amendment No. 3 to the Transfer and Administration Agreement, dated as of March 20, 2002, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(m)(iv) to the company's Annual Report on Form 10-K for the year ended December 31, 2001, Commission File No. 1-4482).
- 10(k)(v) Amendment No. 4 to the Transfer and Administration Agreement, dated as of March 29, 2002, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n)(v) to the company's Annual Report on Form 10-K for the year ended December 31, 2002, Commission File No. 1-4482).
- 10(k)(vi) Amendment No. 5 to the Transfer and Administration Agreement, dated as of May 22, 2002, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n)(vi) to the company's Annual Report on Form 10-K for the year ended December 31, 2002, Commission File No. 1-4482).

- 10(k)(vii) Amendment No. 6 to the Transfer and Administration Agreement, dated as of September 27, 2002, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n)(vii) to the company's Annual Report on Form 10-K for the year ended December 31, 2002, Commission File No. 1-4482).
- 10(k)(viii) Amendment No. 7 to the Transfer and Administration Agreement, dated as of February 19, 2003, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 99.1 to the company's Current Report on Form 8-K dated February 6, 2003, Commission File No. 1-4482).
- 10(k)(ix) Amendment No. 8 to the Transfer and Administration Agreement, dated as of April 14, 2003, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n)(ix) to the company's Annual Report on Form 10-K for the year ended December 31, 2003, Commission File No. 1-4482).
- 10(k)(x) Amendment No. 9 to the Transfer and Administration Agreement, dated as of August 13, 2003, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n)(x) to the company's Annual Report on Form 10-K for the year ended December 31, 2003, Commission File No. 1-4482).
- 10(k)(xi) Amendment No. 10 to the Transfer and Administration Agreement, dated as of February 18, 2004, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n)(xi) to the company's Annual Report on Form 10-K for the year ended December 31, 2003, Commission File No. 1-4482).
- 10(k)(xii) Amendment No. 11 to the Transfer and Administration Agreement, dated as of August 13, 2004, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(b) to the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, Commission File No. 1-4482).
- 10(k)(xiii) Amendment No. 12 to the Transfer and Administration Agreement, dated as of February 14, 2005, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(o)(xiii) to the company's Annual Report on Form 10-K for the year ended December 31, 2004, Commission File No. 1-4482).
- 10(k)(xiv) Amendment No. 13 to the Transfer and Administration Agreement, dated as of February 13, 2006, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(o)(xiv) to the company's Annual Report on Form 10-K for the year ended December 31, 2005, Commission File No. 1-4482).
- 10(k)(xv) Amendment No. 14 to the Transfer and Administration Agreement, dated as of October 31, 2006, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(o)(xv) to the company's Annual Report on Form 10-K for the year ended December 31, 2006, Commission File No. 1-4482).
- 10(k)(xvi) Amendment No. 15 to the Transfer and Administration Agreement, dated as of February 12, 2007, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(o)(xvi) to the company's Annual Report on Form 10-K for the year ended December 31, 2006, Commission File No. 1-4482).
- 10(k)(xvii) Amendment No. 16 to the Transfer and Administration Agreement, dated as of March 27, 2007, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(b) to the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, Commission File No. 1-4482).
- 10(k)(xviii) Amendment No. 17 to the Transfer and Administration Agreement, dated as of March 26, 2010, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n) to the company's Current Report on Forms 8-K and 8-K/A dated March 31, 2010, Commission File No. 1-4482).

- 10(k)(xix) Amendment No. 18 to the Transfer and Administration Agreement, dated as of December 15, 2010, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(n) to the company's Current Report on Form 8-K/A dated January 13, 2011, Commission File No.1-4482).
- 10(k)(xx) Amendment No. 19 to the Transfer and Administration Agreement, dated as of February 14, 2011, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(m)(xx) to the company's Annual Report on Form 10-K for the year ended December 31, 2011, Commission File No. 1-4482).
- 10(k)(xxi) Amendment No. 20 to the Transfer and Administration Agreement, dated as of December 7, 2011, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated December 12, 2011, Commission File No.1-4482).
- 10(k)(xxii) Amendment No. 21 to the Transfer and Administration Agreement, dated as of March 30, 2012, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(m)(xxii) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(k)(xxiii) Amendment No. 22 to the Transfer and Administration Agreement, dated as of August 29, 2012, to the Transfer and Administration Agreement in 10(k)(i) above (incorporated by reference to Exhibit 10(m)(xxiii) to the company's Annual Report on Form 10-K for the year ended December 31, 2012, Commission File No. 1-4482).
- 10(k)(xxiv) Amendment No. 23 to the Transfer and Administration Agreement, dated as of July 29, 2013, to the Transfer and Administration Agreement in 10(k)(i) above.
- 10(l)(i) Commercial Paper Private Placement Agreement, dated as of November 9, 1999, among Arrow Electronics, Inc., as issuer, and Chase Securities Inc., Bank of America Securities LLC, Goldman, Sachs & Co., and Morgan Stanley & Co. Incorporated as placement agents (incorporated by reference to Exhibit 10(g) to the company's Annual Report on Form 10-K for the year ended December 31, 1999, Commission File No. 1-4482).
- 10(l)(ii) Amendment No. 1 to Dealer Agreement dated as of November 9, 1999, between Arrow Electronics, Inc. and J.P. Morgan Securities LLC (f.k.a. Chase Securities Inc.), Merrill Lynch, Pierce, Fenner & Smith Incorporated (f.k.a. Bank of America Securities LLC), Goldman, Sachs & Co. and Morgan Stanley & Co. LLC (f.k.a. Morgan Stanley & Co. Incorporated) (incorporated by reference to Exhibit 10(n)(ii) to the company's Annual Report on Form 10-K for the year ended December 31, 2011, Commission File No. 1-4482).
- 10(l)(iii) Issuing and Paying Agency Agreement, dated as of October 11, 2011, by and between Arrow Electronics, Inc. and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10(n)(iii) to the company's Annual Report on Form 10-K for the year ended December 31, 2011, Commission File No. 1-4482).
- 10(m) Form of Indemnification Agreement between the company and each director (incorporated by reference to Exhibit 10(g) to the company's Annual Report on Form 10-K for the year ended December 31, 1986, Commission File No. 1-4482).
- 21 Subsidiary Listing.
- 23 Consent of Independent Registered Public Accounting Firm.
- 31(i) Certification of Chief Executive Officer pursuant to Rule 13A-14(a)/15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31(ii) Certification of Chief Financial Officer pursuant to Rule 13A-14(a)/15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32(i)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(ii)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Documents.
101.DEF	XBRL Taxonomy Definition Linkbase Document.

ARROW ELECTRONICS, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

	Balance at beginning of year	Charged to income	Other (a)	Write-down	Balance at end of year
Allowance for doubtful accounts:					
Year ended December 31, 2013	\$ 54,238	\$ 9,201	\$ 8,098	\$ 7,408	\$ 64,129
Year ended December 31, 2012	\$ 48,125	\$ 12,452	\$ 3,262	\$ 9,601	\$ 54,238
Year ended December 31, 2011	\$ 37,998	\$ 12,957	\$ 5,357	\$ 8,187	\$ 48,125

(a) Represents the allowance for doubtful accounts of the businesses acquired by the company during 2013, 2012, and 2011.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARROW ELECTRONICS, INC.

By: /s/ Peter S. Brown

Peter S. Brown
Senior Vice President, General Counsel, and Secretary
February 5, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 5, 2014:

By: /s/ Michael J. Long
Michael J. Long, Chairman, President, and Chief Executive Officer

By: /s/ Paul J. Reilly
Paul J. Reilly, Executive Vice President, Finance and Operations,
and Chief Financial Officer

By: /s/ Jeff Pinkerman
Jeff Pinkerman, Vice President, Corporate Controller, and Chief
Accounting Officer

By: /s/ Barry W. Perry
Barry W. Perry, Lead Independent Director

By: /s/ Philip K. Asherman
Philip K. Asherman, Director

By: /s/ Gail E. Hamilton
Gail E. Hamilton, Director

By: /s/ John N. Hanson
John N. Hanson, Director

By: /s/ Richard S. Hill
Richard S. Hill, Director

By: /s/ Fran Keeth
Fran Keeth, Director

By: /s/ Andrew C. Kerin
Andrew C. Kerin, Director

By: /s/ Stephen C. Patrick
Stephen C. Patrick, Director

\$1,500,000,000

AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT

among

ARROW ELECTRONICS, INC.,

THE SUBSIDIARY BORROWERS

The Several Banks

from Time to Time Parties Hereto,

**BNP PARIBAS,
BANK OF AMERICA, N.A.,
THE BANK OF NOVA SCOTIA and
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as Syndication Agents**

and

**JPMORGAN CHASE BANK, N.A.,
as Administrative Agent**

**J.P. MORGAN SECURITIES LLC,
BNP PARIBAS SECURITIES CORP.,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
THE BANK OF NOVA SCOTIA and
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as Joint Lead Arrangers and Joint Bookrunners**

Dated as of December 13, 2013

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SECTION 1. DEFINITIONS

- 1.1 Defined Terms
- 1.2 Other Definitional Provisions
- 1.3 Accounting Determinations

SECTION 2. THE COMMITTED RATE LOANS

- 2.1 Committed Rate Loans
- 2.2 Procedure for Committed Rate Loan Borrowing
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AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT, dated as of December 13, 2013, among:

- (i) ARROW ELECTRONICS, INC., a New York corporation (the “Company”);
- (ii) the SUBSIDIARY BORROWERS (as hereinafter defined);
- (iii) the several banks and other financial institutions from time to time parties to this Agreement (the “Banks”);
- (iv) BNP PARIBAS, BANK OF AMERICA, N.A., THE BANK OF NOVA SCOTIA AND THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as syndication agents for the Banks hereunder (in such capacity, the “Syndication Agents”); and
- (v) JPMORGAN CHASE BANK, N.A., as administrative agent for the Banks hereunder (in such capacity, the “Administrative Agent”).

W I T N E S S E T H :

WHEREAS, the Company has requested the Banks to make available a five-year revolving credit facility by amending and restating the Five-Year Credit Agreement of the Company, dated as of August 19, 2011, among the Company, certain of its subsidiaries, certain financial institutions, JPMorgan Chase Bank, N.A., as administrative agent, and others (as in effect on the date hereof, the “Existing Credit Agreement”); and

WHEREAS, the Banks are willing to make such credit facility available upon and subject to the terms and conditions hereafter set forth;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree that, effective as of the Closing Date (as defined below), the Existing Credit Agreement shall be amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“ABR”: for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Eurocurrency Rate that would be calculated as of such day (or, if such day is not a Business Day, as of the next preceding Business Day) in respect of a proposed Eurocurrency Loan with a one-month interest period plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof: “Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with extensions of credit to debtors).

“ABR Loans”: Loans denominated in Dollars the rate of interest applicable to which is based upon the ABR.

“Acceleration Date”: any date on which the Commitments shall have been terminated and/or the Loans shall have been declared immediately due and payable pursuant to Section 13.

“Additional Local Currencies”: Australian Dollars, Singapore Dollars, New Taiwan Dollars and any other available and freely convertible non-Dollar currency selected by the Company and approved by the Administrative Agent in the manner described in subsection 15.1(b).

“Adjusted Consolidated EBITDA”: for any fiscal period, without duplication (a) the Consolidated Net Income of the Company and its Subsidiaries for such period, plus (b) to the extent deducted from earnings in determining Consolidated Net Income for such period, the sum, in each case for such period, of income taxes, interest expense, depreciation expense, amortization expense, including amortization of any goodwill or other intangibles, minus (c) to the extent included in determining Consolidated Net Income for such period, non-cash equity earnings of unconsolidated Affiliates, plus (d) to the extent excluded in determining Consolidated Net Income for such period, cash distributions received by the Company from unconsolidated Affiliates plus (e) to the extent deducted from earnings in determining Consolidated Net Income for such period, non-cash charges due to impairments recorded in such period in accordance with Financial Accounting Standards Board’s Statement of Financial Accounting Standards No. 142, all as determined on a consolidated basis in accordance with GAAP plus (f) gains or losses related to the early extinguishment of notes, bonds or other fixed income obligations plus (g) gains or losses due to integration or restructuring charges to the extent disclosed in public filings; provided that in determining Adjusted Consolidated EBITDA for any period of four consecutive fiscal quarters during which any business is acquired by the Company, such Adjusted Consolidated EBITDA shall be measured on a pro forma basis to include the consolidated EBITDA of the acquired business (determined for such business in the manner Adjusted Consolidated EBITDA is determined for the Company, as described above in this definition), plus identifiable, board-approved and publicly announced acquisition-related synergies which are expected to be realized over a twelve-month period following such acquisition.

“Administrative Agent”: as defined in the preamble hereto.

“Administrative Schedule”: Schedule IV to this Agreement, which contains interest rate definitions and administrative information in respect of each Currency and each Type of Loan.

“Affected Bank”: any Bank affected by the events described in subsection 8.4, 8.5 or 8.6, as the case may be, but only for the period during which such Bank shall be affected by such events.

“Affiliate”: as to any Person, (a) any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person or (b) any Person who is a director or officer of the Company or any of its Subsidiaries. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Aggregate Revolving Committed Outstandings”: the aggregate outstanding principal or face amount of the Committed Rate Loans, Swing Line Loans, Letters of Credit and Local Currency Loans hereunder.

“Agreement”: Amended and Restated Five-Year Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“Allocable Share”: as to any Assenting Bank at any time, a fraction, (a) with respect to Revolving Commitments, the numerator of which shall be the Revolving Commitment of such Assenting Bank then in effect and the denominator of which shall be the aggregate of the Revolving Commitments of all Assenting Banks then in effect and (b) with respect to Swing Line Commitments, the numerator of which shall be the Swing Line Commitment of such Assenting Bank then in effect and the denominator of which shall be the aggregate of the Swing Line Commitments of all Assenting Banks then in effect.

“Anti-Corruption Laws”: all laws, rules, and regulations of any jurisdiction applicable to the Company, any Person that is an Affiliate of the Company under clause (ii) of the definition of Affiliate, or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Margin”: for each Type of Loan for any day, the rate per annum determined based upon the Rating in effect on such date by both S&P and Moody’s set forth under the relevant column heading below opposite such Rating:

Level	Rating (S&P/Moody's)	Applicable Margin for Eurocurrency Loans	Applicable Margin for ABR Loans
I	Greater than or equal to BBB+/Baa1	0.975%	0.000%
II	BBB/Baa2	1.075%	0.075%
III	BBB-/Baa3	1.300%	0.300%
IV	BB+/Ba1	1.475%	0.475%
V	Less than BB+/Ba1	1.625%	0.625%

; provided that, in the event that the Ratings of S&P and Moody's do not coincide, (i) the Applicable Margin set forth above opposite (A) the higher of such Ratings if at least one Rating is within Level I - III or (B) the lower of such Ratings if no Rating is within Level I - III, will apply if the Ratings differ by only one level, (ii) the Applicable Margin consistent with the Rating one level above the lower Rating will apply if the Ratings differ by two or more levels, and (iii), if there is no Rating in effect, the Applicable Margin will be based on the Rating of less than BB+/Ba1.

“Application”: an application, in such form as the Issuing Bank may specify from time to time, requesting the Issuing Bank to issue a Letter of Credit.

“Arrangers”: JPMorgan Securities LLC, BNP Paribas Securities Corp., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, The Bank of Nova Scotia and The Bank of Tokyo Mitsubishi UFJ, Ltd. as joint lead arrangers and joint bookrunners.

“Arrow Note Documents”: the collective reference to the Indenture dated as of January 15, 1997 between the Company and The Bank of New York (as successor to Bank of Montreal Trust Company), as Trustee, all supplemental indentures in respect thereof, and all notes issued thereunder and under any such supplemental indenture, as any such document may be amended, restated, supplemented or otherwise modified and in effect from time to time.

“Assenting Bank”: as defined in subsection 8.7(a).

“Assignee”: as defined in subsection 15.6(b).

“Assignment and Assumption”: each Assignment and Assumption, substantially in the form of Exhibit I, executed and delivered pursuant to subsection 15.6(b).

“Available Foreign Currencies”: (i) with respect to Committed Rate Loans, Pounds Sterling, euro, Hong Kong Dollars and Swedish Kroner, and any other currency agreed upon by the Company, the Administrative Agent and all of the Banks, (ii) with respect to Competitive Advance Loans, any currency agreed upon by the Borrower of such Competitive Advance Loan and the Bank that makes such Competitive Advance Loan and (iii) with respect to Letters of Credit, Pounds Sterling and euro.

“Bank Parent”: with respect to any Bank, any Person as to which such Bank is, directly or indirectly, a Subsidiary.

“Bankruptcy Event”: with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue (i) of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, or (ii) in the case of a solvent

Person, the precautionary appointment of an administrator, guardian, custodian or other similar official by a Governmental Authority under or based on the law of the country where such Person is subject to home jurisdiction supervision if applicable law requires that such appointment not be publicly disclosed, in any such case, where such ownership interest or action, does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Banks”: as defined in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Banks shall be deemed to include any Conduit Bank.

“Board”: the Board of Governors of the Federal Reserve System or any successor.

“Borrowers”: the collective reference to the Company, the Subsidiary Borrowers and the Local Currency Borrowers.

“Borrowing Date”: any Business Day on which the Company or any Subsidiary Borrower requests the Banks to make Loans hereunder.

“Business”: as defined in subsection 9.18(b).

“Business Day”: (a) when such term is used in respect of any amount denominated or to be denominated in (i) any Available Foreign Currency, a London Banking Day which is also a day other than a Saturday or Sunday on which banks are open for general banking business in (x) the city which is the principal financial center of the country of issuance of such Available Foreign Currency, (y) in the case of euros only, Frankfurt, Germany (or such other principal financial center as the Administrative Agent may from time to time nominate for this purpose) and (z) New York City and (ii) Dollars, a London Banking Day which is also a day other than a Saturday or Sunday on which banks are open for general banking business in New York City and (b) when such term is used for the purpose of determining the date on which the Eurocurrency Rate is determined under this Agreement for any Loan denominated in euro for any Interest Period therefor and for purposes of determining the first and last day of any Interest Period, references in this Agreement to Business Days shall be deemed to be references to Target Operating Days.

“Capital Lease Obligations”: with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP; and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“Capital Stock”: any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, options or rights to purchase any of the foregoing.

“Change in Control”: one or more of the following events:

(a) less than a majority of the members of the Company’s board of directors shall be persons who either (i) were serving as directors on the Closing Date or (ii) were nominated as directors and approved by the vote of the majority of the directors who are directors referred to in clause (i) above or this clause (ii); or

(b) the stockholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;
or

(c) a Person or group of Persons acting in concert (other than the direct or indirect beneficial owners of the Capital Stock of the Company as of the Closing Date) shall, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, have become the direct or indirect beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended from time to time) of securities of the Company representing 40% or more of the combined voting power of the outstanding voting securities for the election of directors or shall have the right to elect a majority of the board of directors of the Company.

“Closing Date”: the date on which the conditions precedent set forth in subsection 10.1 shall be satisfied.

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commercial Letter of Credit”: as defined in subsection 5.1(b).

“Committed Exposure”: as to any Bank, the sum of (a) the aggregate Dollar Equivalent Amount of the principal amount of all outstanding Committed Rate Loans and Local Currency Loans made by such Bank or its Local Currency Bank affiliates, agencies or branches plus (b) such Bank’s Swing Line Exposure and L/C Exposure.

“Committed Rate Loan”: as defined in subsection 2.1; a Committed Rate Loan bearing interest based upon the ABR shall be a “Committed Rate ABR Loan”, and a Committed Rate Loan bearing interest based upon a Eurocurrency Rate shall be a “Committed Rate Eurocurrency Loan”.

“Commitment Period”: the period from and including the Closing Date to and including the earlier of (i) the Termination Date and, (ii) such other date on which the Commitments shall terminate as provided herein.

“Commitments”: the Revolving Commitments and the Swing Line Commitments.

“Commonly Controlled Entity”: an entity, whether or not incorporated, which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of a group which includes the Company and which is treated as a single employer under Section 414 of the Code.

“Company”: as defined in the preamble hereto.

“Company Guarantee”: the Guarantee of the Company, substantially in the form of Exhibit F-1, as amended, supplemented or otherwise modified from time to time.

“Competitive Advance Loan”: as defined in subsection 3.1.

“Competitive Advance Loan Offer”: with respect to any Competitive Advance Loan Request in any Currency, an offer from a Bank in respect of such Competitive Advance Loan Request, containing the information in respect of such Competitive Advance Loan Offer and delivered to the Person, in the manner and by the time specified for a Competitive Advance Loan Offer in respect of such Currency in the Administrative Schedule.

“Competitive Advance Loan Request”: with respect to any Competitive Advance Loan in any Currency, a request from the Specified Borrower in respect of such Loan, containing the information in respect of such Competitive Advance Loan and delivered to the Person, in the manner and by the time specified for a Competitive Advance Loan Request in respect of such Currency in the Administrative Schedule.

“Conduit Bank”: any special purpose corporation organized and administered by any Bank for the purpose of making Loans and funding L/C Participant Obligations otherwise required to be made or funded by such Bank and designated to the Administrative Agent and the Company by such Bank in a written instrument; provided, that the designation by any Bank of a Conduit Bank shall not relieve the designating Bank of any of its obligations to fund a Loan or an L/C Participant Obligation under this Agreement if, for any reason, its Conduit Bank fails to fund any such Loan or L/C Participant Obligation, and the designating Bank (and not the Conduit

Bank) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Bank, and provided, further, that no Conduit Bank shall (a) be entitled to receive any greater amount pursuant to subsection 8.5, 8.6, 8.8, or 15.5 than the designating Bank would have been entitled to receive in respect of the extensions of credit made by such Conduit Bank or (b) be deemed to have any Commitment.

“Consolidated Cash Interest Expense”: for any period, (a) the amount which would, in conformity with GAAP, be set forth opposite the caption “interest expense” or any like caption on a consolidated income statement of the Company and its Subsidiaries minus (b) the amount of non-cash interest (including interest paid by the issuance of additional securities) included in such amount; provided that in the case of any Permitted Receivables Securitization, “Consolidated Cash Interest Expense” shall be adjusted to include (without duplication) an amount equal to the interest (or other fees in the nature of interest or discount) accrued and paid or payable in cash for such period by the special purpose entity to the Receivable Financiers under such Permitted Receivables Securitization.

“Consolidated Interest Coverage Ratio”: for any period, the ratio of (a) Adjusted Consolidated EBITDA to (b) Consolidated Cash Interest Expense for such period.

“Consolidated Leverage Ratio”: on any date, the ratio of (a) Consolidated Total Debt on such date to (b) Adjusted Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

“Consolidated Net Income”: for any fiscal period, the consolidated net income (or loss) of the Company and its Subsidiaries after excluding all unusual, extraordinary and non-recurring gains and after adding all unusual, extraordinary and non-recurring losses, in all cases of the Company and its Subsidiaries determined on a consolidated basis during the relevant period in accordance with GAAP.

“Consolidated Total Debt”: at the date of determination thereof, (i) all Indebtedness of the Company and its Subsidiaries (excluding Indebtedness of the Company owing to any of its Subsidiaries or Indebtedness of any Subsidiary of the Company owing to the Company or any other Subsidiary of the Company), as determined on a consolidated basis in accordance with GAAP plus (ii) without duplication of amounts included in clause (i) above, an amount equal to the aggregate unpaid amount of cash proceeds advanced by the Receivables Financiers to the special purpose entity under any Permitted Receivables Securitization at the date of determination.

“Continuation Notice”: as defined in subsection 2.13(a).

“Continuing Bank”: as defined in subsection 2.13(a).

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Credit Documents”: this Agreement, the Applications, the Subsidiary Guarantees, the Company Guarantee and the Local Currency Facilities.

“Currencies”: the collective reference to Dollars and Foreign Currencies.

“Default”: any of the events specified in Section 13, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

“Defaulting Bank”: any Bank that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit, Swing Line Loans or Local Currency Loans or (iii) pay over to the Administrative Agent or any Bank any other

amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Bank notifies the Administrative Agent in writing that such failure is the result of such Bank's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company, any other Borrower, any other Bank or the Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Bank's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent or any other Bank, acting in good faith, to provide a certification in writing from an authorized officer of such Bank that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swing Line Loans under this Agreement, provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon receipt by such Bank or the Administrative Agent, as applicable, of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

"Disposition": with respect to any Property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof; and the terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollar Equivalent Amount": with respect to (i) the amount of any Foreign Currency on any date, the equivalent amount in Dollars of such amount of Foreign Currency, as determined by the Administrative Agent using the Exchange Rate and (ii) any amount in Dollars, such amount.

"Dollars" and "\$": dollars in lawful currency of the United States of America.

"Domestic Subsidiary": as to any Person, a Subsidiary of such Person organized under the laws of a State of the United States or the District of Columbia.

"Domestic Subsidiary Borrower": each Subsidiary of the Company listed as a Domestic Subsidiary Borrower in Schedule II as amended from time to time in accordance with subsection 15.1(b)(i).

"Environmental Laws": any and all applicable foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including, without limitation, common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"euro": the single currency of participating member states of the European Union.

"Eurocurrency Loan": any Loan bearing interest based upon a Eurocurrency Rate.

"Eurocurrency Rate": in respect of Dollars and each Available Foreign Currency, the rate determined as the Eurocurrency Rate for Dollars or such Available Foreign Currency in the manner set forth in the Administrative Schedule.

"European Subsidiaries": as of any date, any Subsidiary of the Company that is domiciled in Europe.

"Event of Default": any of the events specified in Section 13, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Exchange Rate": with respect to any Foreign Currency on any date, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth on such date on the Reuters WRLD page at or about 11:00

a.m. London time on such date. In the event that such rate does not appear on the Reuters WRLD page, the “Exchange Rate” with respect to such Foreign Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Company or, in the absence of such agreement, such “Exchange Rate” shall instead be the Administrative Agent’s spot rate of exchange in the interbank market where its foreign currency exchange operations in respect of such Foreign Currency are then being conducted, at or about 10:00 a.m., local time, at such date for the purchase of Dollars with such Foreign Currency, for delivery two Business Days later; provided, that if at the time of any such determination, no such spot rate can reasonably be quoted, the Administrative Agent may use any reasonable method as it deems applicable to determine such rate, and such determination shall be conclusive absent manifest error (without prejudice to the determination of the reasonableness of such method).

“Existing Credit Agreement”: as defined in the recitals hereof.

“Existing Joint Ventures”: the Persons specified on Schedule 1.1.

“Exposure”: at any date, (a) as to all the Banks, the aggregate Dollar Equivalent Amount of (i) the outstanding principal amount of all Loans then outstanding and (ii) all L/C Obligations then outstanding, (b) as to any Bank, the aggregate Dollar Equivalent Amount of (i) the outstanding principal amount of all Committed Rate Loans, Local Currency Loans and Competitive Advance Loans made by such Bank or its Local Bank affiliates, branches or agencies and (ii) such Bank’s Swing Line Exposure and L/C Exposure and (c) as to any Borrower, the aggregate Dollar Equivalent Amount of the outstanding principal amount of all Loans to such Borrower then outstanding.

“Extensions of Credit”: the collective reference to the making of any Loans (including, without limitation, participating in any Swing Line Loans) and the issuance of, or participation in, any Letters of Credit but excluding the continuation or conversion of any Loan pursuant to a Notice of Conversion or a Notice of Continuation.

“Extension Request”: as defined in subsection 2.13(a).

“Facility Fee Rate”: a rate per annum determined based upon the Rating in effect on such date by both S&P and Moody’s set forth under the relevant column heading below opposite such Rating:

Level	Rating (S&P/Moody’s)	Facility Fee Rate
I	Greater than or equal to BBB+/Baa1	0.150%
II	BBB/Baa2	0.175%
III	BBB-/Baa3	0.200%
IV	BB+/Ba1	0.275%
V	Less than BB+/Ba1	0.375%

; provided that, in the event that the Ratings of S&P and Moody’s do not coincide, (i) the Facility Fee Rate set forth above opposite (A) the higher of such Ratings if at least one Rating is within Level I - III or (B) the lower of such Ratings if no Rating is within Level I - III, will apply if the Ratings differ by only one level, (ii) the Facility Fee Rate consistent with the Rating one level above the lower Rating will apply if the Ratings differ by two or more levels, and (iii), if there is no Rating in effect, the Facility Fee Rate will be based on the Rating of less than BB+/Ba1.

“FATCA”: sections 1471 through 1474 of the Code, as of the date of this Agreement (and any amended or successor versions thereof that are substantially comparable and are not materially more onerous to comply with), any regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Effective Rate”: for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by JPMorgan Chase Bank, N.A. from three federal funds brokers of recognized standing selected by it.

“Financing Lease”: any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

“Foreign Currencies”: the collective reference to the Available Foreign Currencies and the Additional Local Currencies.

“Foreign Currency Revolving Commitment”: as to any Bank and any Available Foreign Currency, the obligation of such Bank to make Committed Rate Loans hereunder denominated in such Available Foreign Currency in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Bank’s name on Schedule I under the caption “[Name of applicable Available Foreign Currency] Revolving Commitment Amount”, as such amount may be changed from time to time in accordance with the provisions of this Agreement.

“Foreign Currency Revolving Commitment Percentage”: as to any Bank and any Available Foreign Currency at any time, the percentage which such Bank’s Foreign Currency Revolving Commitment in such Available Foreign Currency then constitutes of the aggregate Foreign Currency Revolving Commitments of all Banks in such Available Foreign Currency.

“Foreign Currency Exposure”: at any date, the aggregate Dollar Equivalent Amount of (a) the outstanding principal amount of all Loans then outstanding which are denominated in a currency other than Dollars and (b) all L/C Obligations then outstanding which are denominated in a currency other than Dollars.

“Foreign Currency Exposure Sublimit”: at any date, (a) with respect to euros, a Dollar Equivalent Amount equal to \$300,000,000, (b) with respect to Pounds Sterling, a Dollar Equivalent Amount equal to \$200,000,000, (c) with respect to Hong Kong Dollars, a Dollar Equivalent Amount equal to \$100,000,000, and (d) with respect to Swedish Kroner, a Dollar Equivalent Amount equal to \$100,000,000.

“Foreign Subsidiary”: any Subsidiary that is not a Domestic Subsidiary.

“Foreign Subsidiary Borrower”: each Subsidiary of the Company listed as a Foreign Subsidiary Borrower in Schedule II as amended from time to time in accordance with subsection 15.1(b)(i); provided that with respect to any Subsidiary for which a Foreign Subsidiary Opinion has not previously been delivered, if the aggregate Exposure of such Subsidiary owing to all Banks exceeds \$20,000,000 for a period of 30 consecutive days, then, unless a Foreign Subsidiary Opinion is delivered within 30 days after the end of such period, such Subsidiary shall cease to be a Foreign Subsidiary Borrower 30 days after the end of such period with respect to all Exposure of such Subsidiary owing to the Banks in excess of \$20,000,000.

“Foreign Subsidiary Opinion”: with respect to any Foreign Subsidiary Borrower, a legal opinion of counsel to such Foreign Subsidiary Borrower addressed to the Administrative Agent and the Banks concluding that such Foreign Subsidiary Borrower and the Credit Documents to which it is a party substantially comply with the matters listed on Exhibit G-3 hereto, with such deviations therefrom as the Administrative Agent shall consent (such consent not to be unreasonably withheld).

“Funding Office”: (i) for each Type of Committed Rate Loan and each Currency, the Funding Office set forth in respect thereof in the Administrative Schedule and (ii) for each Competitive Advance Loan, as agreed by the Borrower that borrows such Competitive Advance Loan, the Bank that makes such Competitive Advance Loan and the Administrative Agent.

“Funding Time”: (i) for each Swing Line Loan, Type of Committed Rate Loan and each Currency, the Funding Time set forth in respect thereof in the Administrative Schedule and (ii) for each Competitive Advance Loan, as agreed by the Borrower that borrows such Competitive Advance Loan, the Bank that makes such Competitive Advance Loan and the Administrative Agent.

“GAAP”: generally accepted accounting principles in the United States of America in effect from time to time.

“Governing Documents”: as to any Person, the certificate or articles of incorporation and by-laws or other organizational or governing documents of such Person.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, taxing, central banking, judicial, regulatory or administrative functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

“Guarantee Obligation”: as to any Person (the “guaranteeing person”), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other monetary obligations (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person’s maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

“Guarantor”: the Company or any Subsidiary in its capacity as a party to the Company Guarantee or a Subsidiary Guarantee, as the case may be.

“Hedging Agreements”: (a) Interest Rate Agreements and (b) any swap, futures, forward or option agreements or other agreements or arrangements designed to limit or eliminate the risk and/or exposure of a Person to fluctuations in currency exchange rates between the Company or any of its Subsidiaries and Hedging Banks.

“Hedging Banks”: any Bank or any of its subsidiaries or affiliates which from time to time enter into Hedging Agreements with the Company or any of its Subsidiaries.

“Hong Kong Dollars”: the lawful currency of Hong Kong.

“Increasing Bank”: as defined in subsection 2.10(c).

“Indebtedness”: of any Person at any date, without duplication, (a) the principal amount of all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), (b) the principal amount of any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, (c) the portion of all obligations of such Person under Financing Leases which must be capitalized in accordance with GAAP, (d) the principal or stated amount of all obligations of such Person in respect of letters of credit, banker’s acceptances or similar obligations issued or created for the account of such Person, (e) all liabilities arising under Hedging Agreements of such Person, (f) the amount of all Guarantee Obligations of such Person (other than guarantees by the Company or any Subsidiary in respect of current trade liabilities of the Company or any Subsidiary incurred in the ordinary course of business and payable in accordance with customary terms), and (g) the principal amount of all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof.

“Insolvent”: with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

“Interest Payment Date”: (a) as to any ABR Loan, the last day of each March, June, September and December and on the Termination Date, (b) as to any Committed Rate Loan that is a Eurocurrency Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Committed Rate Loan that is a Eurocurrency Loan having an Interest Period longer than three months, each day which is three months after the first day of such Interest Period and the last day of such Interest Period, (d) as to any Swing Line Loan that is an ABR Loan, the last Business Day of each calendar month during which such Swing Line Loan is outstanding, (e) as to any Swing Line Loan that is a Eurocurrency Loan, the last date of the Interest Period applicable thereto, and (f) as to any Competitive Advance Loan, the date or dates set forth in the applicable Competitive Advance Loan Request or otherwise agreed upon by the relevant Borrower and Bank at the time the terms of such Competitive Advance Loan are determined as provided in subsection 3.2.

“Interest Period”: (a) with respect to any Committed Rate Loan that is a Eurocurrency Loan:

(i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurocurrency Loan and ending one, two, three or six months thereafter, as selected by the relevant Borrower in its Notice of Borrowing or Notice of Conversion, as the case may be, given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurocurrency Loan and ending one, two, three or six months thereafter, as selected by the relevant Borrower by a Notice of Continuation with respect thereto; and

(b) with respect to any Swing Line Loan that is a Eurocurrency Loan, the period commencing on the borrowing date with respect to such Eurocurrency Loan and ending on the earlier of (i) the date which is 30 days after the making of such Swing Line Loan, (ii) the date on which such Swing Line Loan is required to be repaid pursuant to subsection 4.3 and (iii) the date on which such Swing Line Loan is repaid in full;

provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(1) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(2) any Interest Period that would otherwise extend beyond the Termination Date shall end on the Termination Date; and

(3) solely with respect to Committed Rate Loans, any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

“Interest Rate Agreement”: any interest rate protection agreement, interest rate future, interest rate option, interest rate swap, interest rate cap or other interest rate hedge or arrangement under which the Company is a party or a beneficiary.

“IRS”: as defined in subsection 8.6.

“Issuing Bank”: in respect of any Currency, each Bank listed as an Issuing Bank in Schedule III in respect of such Currency.

“Issuing Office”: in respect of each Issuing Bank, the Issuing Office set forth for such Issuing Bank in Schedule III.

“Joinder Agreement”: each Joinder Agreement, substantially in the form of Exhibit A, from time to time executed and delivered hereunder pursuant to subsection 15.1 (b).

“L/C Commitment”: the Dollar Equivalent Amount of \$200,000,000.

“L/C Exposure”: at any time, the total L/C Obligations. The L/C Exposure of any Bank at any time shall be its Revolving Commitment Percentage of the total L/C Exposure at such time.

“L/C Obligations”: at any time, an amount equal to the sum of the Dollar Equivalent Amount of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to subsection 5.5(a).

“L/C Participant”: in respect of each Letter of Credit, each Bank (other than the Issuing Bank in respect of such Letter of Credit) in its capacity as the holder of a participating interest in such Letter of Credit.

“Letters of Credit”: as defined in subsection 5.1(b).

“Lien”: any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Financing Lease having substantially the same economic effect as any of the foregoing).

“Liquidity”: the sum of (a) cash and cash equivalents and short-term investments convertible into cash within sixty (60) days held by the Company and its Subsidiaries, plus (b) so long as the Company is able to satisfy the conditions to borrowing set forth in subsection 10.2 (including, but not limited to, compliance with the financial covenants pursuant to subsection 12.1), the aggregate amount of Undrawn Revolving Commitments, plus (c) any amount then available to the Company or its Subsidiaries under any Permitted Receivables Securitization or other legally committed credit facilities (provided that, in the case of this clause (c), the Company or the applicable Subsidiary is able to satisfy all conditions to the availability of such financing).

“Loan”: any Committed Rate Loan, Competitive Advance Loan, Swing Line Loan or Local Currency Loan.

“Loan Party”: the Company and each Subsidiary of the Company which is a party to a Credit Document.

“Local Currency Bank”: any Bank (or, if applicable, any affiliate, branch or agency thereof) party to a Local Currency Facility.

“Local Currency Bank Maximum Borrowing Amount”: as defined in subsection 6.1(b).

“Local Currency Borrower”: each Subsidiary of the Company organized under the laws of a jurisdiction outside the United States that the Company designates as a “Local Currency Borrower” in a Local Currency Facility Addendum.

“Local Currency Facility”: any Qualified Credit Facility that the Company designates as a “Local Currency Facility” pursuant to a Local Currency Facility Addendum or that is set forth on Schedule 9.10.

“Local Currency Facility Addendum”: a Local Currency Facility Addendum received by the Administrative Agent, substantially in the form of Exhibit C and conforming to the requirements of Section 6.

“Local Currency Facility Agent”: with respect to each Local Currency Facility, the Local Currency Bank acting as agent for the Local Currency Banks party thereto.

“Local Currency Facility Maximum Borrowing Amount”: as defined in subsection 6.1(b).

“Local Currency Loan”: any loan made pursuant to a Local Currency Facility.

“London Banking Day”: any day on which banks in London are open for general banking business, including dealings in foreign currency and exchange.

“Material Adverse Effect”: a material adverse effect on (a) the business, operations, property or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement or other Credit Documents or (c) the validity or enforceability of this Agreement or any of the other Credit Documents or the rights or remedies of the Administrative Agent or the Banks hereunder or thereunder.

“Materials of Environmental Concern”: any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

“Moody’s”: Moody’s Investors Service, Inc.

“Multiemployer Plan”: a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“New Bank”: as defined in subsection 2.10(b).

“New Bank Supplement”: as defined in subsection 2.10(b).

“Non-Excluded Taxes”: as defined in subsection 8.6.

“Non-Extending Bank”: as defined in subsection 2.13(a).

“Non-U.S. Bank”: as defined in subsection 8.6.

“Notice of Borrowing”: with respect to any Committed Rate Loan of any Type in any Currency, a notice from the Specified Borrower in respect of such Loan, containing the information in respect of such Loan and delivered to the Person, in the manner and by the time specified for a Notice of Borrowing in respect of such Currency and such Type of Loan in the Administrative Schedule.

“Notice of Continuation”: with respect to a Committed Rate Eurocurrency Loan in any Currency, a notice from the Specified Borrower in respect of such Loan, containing the information in respect of such Loan

and delivered to the Person, in the manner and by the time specified for a Notice of Continuation in respect of such Currency in the Administrative Schedule.

“Notice of Conversion”: with respect to a Committed Rate Loan in Dollars which a Specified Borrower wishes to convert from a Eurocurrency Loan to an ABR Loan, or from an ABR Loan to a Eurocurrency Loan, as the case may be, a notice from such Borrower setting forth the amount of such Loan to be converted, the date of such conversion and, in the case of conversions of ABR Loans to Eurocurrency Loans, the length of the initial Interest Period applicable thereto. Each Notice of Conversion shall be delivered to the Administrative Agent at its address set forth in subsection 15.2 and shall be delivered before 12:00 Noon, New York City time, on the Business Day of the requested conversion in the case of conversions to ABR Loans, and before 12:00 Noon, New York City time, three Business Days before the requested conversion in the case of conversions to Eurocurrency Loans.

“Notice of Local Currency Outstandings”: with respect to each Local Currency Facility Agent, a notice from such Local Currency Facility Agent containing the information, delivered to the Person, in the manner and by the time specified for a Notice of Local Currency Outstandings in the Administrative Schedule.

“Notice of Prepayment”: with respect to prepayment of any Swing Line Loan or Committed Rate Loan of any Type in any Currency, a notice from the Specified Borrower in respect of such Loan, containing the information in respect of such prepayment and delivered to the Person, in the manner and by the time specified for a Notice of Prepayment in respect of such Swing Line Loan, Committed Rate Loan or Currency and such Type of Loan in the Administrative Schedule.

“Notice of Swing Line Borrowing”: with respect to a Swing Line Loan of any Type, a notice from the Specified Borrower in respect of such Swing Line Loan, containing the information in respect of such Swing Line Loan specified for a Notice of Swing Line Borrowings in Schedule IV and delivered to the applicable Swing Line Bank.

“Notice of Swing Line Outstandings”: with respect to each Swing Line Bank, a notice from such Swing Line Bank containing the information, delivered to the Person, in the manner and by the time, specified for a Notice of Swing Line Outstandings in Schedule IV.

“Notice of Swing Line Refunding”: with respect to each Swing Line Bank, a notice from such Swing Line Bank containing the information, delivered to the Person, in the manner and by the time specified for a Notice of Swing Line Refunding in the Administrative Schedule.

“Objecting Bank”: as defined in subsection 15.1(e).

“Offered Increase Amount”: as defined in subsection 2.10(a).

“Other Connection Taxes”: with respect to any recipient, taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

“Other Taxes”: any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document, including any interest, additions to tax or penalties applicable thereto, except for any such taxes that are (i) taxes excluded under the first sentence of subsection 8.6(a) or (ii) Other Connection Taxes imposed with respect to an assignment (other than an assignment under subsection 8.7(b)).

“Participant”: as defined in subsection 15.6(c).

“Participant Register”: as defined in subsection 15.6(c).

“Payment Office”: (i) for each Type of Committed Rate Loan and each Currency, the Payment Office set forth in respect thereof in the Administrative Schedule and (ii) for each Competitive Advance Loan, as agreed by the Borrower that borrows such Competitive Advance Loan, the Bank that makes such Competitive Advance Loan and the Administrative Agent.

“Payment Time”: (i) for each Swing Line Loan, Type of Committed Rate Loan and each Currency, the Payment Time set forth in respect thereof in the Administrative Schedule and (ii) for each Competitive Advance Loan, as agreed by the Borrower that borrows such Competitive Advance Loan, the Bank that makes such Competitive Advance Loan and the Administrative Agent.

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor entity.

“Permitted Acquisition”: on any date of determination, the acquisition of all or part of any Person or business unit in any transaction or series of transactions by the Company or any Subsidiary.

“Permitted Joint Venture”: on any date of determination, a limited-purpose corporation, partnership, limited liability company, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity, but excluding any Subsidiary) now or hereafter formed or invested in by the Company or any of its Subsidiaries with another Person or Persons in order to conduct a common venture or enterprise with such Person or Persons.

“Permitted Receivables Securitization”: any transaction involving one or more sales, contributions or other conveyances by the Company or any Subsidiary of any Receivables to a special purpose entity (which may be a Subsidiary or Affiliate of the Company), which special purpose entity finances such sales, contributions or other conveyances by in turn conveying an interest in such Receivables to one or more Receivable Financiers, provided that such transaction shall not involve any recourse to the Company or any Subsidiary (other than such special purpose entity) for any reason other than (i) repurchases of non-eligible Receivables, (ii) indemnification for losses (including any adjustments for dilutions), other than credit losses related to the Receivables conveyed in such transaction and (iii) payment of costs, fees, expenses and indemnities relating to such transaction.

“Permitted Receivables Agreement”: the Transfer and Administration Agreement, dated as of March 21, 2001, by and among the Company, Arrow Electronics Funding Corporation, Bank of America, National Association, as the administrative agent for the conduit investors and the alternate investors, and the other parties party thereto, as the same may have been amended prior to and as in effect on the Closing Date.

“Person”: an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan”: at a particular time, any employee benefit plan (within the meaning of Section 3(3) of ERISA) which is covered by ERISA and in respect of which the Company or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an “employer” (as defined in Section 3(5) of ERISA).

“Pounds”, “Pounds Sterling” and “Sterling”: the lawful currency of the United Kingdom.

“Properties”: as defined in subsection 9.18(a).

“Qualified Credit Facility”: a credit facility (a) providing for one or more Local Currency Banks to make loans denominated in an Additional Local Currency to a Local Currency Borrower, (b) providing for such loans to bear interest at a rate or rates determined by the Company and such Local Currency Bank or Local Currency Banks and (c) otherwise conforming to the requirements of Section 6.

“Ratings”: the actual or implied senior unsecured non-credit enhanced debt ratings of the Company in effect from time to time by Moody’s or S&P, as the case may be, the bank debt rating of the Company in effect from time to time by Moody’s or the corporate credit rating of the Company in effect from time to time by S&P.

“Re-Allocation Date”: as defined in subsection 2.10(e).

“Receivables”: all accounts receivable of the Company or any of its Subsidiaries, and all proceeds thereof and rights (contractual and other) and collateral related thereto.

“Receivable Financier”: any Person (other than a Subsidiary or Affiliate of the Company) that finances the acquisition by a special purpose entity of Receivables from the Company or any Subsidiary.

“Register”: as defined in subsection 15.6(b).

“Regulation U”: Regulation U of the Board as in effect from time to time.

“Reimbursement Obligation”: in respect of each Letter of Credit, the obligation of the account party thereunder to reimburse the Issuing Bank for all drawings made thereunder in accordance with Section 5 and the Application related to such Letter of Credit.

“Reorganization”: with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

“Replacement Bank”: a bank or financial institution that assumes certain Commitments and obligations and purchases certain Loans and rights pursuant to subsection 8.7(b), 8.17(e) or 15.1(e).

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty-day notice period is waived under DOL Reg. § 4043.

“Required Banks”: at any time, Banks holding more than 50% of the aggregate amount of the Revolving Commitments (or, at any time after the Revolving Commitments shall have expired or terminated, Banks holding more than 50% of the aggregate amount of the Exposure of all Banks at such time).

“Requirement of Law”: as to any Person, the Governing Documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer”: as to any Person, the chief executive officer, the chairman of the board, the president, the chief financial officer, the chief accounting officer, any executive or senior vice president or the treasurer of such Person.

“Restricted Payments”: any payment on account of, or assets set apart for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock, whether now or hereafter outstanding, or any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations.

“Revolving Borrowing Percentage”: (a) with respect to Committed Rate Loans denominated in Dollars to be made by any Bank at any time, the ratio (expressed as a percentage) of the amount of such Bank’s Undrawn Revolving Commitment at such time to the aggregate amount of the Undrawn Revolving Commitments of all the Banks at such time; provided, that in determining any Bank’s Undrawn Revolving Commitment for purpose of determining such Bank’s Revolving Borrowing Percentage of any such Committed Rate Loans whose proceeds will be simultaneously applied to repay Swing Line Loans or Local Currency Loans or to pay Reimbursement Obligations, such Bank’s Revolving Commitment Percentage of the amount of such Swing Line Loans and Reimbursement Obligations, and the amount of such Local Currency Loans owing to such Bank, will not be

considered Committed Exposure of such Bank (such Revolving Borrowing Percentage of each Bank at any time to be calculated by the Administrative Agent on the basis of its most recent calculations of the Undrawn Revolving Commitments of the Banks) and (b) with respect to Committed Rate Loans denominated in any Available Foreign Currency to be made by any Bank at any time, a percentage equal to such Bank's Foreign Currency Revolving Commitment Percentage in the Currency of such Committed Rate Loans.

"Revolving Commitment": as to any Bank, the obligation of such Bank to make Committed Rate Loans and/or acquire participating interests in Swing Line Loans hereunder and/or in Local Currency Facilities and issue and/or acquire participating interests in Letters of Credit hereunder in an aggregate Dollar Equivalent Amount at any one time outstanding not to exceed the amount set forth opposite such Bank's name on Schedule I under the caption "Dollar Revolving Commitment Amount", as such amount may be changed from time to time in accordance with the provisions of this Agreement.

"Revolving Commitment Increase Notice": as defined in subsection 2.10(a).

"Revolving Commitment Increase Supplement": as defined in subsection 2.10(c).

"Revolving Commitment Percentage": as to any Bank at any time, the percentage which such Bank's Revolving Commitment then constitutes of the aggregate amount of the Revolving Commitments (or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the amount of the Exposure of such Bank at such time constitutes of the aggregate amount of the Exposure of all the Banks at such time). Notwithstanding the foregoing, in accordance with subsection 8.17 when a Defaulting Bank shall exist, Revolving Commitment Percentages shall be determined without regard to any Defaulting Bank's Revolving Commitment.

"S&P": Standard & Poor's Ratings Group.

"Sanctioned Country": at any time, a country or territory which is the subject or target of any Sanctions.

"Sanctioned Person": at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the or by the United Nations Security Council, the European Union or any member state of the European Union, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"Sanctions": economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Schedule Amendment": each Schedule Amendment, substantially in the form of Exhibit B, executed and delivered pursuant to subsection 15.1.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Specified Borrower": the collective reference to the Company and the Subsidiary Borrowers.

"Standby Letter of Credit": as defined in subsection 5.1(b).

"Subsidiary": as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of

which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

“Subsidiary Borrower”: the collective reference to the Foreign Subsidiary Borrowers and the Domestic Subsidiary Borrowers.

“Subsidiary Guarantee”: each Subsidiary Guarantee, substantially in the form of Exhibit F-2, to be executed and delivered from time to time by any other Domestic Subsidiary pursuant to subsection 11.9, in each case, as the same may be amended, supplemented or otherwise modified from time to time.

“Swedish Kroner”: the lawful currency of Sweden.

“Swing Line Bank”: in respect of any Specified Borrower, each Bank listed as a Swing Line Bank in respect of such Specified Borrower in Schedule III and any other Bank party hereto as a “Swing Line Bank” from time to time.

“Swing Line Commitment”: as to any Swing Line Bank, the obligation of such Swing Line Bank to make Swing Line Loans hereunder in an amount at any one time outstanding not to exceed the amount set forth opposite such Bank’s name on Schedule III under the caption “Swing Line Commitment Amount”, as such amount may be changed from time to time in accordance with the provisions of this Agreement.

“Swing Line Exposure”: at any time, the sum of the aggregate principal amount of all outstanding Swing Line Loans at such time. The Swing Line Exposure of any Bank at any time shall be its Revolving Commitment Percentage of the total Swing Line Exposure at such time.

“Swing Line Limit”: in respect of any Specified Borrower, the amount listed as the Swing Line Limit in respect of such Specified Borrower in Schedule III or the Joinder Agreement for such Specified Borrower, but not in any case for all Specified Borrowers to exceed an aggregate amount equal to \$500,000,000.

“Swing Line Loan”: as defined in subsection 4.1.

“Swing Line Rate”: a rate per annum equal to (a) at the sole option of the Specified Borrower requesting such Swing Line Loan, either (i) the Eurocurrency Rate for an Interest Period of one month or such shorter period as may be agreed between the Specified Borrower requesting such Swing Line Loan and the Swing Line Banks or (ii) ABR, plus (b) the Applicable Margin.

“Target Operating Day”: any day that is not (a) a Saturday or Sunday, (b) Christmas Day or New Year’s Day or (c) any other day on which the Trans-European Real-time Gross Settlement Operating System (or any successor settlement system) is not operating (as determined by the Administrative Agent).

“Termination Date”: December 13, 2018, as such date may be extended pursuant to subsection 2.13 hereof.

“Total Assets”: at a particular date, the assets of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

“Total Revolving Commitments”: at any time, the aggregate amount of the Revolving Commitments then in effect.

“Total Swing Line Commitments”: at any time, the aggregate amount of the Swing Line Commitments then in effect.

“Tranche”: the collective reference to Eurocurrency Loans of the same Type in any Currency the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Type”: in respect of any Loan, its character as a Committed Rate Loan, Competitive Advance Loan or Swing Line Loan, as the case may be.

“UCC”: the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

“Undrawn Revolving Commitment”: as to any Bank at any time, the amount of such Bank’s Revolving Commitment minus the amount of such Bank’s Committed Exposure at such time but not less than zero.

“Uniform Customs”: the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 as the same may be amended from time to time.

“Withholding Agent”: any Loan Party and the Administrative Agent.

1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Company and its Subsidiaries not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP (provided that all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof).

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) The phrases “to the knowledge of the Company” and “of which any Subsidiary is aware” and phrases of similar import when used in this Agreement shall mean to the actual knowledge of a Responsible Officer of the Company or any such Subsidiary, as the case may be.

1.3 Accounting Determinations.

Unless otherwise specified herein, all accounting determinations for purposes of calculating or determining compliance with the terms found in subsection 1.1 or the standards and covenants found in subsection 12.1 and otherwise to be made under this Agreement shall be made in accordance with GAAP applied on a basis consistent in all material respects with that used in preparing the financial statements referred to in subsection 9.1. If GAAP shall change from the basis used in preparing such financial statements, the certificates required to be delivered pursuant to

subsection 11.2 demonstrating compliance with the covenants contained herein shall set forth calculations setting forth the adjustments necessary to demonstrate how the Company is in compliance with the financial covenants based upon GAAP as in effect on the Closing Date.

SECTION 2. THE COMMITTED RATE LOANS

2.1 Committed Rate Loan.

(a) Subject to the terms and conditions hereof, each Bank severally agrees to make loans on a revolving credit basis (“Committed Rate Loans”) to any Specified Borrower from time to time during the Commitment Period; provided, that no Committed Rate Loan shall be made by any Bank if, after giving effect to the making of such Loan and the simultaneous application of the proceeds thereof, (i) the aggregate amount of the Exposure of all the Banks would exceed the aggregate amount of the Revolving Commitments, (ii) the aggregate amount of the Foreign Currency Exposure in respect of any Currency would exceed the Foreign Currency Exposure Sublimit for such Currency (iii) in the case of Committed Rate Loans denominated in an Available Foreign Currency, the aggregate principal amount of Committed Rate Loans outstanding to a Bank in such Currency would exceed the Foreign Currency Revolving Commitment of such Bank in such Currency or (iv) the aggregate amount of the Exposure of a Bank would exceed the Revolving Commitment of such Bank. During the Commitment Period, the Specified Borrowers may use the Revolving Commitments by borrowing, prepaying the Committed Rate Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

(b) The Committed Rate Loans may be made in Dollars or any Available Foreign Currency and may from time to time be (i) Committed Rate Eurocurrency Loans, (ii) in the case of Committed Rate Loans in Dollars only, Committed Rate ABR Loans or (iii) a combination thereof, as determined by the relevant Specified Borrower and set forth in the Notice of Borrowing or Notice of Conversion with respect thereto; provided, that no Committed Rate Eurocurrency Loan shall be made after the day that is one month prior to the Termination Date.

2.2 Procedure for Committed Rate Loan Borrowin. Any Specified Borrower may request the Banks to make Committed Rate Loans on any Business Day during the Commitment Period by delivering a Notice of Borrowing. Each borrowing of Committed Rate Loans (other than pursuant to a Swing Line refunding pursuant to subsection 4.4, pursuant to subsection 5.5(c) or pursuant to subsection 6.3) shall be in an amount equal to (a) in the case of Committed Rate ABR Loans, \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if the then aggregate undrawn amount of the Revolving Commitments is less than \$1,000,000, such lesser amount) and (b) in the case of Committed Rate Eurocurrency Loans, (i) if in Dollars, \$5,000,000 or increments of \$500,000 thereafter, and (ii) if in any Available Foreign Currency, an amount in such Available Foreign Currency of which the Dollar Equivalent Amount is at least \$5,000,000; provided, that any borrowing of Committed Rate Loans may be in an aggregate amount that is equal to the entire unused balance of the Total Revolving Commitment. Upon receipt of any such Notice of Borrowing from a Specified Borrower, the Administrative Agent shall promptly notify each Bank that has a Revolving Commitment in the relevant Currency of receipt of such Notice of Borrowing and of such Bank’s Revolving Borrowing Percentage of the Committed Rate Loans to be made pursuant thereto. Subject to the terms and conditions hereof, each Bank that has a Revolving Commitment in the relevant Currency will make its Revolving Borrowing Percentage of each such borrowing available to the Administrative Agent for the account of such Specified Borrower at the Funding Office, and at or prior to the Funding Time, for the Currency of such Loan in funds immediately available to the Administrative Agent in the applicable Currency. The amounts made available by each Bank will then be made available to such Specified Borrower at the Funding Office, in like funds as received by the Administrative Agent.

2.3 Repayment of Committed Rate Loans; Evidence of Debt.

(a) Each Specified Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Bank on the Termination Date (or such earlier date on which the Loans become due and payable pursuant to Section 13), the then unpaid principal amount of each Committed Rate Loan made by such Bank to such Specified Borrower. Each Specified Borrower hereby further agrees to pay to the Administrative Agent for the account of each Bank, interest on the unpaid principal amount of the Committed Rate Loans made

to such Specified Borrower from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 8.14.

(b) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of each Specified Borrower to such Bank resulting from each Committed Rate Loan of such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to subsection 15.6(b), and a subaccount therein for each Bank, in which shall be recorded (i) the amount of each Committed Rate Loan made hereunder and each Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Specified Borrower to each Bank under Committed Rate Loans and (iii) the amount of any sum received by the Administrative Agent from each Specified Borrower in respect of Committed Rate Loans, and the amount of each Bank's share thereof.

(d) The entries made in the Register and the accounts of each Bank maintained pursuant to subsection 2.3(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of each Specified Borrower therein recorded; provided, however, that the failure of any Bank or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of each Specified Borrower to repay (with applicable interest) the Committed Rate Loans made to such Specified Borrower by such Bank in accordance with the terms of this Agreement. In the event of any conflict between the records maintained by any Bank and the records maintained by the Administrative Agent in such matters, the records of the Administrative Agent shall control in the absence of manifest error.

2.4 Termination or Reduction of Revolving Commitments. The Company shall have the right, upon not less than five Business Days' notice (which may be conditioned on a refinancing) to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments. Any such reduction shall be in an amount equal to \$5,000,000 or a whole multiple thereof and shall reduce permanently the Revolving Commitments then in effect; provided that the Revolving Commitments may not be optionally reduced at any time to an amount which is less than the amount of the Exposure of all the Banks at such time; and provided further that the Revolving Commitments may not be reduced to an amount which is less than \$50,000,000 unless they are terminated in full. Any reduction or termination of Revolving Commitments of any Bank that is also a Swing Line Bank which would result in the Swing Line Commitment of such Bank exceeding the Revolving Commitment of such Bank shall automatically result in a reduction or termination, as applicable, of the Swing Line Commitment of such Bank, such that the Swing Line Commitment of such Bank does not exceed the Revolving Commitment of such Bank.

2.5 [reserved].

2.6 [reserved].

2.7 [reserved].

2.8 [reserved].

2.9 [reserved].

2.10 Revolving Commitment Increases.

(a) At any time after the Closing Date, provided that no Event of Default shall have occurred and be continuing, the Borrowers may request an increase of the Revolving Commitments in an aggregate amount up to \$500,000,000 by notice to the Administrative Agent in writing of the amount (the "Offered Increase Amount") of such proposed increase (such notice, a "Revolving Commitment Increase Notice"). The Borrowers may offer to any Bank or any bank or other financial institution that is not an existing Bank the opportunity to provide a

new Revolving Commitment pursuant to paragraph (b) below, which other bank or other financial institution shall be subject to the consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed).

(b) Any additional bank or financial institution that the Borrowers select to offer the opportunity to provide any portion of the increased Revolving Commitments, and that elects to become a party to this Agreement and provide a Revolving Commitment, shall execute a New Bank Supplement with the Borrowers and the Administrative Agent, substantially in the form of Exhibit K (a “New Bank Supplement”), whereupon such bank or financial institution (a “New Bank”) shall become a Bank for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, and Schedule I shall be deemed to be amended to add the name and Revolving Commitment of such New Bank, provided that the Revolving Commitment of any such New Bank shall be in a principal amount not less than \$10,000,000.

(c) Any Bank that accepts an offer to it by the Borrowers to increase its Revolving Commitment pursuant to this subsection 2.10 shall, in each case, execute a Revolving Commitment Increase Supplement with the Borrowers and the Administrative Agent, substantially in the form of Exhibit L (a “Revolving Commitment Increase Supplement”), whereupon such Bank (an “Increasing Bank”) shall be bound by and entitled to the benefits of this Agreement with respect to the full amount of its Revolving Commitment as so increased, and Schedule I shall be deemed to be amended to so increase the Revolving Commitment of such Bank.

(d) The effectiveness of any New Bank Supplement or Revolving Commitment Increase Supplement shall be contingent upon receipt by the Administrative Agent of such corporate resolutions of the Borrowers and legal opinions of counsel to the Borrowers as the Administrative Agent shall reasonably request with respect thereto.

(e) (i) Except as otherwise provided in subparagraphs (ii) and (iii) of this paragraph (e), if any bank or financial institution becomes a New Bank pursuant to subsection 2.10(b) or any Bank’s Revolving Commitment is increased pursuant to subsection 2.10(c), additional Committed Rate Loans made on or after the date of the effectiveness thereof (the “Re-Allocation Date”) shall be made in accordance with the pro rata provisions of subsection 8.3 based on the Revolving Commitment Percentages (or relevant Foreign Currency Revolving Commitment Percentages, as the case may be) in effect on and after such Re-Allocation Date (except to the extent that any such pro rata borrowings would result in any Bank making an aggregate principal amount of Committed Rate Loans in excess of its Revolving Commitment (or relevant Foreign Currency Revolving Commitment Percentages, as the case may be), in which case such excess amount will be allocated to, and made by, the relevant New Banks and Increasing Banks to the extent of, and in accordance with the pro rata provisions of subsection 8.3 based on, their respective Revolving Commitments (or relevant Foreign Currency Revolving Commitments, as the case may be)). On each Re-Allocation Date, the Administrative Agent shall deliver a notice to each Bank of the adjusted Revolving Commitment Percentages after giving effect to any increase in the Revolving Commitments made pursuant to this subsection 2.10 on such Re-Allocation Date.

(ii) In the event that on any such Re-Allocation Date there is an unpaid principal amount of Committed Rate ABR Loans, the applicable Borrower shall make prepayments thereof and one or more Borrowers shall make borrowings of Committed Rate ABR Loans and/or Committed Rate Eurocurrency Loans, as the applicable Borrower shall determine, so that, after giving effect thereto, the Committed Rate ABR Loans and Committed Rate Eurocurrency Loans outstanding are held as nearly as may be in accordance with the pro rata provisions of subsection 8.3 based on such new Revolving Commitment Percentage.

(iii) In the event that on any such Re-Allocation Date there is an unpaid principal amount of Committed Rate Eurocurrency Loans, such Committed Rate Eurocurrency Loans shall remain outstanding with the respective holders thereof until the expiration of their respective Interest Periods (unless the applicable Borrower elects to prepay any thereof in accordance with the applicable provisions of this Agreement), and on the last day of the respective Interest Periods the applicable Borrower shall make prepayments thereof and the applicable Borrowers shall make borrowings of Committed Rate ABR Loans and/or Committed Rate Eurocurrency Loans so that, after giving effect thereto, the Committed Rate ABR Loans and Committed Rate

Eurocurrency Loans outstanding are held by all of the Banks as nearly as may be in accordance with the pro rata provisions of subsection 8.3 based on such new Revolving Commitment Percentage.

(iv) In the event that on any such Re-Allocation Date there is any outstanding L/C Exposure, the interests of each L/C Participant shall be adjusted in accordance with the pro rata provisions of subsection 8.3 based on the Revolving Commitment Percentages (or relevant Foreign Currency Revolving Commitment Percentages, as the case may be) in effect on and after such Re-Allocation Date.

(f) Notwithstanding anything to the contrary in this subsection 2.10, no Bank shall have any obligation to increase its Revolving Commitment unless it agrees to do so in its sole discretion.

2.11 Refunding of Committed Rate Loans Denominated in Available Foreign Currencies.

(a) Notwithstanding noncompliance with the conditions precedent set forth in subsection 10.2, if any Committed Rate Loans denominated in any Available Foreign Currency (any such Loans, "Specified Loans") are outstanding on (i) any date on which an Event of Default pursuant to subsection 13(g) shall have occurred with respect to the Company or (ii) any Acceleration Date, then, at 10:00 A.M., New York City time, on the second Business Day immediately succeeding (x) the date on which such Event of Default occurs (in the case of clause (i) above) or (y) such Acceleration Date (in the case of clause (ii) above), the Administrative Agent shall be deemed to have received a notice from the Company pursuant to subsection 2.2 requesting that Committed Rate ABR Loans be made pursuant to subsection 2.1 on such second Business Day in an aggregate amount equal to the Dollar Equivalent Amount of the aggregate amount of all Specified Loans, and the procedures set forth in subsection 2.2 shall be followed in making such Committed Rate ABR Loans. The proceeds of such Committed Rate ABR Loans shall be applied to repay such Specified Loans.

(b) If, for any reason, Committed Rate ABR Loans may not be made pursuant to paragraph (a) of this subsection 2.11 to repay Specified Loans as required by such paragraph, effective on the date such Committed Rate ABR Loans would otherwise have been made, (i) the principal amount of each relevant Specified Loan shall be converted into Dollars (calculated on the basis of the Exchange Rate as of the immediately preceding Business Day) ("Converted Specified Loans") and (ii) each Bank severally, unconditionally and irrevocably agrees that it shall purchase in Dollars a participating interest in such Converted Specified Loans in an amount equal to the amount of Committed Rate ABR Loans which would otherwise have been made by such Bank pursuant to paragraph (a) of this subsection 2.11. Each Bank will immediately transfer to the Administrative Agent, in immediately available funds, the amount of its participation, and the proceeds of such participation shall be distributed by the Administrative Agent to each Bank having such Specified Loans in such amount as will reduce the amount of the participating interest retained by such Bank in the Converted Specified Loans to the amount of the Committed Rate ABR Loans which were to have been made by it pursuant to paragraph (a) of this subsection 2.11. All Converted Specified Loans shall bear interest at the rate which would otherwise be applicable to Committed Rate ABR Loans. Each Bank shall share on a pro rata basis (calculated by reference to its participating interest in such Converted Specified Loans) in any interest which accrues thereon and in all repayments thereof.

(c) If, for any reason, Committed Rate ABR Loans may not be made pursuant to paragraph (a) of this subsection 2.11 to repay Specified Loans as required by such paragraph and the principal amount of any Specified Loans may not be converted into Dollars in the manner contemplated by paragraph (b) of this subsection 2.11, (i) the Administrative Agent shall determine the Dollar Equivalent Amount of such Specified Loans (calculated on the basis of the Exchange Rate determined as of the Business Day immediately preceding the date on which Committed Rate ABR Loans would otherwise have been made pursuant to said paragraph (a)) and (ii) effective on the date on which Committed Rate ABR Loans would otherwise have been made pursuant to said paragraph (a), each Bank severally, unconditionally and irrevocably agrees that it shall purchase in Dollars a participating interest in such Specified Loans in an amount equal to the amount of Committed Rate ABR Loans which would otherwise have been made by such Bank pursuant to paragraph (a) of this subsection 2.11. Each Bank will immediately transfer to the Administrative Agent, in immediately available funds, the amount of its participation, and the proceeds of such participation shall be distributed by the Administrative Agent to each relevant Bank having Specified Loans in such amount as will reduce the Dollar Equivalent Amount as of such

date of the amount of the participating interest retained by such Bank in such Specified Loans to the amount of the Committed Rate ABR Loans which were to have been made by it pursuant to paragraph (a) of this subsection 2.11. Each Bank shall share on a pro rata basis (calculated by reference to its participating interest in such Specified Loans) in any interest which accrues thereon, in all repayments of principal thereof and in the benefits of any collateral furnished in respect thereof and the proceeds of such collateral.

(d) If any amount required to be paid by any Bank to any other Bank pursuant to this subsection 2.11 in respect of any Specified Loan is not paid to such Bank on the date such payment is due from such Bank, such obligor Bank shall pay to such obligee Bank on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal funds rate, as quoted by such obligee Bank during the period from and including the date such payment is required to the date on which such payment is immediately available to such obligee Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of an obligee Bank submitted to any obligor Bank through the Administrative Agent with respect to any amounts owing under this subsection (d) shall be conclusive in the absence of manifest error.

2.12 Certain Borrowings of Committed Rate Loans and Refunding of Loan.

(a) If on any Borrowing Date on which a Specified Borrower has requested the Banks (the “Specified Foreign Currency Banks”) to make Committed Rate Loans denominated in an Available Foreign Currency (the “Requested Specified Loans”) (i) the principal amount of the Requested Specified Loans to be made by any Specified Foreign Currency Bank exceeds the unused amount of the Revolving Commitment of such Specified Foreign Currency Bank in the requested Available Foreign Currency (before giving effect to the making and payment of any Loans required to be made pursuant to this subsection 2.12 on such Borrowing Date), (ii) the principal amount of such Requested Specified Loan, when added to the outstanding principal amount of all other Committed Rate Loans of such Specified Foreign Currency Banks denominated in the Available Foreign Currency in which the Requested Specified Loans are to be made, does not exceed the aggregate amount of such Specified Foreign Currency Banks’ Foreign Currency Revolving Commitments in such requested Available Foreign Currency and (iii) the Dollar Equivalent of the amount of the excess described in the foregoing clause (i) is less than or equal to the aggregate unused amount of the Revolving Commitments of all Banks other than such Specified Foreign Currency Banks (before giving effect to the making and payment of any Loans pursuant to this subsection 2.12 on such Borrowing Date), each Bank other than such Specified Foreign Currency Banks shall make a Committed Rate Loan denominated in Dollars to the Company (or any Specified Borrower identified by the Company) on such Borrowing Date, and the proceeds of such Committed Rate Loans shall be simultaneously applied to repay outstanding Committed Rate Loans denominated in Dollars of such Specified Foreign Currency Banks in each case in amounts such that, after giving effect to (1) such borrowings and repayments and (2) the borrowing from such Specified Foreign Currency Banks of the Requested Specified Loans, the excess described in the foregoing clause (i) will be eliminated. To effect such borrowings and repayments, (x) not later than 12:00 Noon, New York City time, on such Borrowing Date, the proceeds of such Committed Rate Loans denominated in Dollars shall be made available by each Bank other than such Specified Foreign Currency Banks to the Administrative Agent at its office specified in subsection 15.2 in Dollars and in immediately available funds and the Administrative Agent shall apply the proceeds of such Committed Rate Loans denominated in Dollars toward repayment of outstanding Committed Rate Loans denominated in Dollars of such Specified Foreign Currency Banks (as directed by the Company) and (y) concurrently with the repayment of such Loans on such Borrowing Date, (I) such Specified Foreign Currency Banks shall, in accordance with the applicable provisions hereof, make the Requested Specified Loans in an aggregate amount equal to the amount so requested by the relevant Specified Borrower and (II) the relevant Borrower shall pay to the Administrative Agent for the account of the Specified Foreign Currency Banks whose Loans to such Borrower are repaid on such Borrowing Date pursuant to this subsection 2.12 all interest accrued on the amounts repaid to the date of repayment, together with any amounts payable pursuant to subsection 8.8 in connection with such repayment, provided that the Administrative Agent shall have provided notice to the Company prior to the making of such Requested Specified Loans that the making thereof would obligate the Company to pay amounts pursuant to subsection 8.8.

(b) If any borrowing of Committed Rate Loans is required pursuant to this subsection 2.12, the Company shall notify the Administrative Agent in the manner provided for Committed Rate Loans in subsection 2.2, except that the minimum borrowing amounts and threshold multiples in excess thereof applicable to Committed Rate ABR Loans set forth in subsection 2.2 shall not be applicable to the extent that such minimum borrowing amounts exceed the amounts of Committed Rate Loans required to be made pursuant to this subsection 2.12.

2.13 Extension of Termination Date.

(a) The Company may, by written notice to the Administrative Agent in the form of Exhibit J-1 (the “Extension Request”) given no earlier than 60 days prior to each anniversary of the Closing Date but no later than 45 days prior to each anniversary of the Closing Date, request that the then applicable Termination Date be extended to the date that is one calendar year after the then applicable Termination Date. Such extension shall be effective with respect to each Bank that, by a written notice in the form of Exhibit J-2 (a “Continuation Notice”) to the Administrative Agent given no later than 20 days prior to the then applicable anniversary of the Closing Date, consents, in its sole discretion, to such extension (each Bank giving a Continuation Notice being referred to herein as a “Continuing Bank” and each Bank other than a Continuing Bank being referred to herein as a “Non-Extending Bank”), provided that (i) such extension shall be effective only if the aggregate Revolving Commitments of the Continuing Banks constitute at least a majority of the Total Revolving Commitments on the date of the Extension Request, (ii) any Bank that fails to submit a Continuation Notice at least 20 days prior to the then applicable anniversary of the Closing Date shall be deemed not to have consented to such extension and shall constitute a Non-Extending Bank and (iii) the Company may give no more than two Extension Requests during the term of this Agreement. No Bank shall have any obligation to consent to any extension of the Termination Date. The Administrative Agent shall notify each Bank of the receipt of an Extension Request promptly after receipt thereof. The Administrative Agent shall notify the Company and the Banks no later than 15 days prior to the then applicable anniversary of the Closing Date which Banks are Continuing Banks and which Banks are Non-Extending Banks, and whether the Administrative Agent has received Continuation Notices from Banks holding Revolving Commitments aggregating at least a majority of the Total Revolving Commitments on the date of the Extension Request.

(b) The Commitment of each Non-Extending Bank shall terminate at the close of business on the Termination Date in effect prior to the delivery of such Extension Request without giving any effect to such proposed extension. On such Termination Date, the Company shall pay to the Administrative Agent, for the account of each Non-Extending Bank, an amount equal to such Non-Extending Bank’s Loans, together with accrued but unpaid interest and fees thereon and all other amounts then payable hereunder to such Non-Extending Bank. If, however, on or before the applicable Termination Date in effect immediately prior to the effectiveness of the Extension Request pursuant to this subsection 2.13, the Company obtains a Replacement Bank pursuant to subsection 15.1(e) for any such Non-Extending Bank and such Replacement Bank agrees to the extension of the Termination Date pursuant to this subsection 2.13, then such Replacement Bank shall for all purposes of this subsection 2.13 and this Agreement be deemed to be a Continuing Bank, and the Loans of such Bank shall not be due and payable pursuant to this subsection 2.13(b).

SECTION 3. THE COMPETITIVE ADVANCE LOANS

3.1 Competitive Advance Loans.

(a) Subject to the terms and conditions hereof, any Specified Borrower may, from time to time during the Commitment Period, request the Banks to offer bids, and any Bank may, in its sole discretion, offer such bids, to make competitive advance loans (“Competitive Advance Loans”) to such Specified Borrower on the terms and conditions set forth in such bids. Each Competitive Advance Loan shall bear interest at the rates, be payable on the dates, and shall mature on the date, agreed between such Specified Borrower and Bank at the time such Competitive Advance Loan is made; provided, that (i) each Competitive Advance Loan shall mature not earlier than 1 day and not later than 180 days, after the date such Competitive Advance Loan is made and (ii) no Competitive Advance Loan shall mature after the Termination Date. During the Commitment Period, the

Specified Borrowers may accept bids from Banks from time to time for Competitive Advance Loans, and borrow and repay Competitive Advance Loans, all in accordance with the terms and conditions hereof; provided, that no Competitive Advance Loan shall be made if, after giving effect to the making of such Loan and the simultaneous application of the proceeds thereof, (i) the aggregate amount of the Exposure of all the Banks would exceed the aggregate amount of the Revolving Commitments, or (ii) the aggregate amount of the Foreign Currency Exposure in respect of any Currency would exceed the Foreign Currency Exposure Sublimit for such Currency. Subject to the foregoing, any Bank may, in its sole discretion, make Competitive Advance Loans in an aggregate outstanding amount exceeding the amount of such Bank's Revolving Commitment.

(b) The Competitive Advance Loans may be made in Dollars or any Available Foreign Currency, as agreed between the Specified Borrower and Bank in respect thereof at the time such Competitive Advance Loan is made.

3.2 Procedure for Competitive Advance Loan Borrowing.

(a) Any Specified Borrower may request Competitive Advance Loans by delivering a Competitive Advance Loan Request. The Administrative Agent shall notify each Bank promptly by facsimile transmission of the contents of each Competitive Advance Loan Request received by the Administrative Agent. Each Bank may elect, in its sole discretion, to offer irrevocably to make one or more Competitive Advance Loans to the Specified Borrower by delivering a Competitive Advance Loan Offer to the Administrative Agent.

(b) Before the acceptance time set forth in the applicable Competitive Advance Loan Request, the Specified Borrower, in its absolute discretion, shall:

(i) cancel such Competitive Advance Loan Request by giving the Administrative Agent telephone notice to that effect, or

(ii) by giving telephone notice to the Administrative Agent immediately confirmed in writing or by facsimile transmission, subject to the provisions of subsection 3.2(c), accept one or more of the offers made by any Bank or Banks pursuant to subsection 3.2(a) of the amount of Competitive Advance Loans for each relevant maturity date and reject any remaining offers made by Banks pursuant to subsection 3.2(a).

(c) The Specified Borrower's acceptance of Competitive Advance Loans in response to any Competitive Advance Loan Request shall be subject to the following limitations:

(i) The amount of Competitive Advance Loans accepted for each maturity date specified by any Bank in its Competitive Advance Loan Offer shall not exceed the maximum amount for such maturity date specified in such Competitive Advance Loan Offer;

(ii) the aggregate amount of Competitive Advance Loans accepted for all maturity dates specified by any Bank in its Competitive Advance Loan Offer shall not exceed the aggregate maximum amount specified in such Competitive Advance Loan Offer for all such maturity dates;

(iii) the Specified Borrower may not accept offers for Competitive Advance Loans for any maturity date in an aggregate principal amount in excess of the maximum principal amount requested in the related Competitive Advance Loan Request; and

(iv) if the Specified Borrower accepts any of such offers, it must accept offers based solely upon pricing for such relevant maturity date and upon no other criteria whatsoever and if two or more Banks submit offers for any maturity date at identical pricing and the Specified Borrower accepts any of such offers but does not wish to (or by reason of the limitations set forth in subsection 3.2(c)(iii) cannot) borrow the total amount offered by such Banks with such identical pricing, the Administrative

Agent shall allocate offers from all of such Banks in amounts among them pro rata according to the amounts offered by such Banks (or as nearly pro rata as shall be practicable).

(d) If the Specified Borrower notifies the Administrative Agent that a Competitive Advance Loan Request is cancelled, the Administrative Agent shall give prompt telephone notice thereof to the Banks.

(e) If the Specified Borrower accepts one or more of the offers made by any Bank or Banks, the Administrative Agent promptly shall notify each Bank which has made such a Competitive Advance Loan Offer of (i) the aggregate amount of such Competitive Advance Loans to be made for each maturity date and (ii) the acceptance or rejection of any offers to make such Competitive Advance Loans made by such Bank. Before the Funding Time for the applicable Currency, each Bank whose Competitive Advance Loan Offer has been accepted shall make available to the Administrative Agent for the account of the Specified Borrower at the Funding Office for the applicable Currency the amount of Competitive Advance Loans in the applicable Currency to be made by such Bank, in immediately available funds.

3.3 Repayment of Competitive Advance Loans; Evidence of Debt.

(a) Each Specified Borrower that borrows any Competitive Advance Loan hereby unconditionally promises to pay to the Bank that made such Competitive Advance Loan on the maturity date, as agreed by such Specified Borrower and Bank (or such earlier date on which all the Loans become due and payable pursuant to Section 13), the then unpaid principal amount of such Competitive Advance Loan. Each Specified Borrower hereby further agrees to pay interest on the unpaid principal amount of the Competitive Advance Loans made by any Bank to such Specified Borrower from time to time outstanding from the date thereof until payment in full thereof at the rate per annum, and on the dates, agreed by such Specified Borrower and Bank at the time such Competitive Advance Loan is made. All payments in respect of Competitive Advance Loans shall be made by such Specified Borrower to the Administrative Agent for the account of the Bank that makes such Competitive Advance Loan to the Payment Office and by the Payment Time for the applicable Currency.

(b) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of each Specified Borrower to such Bank resulting from each Competitive Advance Loan of such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time in respect of Competitive Advance Loans. The entries made in the accounts of each Bank maintained pursuant to this subsection 3.3(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of each Specified Borrower therein recorded, absent manifest error; provided, however, that the failure of any Bank to maintain any such account, or any error therein, shall not in any manner affect the obligation of each Specified Borrower to repay (with applicable interest) the Competitive Advance Loans made to such Specified Borrower by such Bank in accordance with the terms of this Agreement. In the event of any conflict between the records maintained by any Bank and the records maintained by the Administrative Agent in such matters, the records of the Administrative Agent shall control in the absence of manifest error.

3.4 Prepayments. Unless otherwise agreed by the Bank making a Competitive Advance Loan, upon giving a Notice of Prepayment at the address and time specified in Schedule IV, any Competitive Advance Loan may be optionally prepaid prior to the scheduled maturity date thereof.

SECTION 4. THE SWING LINE LOANS

4.1 Swing Line Loans. Subject to the terms and conditions hereof, each Swing Line Bank severally agrees to make swing line loans ("Swing Line Loans") to any Specified Borrower from time to time during the Commitment Period in Dollars; provided, that no Swing Line Loan shall be made if, after giving effect to the making of such Loan and the simultaneous application of the proceeds thereof, (i) the aggregate amount of the Exposure of all the Banks would exceed the aggregate amount of the Revolving Commitments, (ii) the aggregate amount of the Swing Line Loans made by a Swing Line Bank would exceed the Swing Line Commitment of such Swing Line Bank, (iii) the aggregate amount of the Exposure of a Swing Line Bank would exceed the Revolving Commitment of such Bank, (iv)

the aggregate amount of all outstanding Swing Line Loans of such Specified Borrower would exceed the Swing Line Limit for such Specified Borrower or (v) the aggregate amount of all outstanding Swing Line Loans would exceed the Swing Line Limit. During the Commitment Period, the Specified Borrowers may borrow and prepay the Swing Line Loans in whole or in part, all in accordance with the terms and conditions hereof.

4.2 Procedure for Swing Line Borrowing.

(a) Any Specified Borrower may request any Swing Line Bank to make Swing Line Loans during the Commitment Period on any Business Day by giving to such Swing Line Bank a Notice of Swing Line Borrowing no later than 1:00 p.m., New York City time, on the applicable Borrowing Date, or such later time as may be agreed by such Swing Line Bank, acting in its sole discretion, in respect of such Swing Line Loan. Each borrowing of Swing Line Loans shall be in an amount equal to (a) in the case of ABR Loans, \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if the then aggregate undrawn amount of the Swing Line Commitments is less than \$1,000,000, such lesser amount) and (b) in the case of Eurocurrency Loans \$1,000,000 or increments of \$500,000 thereafter; provided, that any borrowing of Swing Line Loans may be in an aggregate amount that is equal to the entire unused balance of the Total Swing Line Commitments. Subject to the terms and conditions hereof, on the Borrowing Date of each Swing Line Loan, the relevant Swing Line Bank shall make the proceeds thereof available to the relevant Specified Borrower in immediately available funds in Dollars by the Funding Time in accordance with the wire instructions for remittance specified by the Specified Borrower in the Notice of Swing Line Borrowing.

(b) Upon the making of any Swing Line Loan, any payment of principal or interest with respect to a Swing Line Loan and on the last Business Day of each month on which a Swing Line Bank has any outstanding Swing Line Loans, such Bank shall deliver to the Administrative Agent a Notice of Swing Line Outstandings.

4.3 Repayment of Swing Line Loans; Evidence of Debt.

(a) With respect to each Swing Line Loan, each Specified Borrower hereby unconditionally promises to pay to the applicable Swing Line Bank on the earlier of (i) the Termination Date, (ii) the date which is 30 days after the making of such Swing Line Loan, (iii) the date on which such Swing Line Loans become due and payable pursuant to subsection 4.4 and (iv) the date on which all the Loans become due and payable pursuant to Section 13, the then unpaid principal amount of such Swing Line Loan made to such Specified Borrower. Each Specified Borrower hereby further agrees to pay the applicable Swing Line Bank interest on the unpaid principal amount of the Swing Line Loans made to such Specified Borrower from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 8.14.

(b) Each Swing Line Bank shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of each Specified Borrower to such Swing Line Bank resulting from each Swing Line Loan of such Bank from time to time, including the amounts of principal and interest payable and paid to such Swing Line Bank from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to subsection 15.6(b), and a subaccount therein for each Swing Line Bank, in which shall be recorded (i) the amount of each Swing Line Loan made hereunder and each Interest Period (if any) applicable thereto and (ii) the amount of any principal or interest due and payable or to become due and payable from each Specified Borrower to each Swing Line Bank under Swing Line Loans.

(d) The entries made in the Register and the accounts of each Swing Line Bank maintained pursuant to subsection 4.3(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of each Specified Borrower therein recorded; provided, however, that the failure of any Swing Line Bank or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of each Specified Borrower to repay (with applicable

interest) the Swing Line Loans made to such Specified Borrower by such Swing Line Bank in accordance with the terms of this Agreement. In the event of any conflict between the records maintained by any Swing Line Bank and the records maintained by the Administrative Agent in such matters, the records of the Administrative Agent shall control in the absence of manifest error.

4.4 Allocating Swing Line Loans: Swing Line Loan Participations.

(a) If any Event of Default shall occur and be continuing, any Swing Line Bank may, in its sole and absolute discretion, direct that the Swing Line Loans owing to it be refunded, by delivering a Notice of Swing Line Refunding. Upon receipt of a Notice of Swing Line Refunding the Administrative Agent shall promptly give notice of the contents thereof to the Banks and, unless an Event of Default described in subsection 13(g) in respect of the Company or the relevant Specified Borrower has occurred, to the Company and the relevant Specified Borrower. Each such Notice of Swing Line Refunding shall be deemed to constitute delivery by such Specified Borrower of a Notice of Borrowing of Committed Rate Eurocurrency Loans in Dollars in the amount of the Swing Line Loans to which it relates, for an Interest Period of one month's duration. Subject to the terms and conditions hereof, each Bank (including each Swing Line Bank in its capacity as a Bank having a Revolving Commitment) hereby agrees to make a Committed Rate Loan to such Specified Borrower pursuant to Section 2 in Dollars in an amount equal to such Bank's Revolving Borrowing Percentage of the aggregate amount of the Swing Line Loans to which such Notice of Swing Line Refunding relates. Unless any of the events described in subsection 13(g) in respect of the Company or such Specified Borrower shall have occurred (in which case the procedures of subsection 4.4(b) shall apply), each Bank shall make the amount of such Committed Rate Loan available to the Administrative Agent at the Funding Office, at or prior to the Funding Time, in Dollars in funds immediately available to the Administrative Agent. The proceeds of such Committed Rate Loans shall be immediately made available to such Swing Line Bank by the Administrative Agent and applied by such Swing Line Bank to repay the Swing Line Loans to which such Notice of Swing Line Refunding related.

(b) If prior to the time a Committed Rate Loan would have otherwise been made pursuant to subsection 4.4(a), one of the events described in subsection 13(g) shall have occurred in respect of the Company or the relevant Specified Borrower, each Bank (other than the relevant Swing Line Bank) shall, on the date such Committed Rate Loan would have been made pursuant to the Notice of Swing Line Refunding referred to in subsection 4.4(a) (the "Refunding Date"), purchase an undivided participating interest in the outstanding Swing Line Loans to which such Notice of Swing Line Refunding related, in an amount equal to (i) such Bank's Revolving Commitment Percentage times (ii) the aggregate principal amount of such Swing Line Loans then outstanding which were to have been repaid with Committed Rate Loans (the "Swing Line Participation Amount"). On the Refunding Date, (x) each Bank shall transfer to such Swing Line Bank, in immediately available funds, such Bank's Swing Line Participation Amount, and upon receipt thereof such Swing Line Bank shall, if requested by any Bank, deliver to such Bank a participation certificate dated the date of such Swing Line Bank's receipt of such funds and evidencing such Bank's ownership of its Swing Line Participation Amount and (y) the interest rate on the applicable Swing Line Loan will automatically be converted to the applicable Eurocurrency Rate with an Interest Period of one month plus the Applicable Margin for Committed Rate Loans. If any amount required to be paid by any Bank to any Swing Line Bank pursuant to this subsection 4.4 in respect of any Swing Line Participation Amount is not paid to such Swing Line Bank on the date such payment is due from such Bank, such Bank shall pay to such Swing Line Bank on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal funds rate, as quoted by such Swing Line Bank, during the period from and including the date such payment is required to the date on which such payment is immediately available to the Swing Line Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of a Swing Line Bank submitted to any Bank with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Administrative Agent or any Swing Line Bank has received from any Bank such Bank's Swing Line Participation Amount, the Administrative Agent or such Swing Line Bank receives any payment on account of the related Swing Line Loans, the Administrative Agent or such Swing Line Bank will distribute to such Bank its Revolving Commitment Percentage of such payment on account of its Swing Line Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time

during which such Bank's participating interest was outstanding and funded); provided, however, that in the event that such payment received by the Administrative Agent or such Swing Line Bank is required to be returned, such Bank will return to the Administrative Agent or such Swing Line Bank any portion thereof previously distributed to it by the Administrative Agent or such Swing Line Bank, as applicable.

(d) Each Bank's obligation to make Committed Rate Loans pursuant to subsection 4.4(a) and to purchase participating interests pursuant to subsection 4.4(b) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against any other Bank or any Specified Borrower, or any Specified Borrower may have against any Bank or any other Person, as the case may be, for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default; (iii) any adverse change in the condition (financial or otherwise) of the Company or any of its Subsidiaries; (iv) any breach of this Agreement by any party hereto; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 5. THE LETTERS OF CREDIT

5.1 L/C Commitment.

(a) For the avoidance of doubt, Letters of Credit outstanding immediately prior to the Closing Date shall be Letters of Credit hereunder. Subject to the terms and conditions hereof, each Issuing Bank agrees to issue letters of credit for the account of any Specified Borrower on any Business Day during the Commitment Period in such form as shall be reasonably acceptable to such Issuing Bank; provided, that no Letter of Credit shall be issued if, after giving effect thereto (i) the aggregate amount of the Exposure of all the Banks would exceed the aggregate amount of the Revolving Commitments, (ii) the aggregate amount of the Foreign Currency Exposure in respect of any Currency would exceed the Foreign Currency Exposure Sublimit for such Currency or (iii) the aggregate amount of the L/C Obligations would exceed \$200,000,000.

(b) Each Letter of Credit shall:

(i) be denominated in Dollars or an Available Foreign Currency and shall be either (A) a standby letter of credit issued to support obligations of a Specified Borrower, contingent or otherwise, to provide credit support for workers' compensation, other insurance programs and other lawful corporate purposes (a "Standby Letter of Credit") or (B) a commercial letter of credit issued in respect of the purchase of goods and services in the ordinary course of business of the Company and its Subsidiaries (a "Commercial Letter of Credit"; together with the Standby Letters of Credit, the "Letters of Credit") and,

(ii) expire no later than the earlier of 365 days after its date of issuance and 5 Business Days prior to the Termination Date although any such Letter of Credit may be automatically extended for periods of one year from the current or any future expiration date of the Letter of Credit (unless the Issuing Bank elects not to extend such Letter of Credit) and the extended maturity date is not beyond 5 Business Days prior to the Termination Date (it being understood that if the Termination Date is extended pursuant to subsection 2.13, no Letter of Credit shall expire after the Termination Date applicable to the Non-Extending Banks if, after giving effect to the issuance of such Letter of Credit, the aggregate face amount of all Letters of Credit expiring after the Termination Date applicable to the Non-Extending Banks would exceed the aggregate amount of the Commitments of the Continuing Banks).

(c) Each Letter of Credit shall be subject to the Uniform Customs or International Standby Practices (ISP98) and, to the extent not inconsistent therewith, the laws of any State of the United States or, if acceptable to the Required Banks and the relevant account party, the jurisdiction of the Issuing Office at which such Letter of Credit is issued.

(d) No Issuing Bank shall at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause such Issuing Bank or any Bank to exceed any limits imposed by, any change after the date hereof in any applicable Requirement of Law.

5.2 Procedure for Issuance of Letters of Credit under this Agreement. Any Specified Borrower may from time to time request that an Issuing Bank issue a Letter of Credit by delivering to such Issuing Bank at its Issuing Office an Application therefor (with a copy to the Administrative Agent), completed to the satisfaction of the Issuing Bank, and such other certificates, documents and other papers and information as such Issuing Bank may reasonably request. Upon receipt by an Issuing Bank of any Application, and subject to the terms and conditions hereof, such Issuing Bank will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall any Issuing Bank be required to issue any Letter of Credit earlier than five Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by such Issuing Bank and such Specified Borrower. Such Issuing Bank shall advise the Administrative Agent of the terms of such Letter of Credit on the date of issuance thereof and shall promptly thereafter furnish copies thereof and each amendment thereto to the Company and through the Administrative Agent each Bank.

5.3 Fees, Commissions and Other Charges.

(a) Each Specified Borrower for whose account a Letter of Credit is issued hereunder shall pay to the Administrative Agent, for the account of the Banks (including the Issuing Bank) pro rata according to their Revolving Commitment Percentages, a letter of credit commission with respect to each Letter of Credit, computed at a rate equal to the then Applicable Margin for Committed Rate Eurocurrency Loans on the daily average undrawn face amount of such Letter of Credit. Such commissions shall be payable in arrears on the last Business Day of each March, June, September and December to occur after the date of issuance of each Letter of Credit and on the expiration date of such Letter of Credit and shall be nonrefundable.

(b) In addition to the foregoing fees and commissions, each Specified Borrower for whose account a Letter of Credit is issued hereunder shall (i) pay or reimburse the Issuing Bank for such normal and customary costs and expenses as are incurred or charged by such Issuing Bank in issuing, effecting payment under, amending or otherwise administering such Letter of Credit and (ii) pay the Issuing Bank such other fees as shall be agreed by the Issuing Bank and such Specified Borrower.

(c) The Administrative Agent shall, promptly following its receipt thereof, distribute to the Issuing Bank and the Banks all fees and commissions received by the Administrative Agent for their respective accounts pursuant to this subsection.

5.4 L/C Participations.

(a) Each Issuing Bank irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Bank to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from such Issuing Bank, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk, an undivided interest equal to such L/C Participant's Revolving Commitment Percentage in such Issuing Bank's obligations and rights under each Letter of Credit issued by such Issuing Bank hereunder and the amount of each draft paid by such Issuing Bank thereunder. Each L/C Participant unconditionally and irrevocably agrees with each Issuing Bank that, if a draft is paid under any Letter of Credit issued by such Issuing Bank for which the Specified Borrower which is the account party under such Letter of Credit has not reimbursed such Issuing Bank to the full extent required by the terms of this Agreement, such L/C Participant shall pay to such Issuing Bank upon demand at such Issuing Bank's Issuing Office an amount equal to such L/C Participant's Revolving Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed.

(b) If any amount required to be paid by any L/C Participant to any Issuing Bank pursuant to subsection 5.4(a) in respect of any unreimbursed portion of any payment made by such Issuing Bank under any Letter of Credit is not paid to such Issuing Bank on the date such payment is due from such L/C Participant, such L/C Participant shall pay to such Issuing Bank on demand an amount equal to the product of (i) such amount, times (ii) (A) in the case of any such payment obligation denominated in Dollars, the daily average Federal funds rate, as quoted by such Issuing Bank, or (B) in the case of any such payment obligation denominated in an Available Foreign Currency, the rate customary in such Currency for settlement of similar inter-bank obligations, as quoted by such Issuing Bank, in each case during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of an Issuing Bank submitted to any L/C Participant with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after an Issuing Bank has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with subsection 5.4(a) the Issuing Bank receives any payment related to such Letter of Credit (whether directly from the account party or otherwise, including by way of set-off or proceeds of collateral applied thereto by such Issuing Bank), or any payment of interest on account thereof, such Issuing Bank will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by such Issuing Bank shall be required to be returned by the Issuing Bank, such L/C Participant shall return to such Issuing Bank the portion thereof previously distributed by such Issuing Bank to it.

5.5 Reimbursement Obligation of the Specified Borrowers.

(a) Each Specified Borrower for whose account a Letter of Credit is issued hereunder agrees to reimburse the Issuing Bank in respect of such Letter of Credit on each date on which such Issuing Bank notifies such Specified Borrower (with a copy to the Administrative Agent at its address in the Administrative Schedule for Notices of Borrowing for the applicable Currency) of the date and amount of a draft presented under such Letter of Credit and paid by such Issuing Bank for the amount of (i) such draft so paid and (ii) any taxes, fees, charges or other costs or expenses incurred by such Issuing Bank in connection with such payment; provided if any Issuing Bank shall notify the Specified Borrower of a drawing after 2:00 p.m. local time of such Issuing Bank's Issuing Office on the date of any drawing under a Letter of Credit, the Specified Borrower will not be required to reimburse such Issuing Bank until the next succeeding Business Day. Each such payment shall be made to such Issuing Bank at its Issuing Office in the Currency in which payment of such draft was made and in immediately available funds.

(b) Interest shall be payable on any and all amounts remaining unpaid by any Specified Borrower under this subsection from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full at the rate which is (i) in the case of such amounts payable in Dollars, 2% above the ABR from time to time and (ii) in the case of such amounts payable in any other currency, 2% above the rate reasonably determined by the Issuing Bank as the cost of funding such overdue amount from time to time on an overnight basis.

(c) Each notice of a drawing under any Letter of Credit denominated in Dollars shall constitute a request by the Specified Borrower for a borrowing pursuant to subsection 2.2 of Committed Rate ABR Loans in the amount of such drawing plus any amounts payable pursuant to subsection 5.5(a)(ii) in respect of such drawing. The Borrowing Date with respect to such borrowing shall be the date of such drawing.

5.6 Obligations Absolute.

(a) The obligations of the Specified Borrowers under this Section 5 shall be absolute, irrevocable and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which any Specified Borrower may have or have had against the Issuing Bank or any beneficiary of a Letter of Credit.

(b) Each Specified Borrower for whose account a Letter of Credit is issued hereunder also agrees with the Issuing Bank in respect of such Letter of Credit that such Issuing Bank shall not be responsible for, and such Specified Borrower's Reimbursement Obligations under subsection 5.5(a) shall not be affected by, among other things, (i) the enforceability, validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be unenforceable, invalid, fraudulent or forged, provided, that reliance upon such documents by such Issuing Bank shall not have constituted gross negligence or willful misconduct of such Issuing Bank or (ii) any dispute between or among such Specified Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (iii) any claims whatsoever of any Specified Borrower against any beneficiary of such Letter of Credit or any such transferee.

(c) No Issuing Bank shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by such Issuing Bank's gross negligence or willful misconduct.

(d) Each Specified Borrower for whose account a Letter of Credit is issued hereunder agrees that any action taken or omitted by any Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on such Specified Borrower and shall not result in any liability of such Issuing Bank to such Specified Borrower.

5.7 Letter of Credit Payments. If any draft shall be presented for payment to an Issuing Bank under any Letter of Credit, such Issuing Bank shall promptly notify the account party of the date and amount thereof. The responsibility of the Issuing Bank to the account party in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

5.8 Application. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 5, the provisions of this Section 5 shall apply.

SECTION 6. LOCAL CURRENCY FACILITIES

6.1 Terms of Local Currency Facilities.

(a) Subject to the provisions of this Section 6, the Company may in its discretion from time to time designate any Subsidiary of the Company organized under the laws of any jurisdiction outside the United States as a "Local Currency Borrower" and any Qualified Credit Facility to which such Local Currency Borrower and any one or more Banks (or its affiliates, agencies or branches) is a party as a "Local Currency Facility", with the consent of each such Bank in its sole discretion, by delivering a Local Currency Facility Addendum to the Administrative Agent and the Banks (through the Administrative Agent) executed by the Company, each such Local Currency Borrower and each such Bank, provided, that on the effective date of such designation no Event of Default shall have occurred and be continuing. Concurrently with the delivery of a Local Currency Facility Addendum, the Company or the relevant Local Currency Borrower shall furnish to the Administrative Agent copies of all documentation executed and delivered by any Local Currency Borrower in connection therewith, together with, if applicable, an English translation thereof. Except as otherwise provided in this Section 6 or in the definition of "Qualified Credit Facility" in subsection 1.1, the terms and conditions of each Local Currency Facility shall be determined by mutual agreement of the relevant Local Currency Borrower(s) and Local Currency Bank(s). The documentation governing each Local Currency Facility shall (i) contain an express acknowledgement that such Local Currency Facility shall be subject to the provisions of this Section 6 and (ii) designate a Local Currency Facility Agent for such Local Currency Facility. Each of the Company and, by agreeing to any Local Currency Facility designation as contemplated hereby, each relevant Local Currency Bank (if any) party thereto which is an affiliate, branch or agency of a Bank, acknowledges and agrees that each reference in this Agreement to any Bank shall, to the extent applicable, be deemed to be a reference to such Local Currency Bank. In the event of any inconsistency between the terms of this Agreement and the terms of any Local Currency Facility, the terms of this Agreement shall prevail.

(b) The documentation governing each Local Currency Facility shall set forth (i) the maximum amount (expressed in Dollars) available to be borrowed from all Local Currency Banks under such Local Currency Facility (as the same may be reduced from time to time, a “Local Currency Facility Maximum Borrowing Amount”) and (ii) with respect to each Local Currency Bank party to such Local Currency Facility, the maximum Dollar Equivalent Amount available to be borrowed from such Local Currency Bank thereunder (as the same may be reduced from time to time, a “Local Currency Bank Maximum Borrowing Amount”).

(c) Except as otherwise required by applicable law, in no event shall the Local Currency Banks party to a Local Currency Facility have the right to accelerate the Local Currency Loans outstanding thereunder, or to terminate their commitments (if any) to make such Local Currency Loans prior to the earlier of the stated termination date in respect thereof or the Termination Date, except, in each case, in connection with an acceleration of the Loans or a termination of the Commitments pursuant to Section 13 of this Agreement, provided, that nothing in this paragraph (c) shall be deemed to require any Local Currency Bank to make a Local Currency Loan if the applicable conditions precedent to the making of such Local Currency Loan set forth in the relevant Local Currency Facility have not been satisfied. No Local Currency Loan may be made under a Local Currency Facility if (i) after giving effect thereto, the conditions precedent in subsection 10.2 would not be satisfied or (ii) after giving effect to the making of such Local Currency Loan and the simultaneous application of the proceeds thereof, (A) the aggregate amount of the Exposure of all the Banks would exceed the aggregate amount of the Revolving Commitments, or (B) the amount of such Local Currency Bank’s Committed Exposure would exceed the amount of such Local Currency Bank’s Revolving Commitment.

(d) The relevant Local Currency Borrower shall furnish to the Administrative Agent copies of any amendment, supplement or other modification (including any change in commitment amounts or in the Local Currency Banks participating in any Local Currency Facility) to the terms of any Local Currency Facility promptly after the effectiveness thereof (together with, if applicable, an English translation thereof). If any such amendment, supplement or other modification to a Local Currency Facility shall (i) add a Local Currency Bank as a Local Currency Bank thereunder or (ii) change the Local Currency Facility Maximum Borrowing Amount or any Local Currency Bank Maximum Borrowing Amount with respect thereto, the Company shall promptly furnish an appropriately revised Local Currency Facility Addendum, executed by the Company, the relevant Local Currency Borrower and the affected Local Currency Banks (or any agent acting on their behalf), to the Administrative Agent and the Banks (through the Administrative Agent).

(e) The Company may terminate its designation of a facility as a Local Currency Facility, with the consent of each Local Currency Bank party thereto in its sole discretion, by written notice to the Administrative Agent, which notice shall be executed by the Company, the relevant Local Currency Borrower and each Local Currency Bank party to such Local Currency Facility (or any agent acting on their behalf). Once notice of such termination is received by the Administrative Agent, such Local Currency Facility and the loans and other obligations outstanding thereunder shall immediately cease to be subject to the terms of this Agreement and shall cease to benefit from the Company Guarantee.

6.2 Reporting of Local Currency Outstandings. On the date of the making of any Local Currency Loan having a maturity of 30 or more days to a Local Currency Borrower and on the last Business Day of each month on which a Local Currency Borrower has any outstanding Local Currency Loans, the Local Currency Facility Agent for such Local Currency Borrower, shall deliver to the Administrative Agent a Notice of Local Currency Outstandings. The Administrative Agent will, at the request of any Local Currency Facility Agent, advise such Local Currency Facility Agent of the Exchange Rate used by the Administrative Agent in calculating the Dollar Equivalent Amount of Local Currency Loans under the related Local Currency Facility on any date.

6.3 Refunding of Local Currency Loans.

(a) Notwithstanding noncompliance with the conditions precedent set forth in subsection 10.2, if any Local Currency Loans are outstanding on (i) any date on which an Event of Default pursuant to subsection 13(g) shall have occurred with respect to the Company, (ii) any Acceleration Date or (iii) any date on which an Event of Default pursuant to subsection 13(a)(ii) shall have occurred and be continuing for three or more Business

Days and, in the case of clause (iii) above, any Local Currency Bank party to the affected Local Currency Facility shall have given notice thereof to the Administrative Agent requesting that the Local Currency Loans (“Affected Local Currency Loans”) outstanding thereunder be refunded pursuant to this subsection 6.3, then, at 10:00 A.M., New York City time, on the second Business Day immediately succeeding (x) the date on which such Event of Default occurs (in the case of clause (i) above), (y) such Acceleration Date (in the case of clause (ii) above) or (z) the date on which such notice is received by the Administrative Agent (in the case of clause (iii) above), the Administrative Agent shall be deemed to have received a notice from the Company pursuant to subsection 2.2 requesting that Committed Rate ABR Loans be made pursuant to subsection 2.1 on such second Business Day in an aggregate amount equal to the Dollar Equivalent Amount of the aggregate amount of all Local Currency Loans (in the case of clause (i) or (ii) above) or the Affected Local Currency Loans (in the case of clause (iii) above), and the procedures set forth in subsection 2.2 shall be followed in making such Committed Rate ABR Loans. The proceeds of such Committed Rate ABR Loans shall be applied to repay such Local Currency Loans.

(b) If, for any reason, Committed Rate ABR Loans may not be made pursuant to paragraph (a) of this subsection 6.3 to repay Local Currency Loans as required by such paragraph, effective on the date such Committed Rate ABR Loans would otherwise have been made, (i) the principal amount of each relevant Local Currency Loan shall be converted into Dollars (calculated on the basis of the Exchange Rate as of the immediately preceding Business Day) (“Converted Local Currency Loans”) and (ii) each Bank severally, unconditionally and irrevocably agrees that it shall purchase in Dollars a participating interest in such Converted Local Currency Loans in an amount equal to the amount of Committed Rate ABR Loans which would otherwise have been made by such Bank pursuant to paragraph (a) of this subsection 6.3 unless such purchase would cause the Exposure of such Bank to exceed the Revolving Commitment of such Bank. Each Bank will immediately transfer to the Administrative Agent, in immediately available funds, the amount of its participation, and the proceeds of such participation shall be distributed by the Administrative Agent to each relevant Local Currency Bank in such amount as will reduce the amount of the participating interest retained by such Local Currency Bank in the Converted Local Currency Loans to the amount of the Committed Rate ABR Loans which were to have been made by it pursuant to paragraph (a) of this subsection 6.3. All Converted Local Currency Loans shall bear interest at the rate which would otherwise be applicable to Committed Rate ABR Loans. Each Bank shall share on a pro rata basis (calculated by reference to its participating interest in such Converted Local Currency Loans) in any interest which accrues thereon and in all repayments thereof.

(c) If, for any reason, Committed Rate ABR Loans may not be made pursuant to paragraph (a) of this subsection 6.3 to repay Local Currency Loans as required by such paragraph and the principal amount of any Local Currency Loans may not be converted into Dollars in the manner contemplated by paragraph (b) of this subsection 6.3, (i) the Administrative Agent shall determine the Dollar Equivalent Amount of such Local Currency Loans (calculated on the basis of the Exchange Rate determined as of the Business Day immediately preceding the date on which Committed Rate ABR Loans would otherwise have been made pursuant to said paragraph (a)) and (ii) effective on the date on which Committed Rate ABR Loans would otherwise have been made pursuant to said paragraph (a), each Bank severally, unconditionally and irrevocably agrees that it shall purchase in Dollars a participating interest in such Local Currency Loans in an amount equal to the amount of Committed Rate ABR Loans which would otherwise have been made by such Bank pursuant to paragraph (a) of this subsection 6.3 unless such purchase would cause the Exposure of such Bank to exceed the Revolving Commitment of such Bank. Each Bank will immediately transfer to the Administrative Agent, in immediately available funds, the amount of its participation, and the proceeds of such participation shall be distributed by the Administrative Agent to each relevant Local Currency Bank in such amount as will reduce the Dollar Equivalent as of such date of the amount of the participating interest retained by such Local Currency Bank in such Local Currency Loans to the amount of the Committed Rate ABR Loans which were to have been made by it pursuant to paragraph (a) of this subsection 6.3. Each Bank shall share on a pro rata basis (calculated by reference to its participating interest in such Local Currency Loans) in any interest which accrues thereon, in all repayments of principal thereof and in the benefits of any collateral furnished in respect thereof and the proceeds of such collateral.

(d) If any amount required to be paid by any Bank to any Local Currency Bank pursuant to this subsection 6.3 in respect of any Local Currency Loan is not paid to such Local Currency Bank on the date such payment is due from such Bank, such Bank shall pay to such Local Currency Bank on demand an amount equal

to the product of (i) such amount, times (ii) the daily average Federal funds rate, as quoted by such Local Currency Bank during the period from and including the date such payment is required to the date on which such payment is immediately available to the Local Currency Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of a Local Currency Bank submitted to any Bank through the Administrative Agent with respect to any amounts owing under this subsection (d) shall be conclusive in the absence of manifest error.

SECTION 7. [RESERVED]

SECTION 8. CERTAIN PROVISIONS APPLICABLE TO THE LOANS AND LETTERS OF CREDIT

8.1 Facility Fee; Other Fees; Other Payment.

(a) The Company shall pay to the Administrative Agent for the account of each Bank holding a Revolving Commitment a facility fee for the period from and including the Closing Date to, but excluding, the Termination Date, computed at the Facility Fee Rate in effect from time to time on the average daily amount of the Revolving Commitment (used and unused) of such Bank during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date or such earlier date on which the Revolving Commitments shall terminate as provided herein, commencing on the first of such dates to occur after the date hereof.

(b) The Company shall pay to the applicable Issuing Bank for its own account a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each Letter of Credit, in each case payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date or such earlier date on which the Revolving Commitments shall terminate as provided herein, commencing on the first of such dates to occur after the date hereof or the issuance date, as relevant.

(c) The Company agrees to pay to the Administrative Agent, for its own account and for the account of the Arrangers and the Banks, the fees in the amounts and on the dates agreed to by such parties in writing prior to the date of this Agreement.

8.2 Computation of Interest and Fees.

(a) Facility fees and, whenever it is calculated on the basis of the Prime Rate, interest shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed; and, otherwise, interest and Letter of Credit commissions shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the relevant Specified Borrower and the Banks of each determination of a Eurocurrency Rate. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively. The Administrative Agent shall as soon as practicable notify the relevant Borrower and the Banks of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrowers and the Banks in the absence of manifest error.

8.3 Pro Rata Treatment and Payments.

(a) Each payment by the Company on account of any facility fee hereunder and any reduction of the Revolving Commitments of the Banks shall be made pro rata according to the respective Revolving Commitment Percentages of the Banks. Each disbursement of Committed Rate Loans in any Currency shall be

made by the Banks holding Revolving Commitments in such Currency pro rata according to the respective Revolving Borrowing Percentages of such Banks. Each payment (including each prepayment) by any Borrower on account of principal of and interest on any Loans in any Currency shall be made pro rata according to the respective principal amounts of the Loans of such Type and Currency of such Borrower then due and owing to the Banks. All payments (including prepayments) to be made by any Borrower hereunder, whether on account of principal, interest, fees, Reimbursement Obligations or otherwise, shall be made without set off or counterclaim. All payments in respect of Swing Line Loans, Committed Rate Loans or Letters of Credit in any Currency shall be made in such Currency and in immediately available funds at the Payment Office (and in the case of Swing Line Loan, to the applicable Swing Line Bank), and at or prior to the Payment Time, for such Type of Loans and such Currency, on the due date thereof. The Administrative Agent shall distribute to the applicable Banks any payments received by the Administrative Agent promptly upon receipt in like funds as received. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(b) Unless the Administrative Agent shall have been notified in writing by any Bank prior to a Borrowing Date in respect of Committed Rate Loans that such Bank will not make the amount that would constitute its Revolving Borrowing Percentage of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Bank is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Bank shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to (A) in the case of any such Committed Rate Loans denominated in Dollars, the daily average Federal funds rate, as quoted by the Administrative Agent, or (B) in the case of any Committed Rate Loans denominated in an Available Foreign Currency, the rate customary in such Currency for settlement of similar inter-bank obligations, as quoted by the Administrative Agent, in each case for the period until such Bank makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Bank with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error. If such Bank's Revolving Borrowing Percentage of such borrowing is not made available to the Administrative Agent by such Bank within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans in such Currency hereunder, on demand, from the relevant Borrower.

8.4 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Bank to make or maintain Loans or to make or maintain Extensions of Credit to one or more Foreign Subsidiary Borrowers or Local Currency Borrowers contemplated by this Agreement, the commitment of such Bank hereunder to make Loans to such Foreign Subsidiary Borrowers or Local Currency Borrowers, continue Loans to such Foreign Subsidiary Borrowers or Local Currency Borrowers as such, and maintain Extensions of Credit to such Foreign Subsidiary Borrowers or Local Currency Borrowers shall forthwith be cancelled to the extent necessary to remedy or prevent such illegality. Nothing in this subsection 8.4 shall affect the obligation of the Banks to make or maintain Loans to the Company. Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in any Requirement of Law, regardless of the date enacted, adopted, issued or implemented.

8.5 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law (other than the Certificate of Incorporation and By-Laws or other organizational or governing documents of the Banks) or in the interpretation or application thereof or compliance by any Bank or Issuing Bank with any request or directive (whether or not

having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Bank or Issuing Bank or any corporation controlling such Bank or from which such Bank obtains funding or credit to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit or any Eurocurrency Loan or Local Currency Loan made by it, or change the basis of taxation of payments to such Bank, Issuing Bank or such corporation in respect thereof (except for (A) Non-Excluded Taxes covered by subsection 8.6, (B) taxes excluded under the first sentence of subsection 8.6(a) and (C) changes in the rate of tax on the overall net income of such Bank or Issuing Bank or such corporation);

(ii) shall impose, modify or hold applicable any reserve, special deposit, deposit insurance, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Bank or Issuing Bank or any corporation controlling such Bank or Issuing Bank or from which such Bank obtains funding or credit which is not otherwise included in the determination of the Eurocurrency Rate hereunder or the interest rate on such Local Currency Loans under the relevant Local Currency Facility; or

(iii) shall impose on such Bank or Issuing Bank or any corporation controlling such Bank any other condition;

and the result of any of the foregoing is to increase the cost to such Bank or Issuing Bank or such corporation, by an amount which such Bank or Issuing Bank or such corporation deems to be material, of making, converting into, continuing or maintaining Eurocurrency Loans or Local Currency Loans or issuing or participating in Letters of Credit or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Company shall promptly pay such Bank or Issuing Bank, within five Business Days after its demand, any additional amounts necessary to compensate such Bank or Issuing Bank for such increased cost or reduced amount receivable, together with interest on each such amount from the date due until payment in full at a rate per annum equal to the ABR plus 2%. If any Bank or Issuing Bank becomes entitled to claim any additional amounts pursuant to this subsection, it shall promptly notify the Company, through the Administrative Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this subsection submitted by such Bank or Issuing Bank, through the Administrative Agent, to the Company shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of Loans and all other amounts payable hereunder.

(b) If any Bank shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or liquidity requirements or in the interpretation or application thereof or compliance by such Bank or any corporation controlling such Bank or Issuing Bank with any request or directive regarding capital adequacy or liquidity requirements (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Bank's or Issuing Bank or such corporation's capital as a consequence of its obligations hereunder or under any Letter of Credit to a level below that which such Bank or Issuing Bank or such corporation could have achieved but for such change or compliance (taking into consideration such Bank's or Issuing Bank or such corporation's policies with respect to capital adequacy or liquidity requirements) by an amount deemed by such Bank or Issuing Bank to be material, then from time to time, after submission by such Bank or Issuing Bank to the Company (with a copy to the Administrative Agent) of a written request therefor (which written request shall be conclusive in the absence of manifest error), the Company shall pay to such Bank or Issuing Bank such additional amount or amounts as will compensate such Bank or Issuing Bank for such reduction.

(c) In addition to, and without duplication of, amounts which may become payable from time to time pursuant to paragraphs (a) and (b) of this subsection 8.5, each Borrower agrees to pay to each Bank which requests compensation under this paragraph (c) by notice to such Borrower, on the last day of each Interest Period with respect to any Committed Rate Eurocurrency Loan made by such Bank to such Borrower, at any time when such Bank shall be required to maintain reserves against "Eurocurrency liabilities" under Regulation D of the

Board (or, at any time when such Bank may be required by the Board or by any other Governmental Authority, whether within the United States or in another relevant jurisdiction, to maintain reserves against any other category of liabilities which includes deposits by reference to which the Eurocurrency Rate is determined as provided in this Agreement or against any category of extensions of credit or other assets of such Bank which includes any such Committed Rate Eurocurrency Loans), an additional amount (determined by such Bank's calculation or, if an accurate calculation is impracticable, reasonable estimate using such reasonable means of allocation as such Bank shall determine) equal to the actual costs, if any, incurred by such Bank during such Interest Period as a result of the applicability of the foregoing reserves to such Committed Rate Eurocurrency Loans.

(d) A certificate of each Bank, Issuing Bank, Swing Line Bank or Local Currency Bank setting forth such amount or amounts as shall be necessary to compensate such Bank, Issuing Bank, Swing Line Bank or Local Currency Bank as specified in paragraph (a), (b) or (c) above, as the case may be, and setting forth in reasonable detail an explanation of the basis of requesting such compensation in accordance with paragraph (a), (b) or (c) above, including calculations in detail comparable to the detail set forth in certificates delivered to such Bank in similar circumstances under comparable provisions of other comparable credit agreements, shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. The relevant Borrower shall pay each Bank, Issuing Bank, Swing Line Bank or Local Currency Bank the amount shown as due on any such certificate delivered to it within 10 days after its receipt of the same.

(e) Failure or delay on the part of any Bank or the Issuing Bank to demand compensation pursuant to this subsection shall not constitute a waiver of such Bank's or the Issuing Bank's right to demand such compensation; provided that the Company shall not be required to compensate a Bank or the Issuing Bank pursuant to this subsection for any increased costs or reductions incurred more than six months prior to the date that such Bank or the Issuing Bank, as the case may be, notifies the Company of the event giving rise to such increased costs or reductions and of such Bank's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the event giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

(f) Notwithstanding the foregoing provisions of this subsection, a Bank shall not be entitled to compensation pursuant to this subsection in respect of any Competitive Advance Loan if the event that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Advance Loan Offer pursuant to which such Loan was made.

(g) The agreements in this subsection shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(h) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in any Requirement of Law, regardless of the date enacted, adopted, issued or implemented.

8.6 Taxes.

(a) Unless required by applicable Requirements of Law, all payments made by or on behalf of any Loan Party under this Agreement or any other Credit Documents shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Administrative Agent and each Bank, (i) net income taxes, doing business taxes, branch profits or similar taxes, and franchise taxes imposed on the Administrative Agent or such Bank (including, without limitation for all purposes of this subsection 8.6, each Bank in its capacity as an Issuing Bank or as a Swing Line Bank), as the case may be, as a result of a present or former connection

between the jurisdiction of the government or taxing authority imposing such tax and the Administrative Agent or such Bank (excluding a connection arising solely from the Administrative Agent or such Bank having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) or any political subdivision or taxing authority thereof or therein, (ii) taxes that are attributable to such Bank's failure to comply with the requirements of subsection 8.6(e), (iii) United States withholding taxes in effect on the date such Bank becomes a party to this Agreement, except to the extent that such Bank's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the applicable Loan Party with respect to such taxes pursuant to this subsection 8.6(a) and (iv) any taxes imposed by FATCA; provided that, if any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Bank, as determined in good faith by the applicable Withholding Agent, (i) such amounts shall be paid to the relevant Governmental Authority in accordance with applicable law and (ii) the amounts so payable by the applicable Loan Party to the Administrative Agent or such Bank shall be increased to the extent necessary to yield to the Administrative Agent or such Bank (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement as if such withholding or deduction had not been made.

(b) In addition, the Company or the relevant Loan Party shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by any Loan Party, as promptly as possible thereafter such Loan Party or the Company shall send to the Administrative Agent for its own account or for the account of the relevant Bank, as the case may be, a certified copy of an original official receipt received by the applicable Loan Party showing payment thereof. If (i) such Loan Party or the Company fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority, (ii) Loan Party or the Company fails to remit to the Administrative Agent the required receipts or other required documentary evidence or (iii) any Non-Excluded Taxes or Other Taxes are imposed directly upon the Administrative Agent or any Bank, such Loan Party and/or the Company shall indemnify the Administrative Agent and such Bank for such amounts and any incremental taxes, interest or penalties that may become payable by the Administrative Agent or such Bank as a result of any such failure, in the case of (i) and (ii), or any such direct imposition, in the case of (iii). The agreements in subsection 8.6(a) shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(d) Each Bank shall indemnify the Administrative Agent for the full amount of any taxes, levies, imposts, duties, charges, fees, deductions, withholdings or similar charges imposed by any Governmental Authority that are attributable to such Bank and that are payable or paid by the Administrative Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent in good faith (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such taxes, levies, imposts, duties, charges, fees, deductions, withholdings or similar charges and without limiting the obligation of the Loan Parties to do so). A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error.

(e) (i) Each Bank (including each Assignee) that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Company and the Administrative Agent on or before the date on which it becomes a party to this Agreement two properly completed and duly signed copies of United States Internal Revenue Service (the "IRS") Form W-9 (or any successor form) certifying that such Bank is exempt from U.S. federal withholding tax. Each Bank (including each Assignee) that is not a "United States person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Bank") shall deliver to the Company and the Administrative Agent (or, in the case of a Participant, to the Bank from which the related participation shall have been purchased) (i) two duly completed copies of IRS Form W-8BEN, W-8ECI, W-8IMY (together with any applicable underlying IRS forms) or successor applicable form, as the case may be, (ii) in the case of a Non-U.S. Bank claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit M and the applicable IRS Form W-8 (together with any applicable underlying IRS forms), or any subsequent versions thereof or successors thereto, properly completed

and duly executed by such Non-U.S. Bank claiming complete exemption from, or a reduced rate of, withholding tax on payments under this Agreement and the other Credit Documents, or (iii) any other form prescribed by applicable requirements of U.S. federal income tax law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable requirements of law to permit the Company and the Administrative Agent to determine the withholding or deduction required to be made. Such forms shall be delivered by each Non-U.S. Bank on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the request of the Company or the Administrative Agent. In addition, each Non-U.S. Bank shall deliver such forms promptly upon the expiration, obsolescence or invalidity of any form previously delivered by such Non-U.S. Bank. Each Non-U.S. Bank shall promptly notify the Company and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this subsection, a Non-U.S. Bank shall not be required to deliver any form pursuant to this subsection that such Non-U.S. Bank is not legally able to deliver.

(ii) Upon the written request of any Borrower, each Bank promptly will provide to such Borrower and to the Administrative Agent, or file with the relevant taxing authority (with a copy to the Administrative Agent) such form, certification or similar documentation (each duly completed, accurate and signed) as is required by the relevant jurisdiction in order to obtain an exemption from, or reduced rate of Non-Excluded Taxes to which such Bank or the Administrative Agent is entitled pursuant to an applicable tax treaty or the law of the relevant jurisdiction; provided, however, such Bank will not be required to (x) disclose information which in its reasonable judgment it deems confidential or proprietary or (y) incur a cost if such cost would, in its reasonable judgment, be substantial in comparison to the cost of the Company under this subsection 8.6 of such Bank's failure to provide such form, certification or similar documentation. Such Bank shall certify in the case of any such form, certification or similar documentation so provided (to the extent it may accurately and properly do so) that it is entitled to receive payments under this Agreement without deduction or withholding, or at a reduced rate of deduction or withholding of Non-Excluded Taxes. A Bank shall be required to furnish a form under this paragraph (e)(ii) only if it is entitled to claim an exemption from or a reduced rate of withholding under applicable law. A Bank that is not entitled to claim an exemption from or a reduced rate of withholding under applicable law, promptly upon written request of the applicable Borrower, shall inform the applicable Borrower in writing.

(iii) If a payment made to a Bank under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this subsection 8.6(e)(iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) If any Bank determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which a Loan Party has paid additional amounts pursuant to this subsection 8.6, it shall pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this subsection 8.6 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Loan Party, upon the request of such Bank, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Bank in the event such Bank is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require any Bank to make available its tax

returns (or any other information relating to its taxes which it deems confidential) to any Loan Party or any other Person.

8.7 Company's Options upon Claims for Increased Costs and Taxes. In the event that any Affected Bank shall decline to make Loans pursuant to subsection 8.4 or shall have notified the Company that it is entitled to claim compensation pursuant to subsection 8.5 or 8.6, the Company may exercise any one or both of the following options:

(a) The Company may request one or more of the Banks which are not Affected Banks to take over all (but not part) of any Affected Banks' then outstanding Loans and to assume all (but not part) of any Affected Bank's Revolving Commitments and/or Swing Line Commitments, if any, and obligations hereunder, and if applicable, under any Local Currency Facility. If one or more Banks shall so agree in writing (collectively, the "Assenting Banks"; individually, an "Assenting Bank") with respect to an Affected Bank, (i) the Revolving Commitments and/or Swing Line Commitments, if any, of each Assenting Bank and the obligations of such Assenting Bank under this Agreement shall be increased by its respective Allocable Share of the Revolving Commitments and/or Swing Line Commitments, as applicable, and of the obligations of such Affected Bank under this Agreement and if applicable, under any Local Currency Facility and (ii) each Assenting Bank shall make Loans to the Company, according to such Assenting Bank's respective Allocable Share of the Revolving Commitments and/or Swing Line Commitments, as applicable, in an aggregate principal amount equal to the outstanding principal amount of the Loans and, if applicable, Local Currency Loans and Swing Line Loans, of such Affected Bank, on a date mutually acceptable to the Assenting Banks, such Affected Bank and the Company. The proceeds of such Loans, together with funds of the Company, shall be used to prepay the Loans, and if applicable, Local Currency Loans and/or Swing Loans, of such Affected Bank, together with all interest accrued thereon and all other amounts owing to such Affected Bank hereunder (including any amounts payable pursuant to subsection 8.8 in connection with such prepayment), and, upon such assumption by the Assenting Bank and prepayment by the Company, such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations or rights hereunder (other than any obligations or rights which according to this Agreement shall survive the termination of this Agreement).

(b) The Company may designate a Replacement Bank to assume the Revolving Commitments and/or Swing Line Commitments, if any, and the obligations of any such Affected Bank hereunder and if applicable, under any Local Currency Facility, and to purchase the outstanding Loans of such Affected Bank and such Affected Bank's rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Affected Bank (unless such Affected Bank agrees otherwise), for a purchase price equal to the outstanding principal amount of the Loans and, if applicable, Local Currency Loans and/or Swing Loans, of such Affected Bank plus (i) all interest accrued and unpaid thereon and all other amounts owing to such Affected Bank hereunder and (ii) any amount which would be payable to such Affected Bank pursuant to subsection 8.8, and upon such assumption and purchase by the Replacement Bank, such Replacement Bank, if it is not already a Bank, shall be deemed to be a "Bank" for purposes of this Agreement and such Affected Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations or rights hereunder (other than any obligations or rights which according to this Agreement shall survive the termination of this Agreement).

8.8 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan or Committed Rate Loan other than on the last day of an Interest Period therefor (including as a result of an Event of Default and as a result of the provisions of subsection 2.11 or 2.12), (b) the conversion of any Eurocurrency Loan other than on the last day of an Interest Period therefor, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable hereunder and is revoked in accordance herewith), (d) the failure to borrow any Competitive Advance Loan after accepting the Competitive Advance Loan Offer to make such Loan, or (e) the assignment as a result of a request by the Company pursuant to subsection 8.7 of any Eurocurrency Loan other than on the last day of an Interest Period therefor or of any Competitive Advance Loan, then, in any such event, the Company shall compensate each Bank for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, the loss to any Bank attributable to any such event shall be deemed to include an amount determined by such Bank to be equal to the excess, if any, of (i) the amount of interest that such Bank would pay for a deposit equal to the principal amount of such Bank denominated in the Currency

of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Eurocurrency Rate for such Currency for such Interest Period, over (ii) the amount of interest that such Bank would earn on such principal amount for such period if such Bank were to invest such principal amount for such period at the interest rate that would be bid by such Bank (or an affiliate of such Bank) for deposits denominated in such Currency from other banks in the eurocurrency market at the commencement of such period. The Company shall also compensate each relevant Bank for any loss, cost or expense suffered by such Bank as a result of the conversion, pursuant to subsection 2.11(b), of the Currency in which a Loan is denominated, or the purchase or sale, pursuant to subsection 2.11(c), of a participating interest in any Loan. A certificate of any Bank setting forth any amount or amounts that such Bank is entitled to receive pursuant to this subsection shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay such Bank the amount shown as due on any such certificate within 10 days after receipt thereof.

8.9 Determinations. In making the determinations contemplated by subsections 8.5, 8.6 and 8.8, each Bank may make such estimates, assumptions, allocations and the like that such Bank in good faith determines to be appropriate. Upon request of the Company, each Bank shall furnish to the Company, at any time after demand for payment of an amount under subsection 8.5(a) or 8.8, a certificate outlining in reasonable detail the computation of any amounts owing. Any certificate furnished by a Bank shall be binding and conclusive in the absence of manifest error.

8.10 Change of Lending Office. If an event occurs with respect to any Bank that makes operable the provisions of subsection 8.4 or entitles such Bank to make a claim under subsection 8.5 or 8.6, such Bank shall, if requested in writing by the Company, to the extent not inconsistent with such Bank's internal policies, use reasonable efforts to (a) designate another office or offices for the making and maintaining of its Loans or (b) obtain a different source of funds or credit, as the case may be, the designation or obtaining of which will eliminate such operability or reduce materially the amount such Bank is so entitled to claim, provided that such designation or obtaining would not, in the sole discretion of such Bank, result in such Bank incurring any costs unless the Company has agreed to reimburse such Bank therefor.

8.11 Company Controls on Exposure; Calculation of Exposure; Prepayment if Exposure exceeds Revolving Commitments .

(a) The Company will implement and maintain internal accounting controls to monitor the borrowings and repayments of Loans by the Borrowers and the issuance of and drawings under Letters of Credit, with the object of preventing any request for an Extension of Credit that would result in (i) the Exposure of the Banks being in excess of the Revolving Commitments, or (ii) the Foreign Currency Exposure in respect of any Currency exceeding the Foreign Currency Exposure Sublimit for such Currency, and of promptly identifying and remedying any circumstance where, by reason of changes in exchange rates, (A) the aggregate amount of the Exposure exceeds the Revolving Commitments, or (B) the amount of the Foreign Currency Exposure in respect of any Currency exceeds the Foreign Currency Exposure Sublimit for such Currency. In the event that at any time the Company determines that (i) the aggregate amount of the Exposure of the Banks exceeds the aggregate amount of the Revolving Commitments by more than 5%, or (ii) the amount of the Foreign Currency Exposure in respect of any Currency exceeds the Foreign Currency Exposure Sublimit for such Currency, the Company will, as soon as practicable but in any event within five Business Days of making such determination, make or cause to be made such repayments or prepayments of Loans as shall be necessary to cause (A) the aggregate amount of the Exposure of the Banks to no longer exceed the Revolving Commitments, and (B) the amount of the Foreign Currency Exposure in respect of any Currency not to exceed the Foreign Currency Exposure Sublimit for such Currency.

(b) The Administrative Agent will calculate the aggregate amount of the Exposure of the Banks from time to time, and in any event not less frequently than once during each calendar month. In making such calculations, the Administrative Agent will rely on the information most recently received by it from the Swing Line Banks in respect of outstanding Swing Line Loans, from Banks in respect of outstanding Competitive Advance Loans, from Local Currency Facility Agents in respect of outstanding Local Currency Loans and Issuing Banks

in respect of L/C Obligations. Upon making each such calculation, the Administrative Agent will inform the Company and the Banks of the results thereof.

(c) In the event that on any date the Administrative Agent calculates that (i) the aggregate amount of the Exposure of the Banks exceeds the aggregate amount of the Revolving Commitments by more than 5%, or (ii) the Foreign Currency Exposure in respect of any Currency exceeds the Foreign Currency Exposure Sublimit for such Currency, the Administrative Agent will give notice to such effect to the Company. After receipt of any such notice, the Company will, as soon as practicable but in any event within five Business Days of receipt of such notice, make or cause to be made such repayments or prepayments of Loans as shall be necessary to cause (i) the aggregate amount of the Exposure of the Banks to no longer exceed the Revolving Commitments, or (ii) the Foreign Currency Exposure in any respect of any Currency not to exceed the Foreign Currency Exposure Sublimit for such Currency.

(d) If at any time the Committed Exposure of any Bank exceeds such Bank's Revolving Commitment, upon demand of such Bank, the Company will within one Business Day prepay Loans in such amounts that after giving effect to such prepayment the Committed Exposure of such Bank does not exceed its Revolving Commitment.

(e) Any prepayment required to be made pursuant to this subsection 8.11 shall be accompanied by payment of amounts payable, if any, pursuant to subsection 8.8 in respect of the amount so prepaid.

8.12 Conversion and Continuation Options.

(a) By giving a Notice of Conversion, any Specified Borrower may elect from time to time (i) to convert such Specified Borrower's Committed Rate Eurocurrency Loans in Dollars to Committed Rate ABR Loans or (ii) to convert such Specified Borrower's Committed Rate ABR Loans to Committed Rate Eurocurrency Loans in Dollars. Upon receipt of any Notice of Conversion the Administrative Agent shall promptly notify each relevant Bank thereof. All or any part of Committed Rate Eurocurrency Loans outstanding in Dollars or Committed Rate ABR Loans may be converted as provided herein, provided that (i) no Committed Rate ABR Loan may be converted into a Committed Rate Eurocurrency Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Banks have determined that such a conversion is not appropriate and (ii) no Committed Rate ABR Loan may be converted into a Committed Rate Eurocurrency Loan after the date that is one month prior to the relevant Termination Date.

(b) By giving a Notice of Continuation, any Specified Borrower may continue all or any part of such Specified Borrower's Committed Rate Eurocurrency Loans as Committed Rate Eurocurrency Loans in the same Currency for one or more different additional Interest Periods.

(c) Any Specified Borrower may convert Committed Rate Loans outstanding in Dollars or one Available Foreign Currency to Committed Rate Loans in Dollars or a different Currency by repaying such Loans in the first Currency and borrowing Loans of such different Currency in accordance with the applicable provisions of this Agreement.

(d) If any Specified Borrower shall fail to timely give a Notice of Continuation or a Notice of Conversion in respect of any of such Specified Borrower's Committed Rate Eurocurrency Loans with respect to which an Interest Period is expiring, such Specified Borrower shall be deemed to have given a Notice of Continuation for an Interest Period of one month.

8.13 Minimum Amounts of Tranches. All borrowings of Committed Rate Loans and Swing Line Loans, all conversions and continuations of Committed Rate Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of (i) in the case of Eurocurrency Loans or Committed Rate Loans comprising each Tranche in Dollars shall be not less than \$5,000,000, (ii) in the case of ABR Loans or Committed Rate Loans comprising each Tranche in Dollars shall not be less than \$1,000,000 and (iii) Committed Rate Loans comprising each Tranche in any Available Foreign Currency shall

be not less than the Dollar Equivalent Amount in such Currency of \$5,000,000; provided that any borrowing of Committed Rate Loans may be in an aggregate amount that is equal to the entire unused balance of the Total Revolving Commitments and any borrowing of Swing Line Loans may be in an aggregate amount that is equal to the entire unused balance of the Total Swing Line Commitments.

8.14 Interest Rates and Interest Payment Dates .

(a) Each Eurocurrency Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) Each Swing Line Loan shall bear interest at the Swing Line Rate applicable to such Swing Line Loan.

(d) If all or a portion of (i) the principal amount of any Swing Line Loan or Committed Rate Loan or (ii) any interest payable thereon shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is (x) in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this subsection plus 2% or (y) in the case of overdue interest, the rate described in paragraph (b) of this subsection plus 2%, in each case from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(e) Interest on Swing Line Loans and Committed Rate Loans shall be payable in arrears on each Interest Payment Date; provided, that interest accruing pursuant to paragraph (d) of this subsection shall be payable from time to time on demand.

8.15 Inability to Determine Interest Rate. If on or prior to the date on which the Eurocurrency Rate is determined for any Interest Period in respect of any Eurocurrency Loan in any Currency:

(a) the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that, by reason of circumstances affecting the relevant market generally, adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate for such affected Currency or such affected Interest Period, or

(b) on the Business Day prior to the first day of the applicable Interest Period, the Administrative Agent shall have received notice from Banks having Revolving Commitments comprising at least 25% of the Total Revolving Commitments (or, in the case of Loans denominated in an Available Foreign Currency, Banks having at least 25% of the Foreign Currency Revolving Commitments in such Available Foreign Currency) that the Eurocurrency Rate determined or to be determined for such affected Interest Period will not adequately and fairly reflect the cost to such Banks (as conclusively certified by such Banks) of making or maintaining their affected Committed Rate Loans during such affected Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Company and the Banks as soon as practicable thereafter. If such notice is given (x) any Eurocurrency Loans requested to be made in such affected Currency on the first day of such affected Interest Period shall be made as ABR Loans in Dollars in the Dollar Equivalent Amount, (y) any Committed Rate Loans that were to have been converted on the first day of such affected Interest Period from ABR Loans to Eurocurrency Loans shall be continued as ABR Loans and (z) any Eurocurrency Loans in such affected Currency that were to have been continued as such shall be converted, on the first day of such Interest Period, to ABR Loans in Dollars in the Dollar Equivalent Amount. Until such notice has been withdrawn by the Administrative Agent, no further Eurocurrency Loans in such affected Currency shall be made, converted to or continued as such.

8.16 Optional Prepayments. By giving a Notice of Prepayment (which may be conditioned on a refinancing), any Specified Borrower may, at any time and from time to time, prepay Committed Rate Loans or Swing Line Loans made to such Specified Borrower, in whole or in part, without premium or penalty (except as provided in subsection 8.8). Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Bank thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with any amounts payable pursuant to subsection 8.8. Partial prepayments shall be in an aggregate principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof or an aggregate principal Dollar Equivalent Amount of at least \$1,000,000 for Loans denominated in a Foreign Currency.

8.17 Defaulting Banks. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Bank, then the following provisions shall apply for so long as such Bank is a Defaulting Bank:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Bank pursuant to subsection 8.1(a);

(b) the Revolving Commitment and Exposure of such Defaulting Bank shall not be included in determining whether the Required Banks have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to subsection 15.1); provided, that this clause (b) shall not apply to the vote of a Defaulting Bank in the case of an amendment, waiver or other modification requiring the consent of such Bank or each Bank directly affected thereby;

(c) if any Swing Line Exposure or L/C Exposure exists at the time such Bank becomes a Defaulting Bank then:

(i) all or any part of the Swing Line Exposure and L/C Exposure of such Defaulting Bank shall be reallocated among the non-Defaulting Banks in accordance with their respective Revolving Commitment Percentages but only to the extent that (x) the sum of the Exposures of all non-Defaulting Banks does not exceed the total of all non-Defaulting Banks' Revolving Commitments and (y) the Exposure of each non-Defaulting Bank does not exceed such non-Defaulting Banks' Revolving Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company (or applicable Specified Borrower) shall within one Business Day following notice by the Administrative Agent (x) first, prepay such Swing Line Exposure and (y) second, cash collateralize for the benefit of the Issuing Banks only the Borrowers' obligations corresponding to such Defaulting Bank's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 13 for so long as such L/C Exposure is outstanding;

(iii) if the Company (or applicable Specified Borrower) cash collateralizes any portion of such Defaulting Bank's L/C Exposure pursuant to clause (ii) above, no Loan Party shall be required to pay any fees pursuant to subsection 5.3(a) with respect to such Defaulting Bank's L/C Exposure during the period such Defaulting Bank's L/C Exposure is cash collateralized;

(iv) if the L/C Exposure of the non-Defaulting Banks is reallocated pursuant to clause (i) above, then the fees payable to the Banks pursuant to subsection 5.3(a) shall be adjusted in accordance with such non-Defaulting Banks' Revolving Commitment Percentages; and

(v) if all or any portion of such Defaulting Bank's L/C Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Banks or any other Bank hereunder, all fees payable under subsection 5.3(a) with respect to such Defaulting Bank's L/C Exposure shall be payable to the Issuing Banks in accordance with their percentages of the L/C Exposure until and to the extent that such L/C Exposure is reallocated and/or cash collateralized;

(d) so long as such Bank is a Defaulting Bank, (i) participating interests in any newly made Swing Line Loan shall be allocated among non-Defaulting Banks in a manner consistent with subsection 8.17(c)(i) (and such Defaulting Bank shall not participate therein) and each Swing Line Bank shall continue to fund Swing Line Loans in accordance with and subject to Section 4 so long as and to the extent the related Exposure will be 100% covered by the Revolving Commitments of the non-Defaulting Banks in accordance with subsection 8.17(c)(i) and (ii) participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Banks in a manner consistent with subsection 8.17(c)(i) (and such Defaulting Bank shall not participate therein) and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is reasonably satisfied that the Defaulting Bank's then outstanding L/C Exposure will be 100% covered by the Revolving Commitments of the non-Defaulting Banks and/or cash collateral will be provided by the Company (or applicable Specified Borrower) in accordance with subsection 8.17(c); and

(e) the Company may designate a Replacement Bank to assume the Revolving Commitments and/or Swing Line Commitments, if any, and the obligations of any Bank that becomes a Defaulting Bank, and to purchase the outstanding Loans of such Defaulting Bank and such Defaulting Bank's rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Defaulting Bank (unless such Defaulting Bank agrees otherwise), for a purchase price equal to the outstanding principal amount of the Loans of such Defaulting Bank plus (i) all interest accrued and unpaid thereon and all other amounts owing to such Defaulting Bank hereunder and (ii) any amount which would be payable to such Defaulting Bank pursuant to subsection 8.8 (assuming that all Loans of such Defaulting Bank were prepaid on the date of such assumption), and upon such assumption and purchase by the Replacement Bank, such Replacement Bank, if it is not already a Bank, shall be deemed to be a "Bank" for purposes of this Agreement and such Defaulting Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations or rights hereunder (other than any obligations or rights which according to this Agreement shall survive the termination of this Agreement).

If (i) a Bankruptcy Event with respect to a Bank Parent of any Bank shall occur following the date hereof and for so long as such event shall continue or (ii) the Issuing Bank has a good faith belief that any Bank has defaulted in fulfilling its obligations under one or more other agreements in which such Bank commits to extend credit, such Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless such Issuing Bank, as the case may be, shall have entered into arrangements with the Loan Parties or such Bank, satisfactory to such Issuing Bank, as the case may be, to defease any risk to it in respect of such Bank hereunder.

In the event that the Administrative Agent, the Company, each Swing Line Bank and each Issuing Bank agrees that a Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank, then the Swing Line Exposure and L/C Exposure of the Banks shall be readjusted to reflect the inclusion of such Bank's Revolving Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks (and, only if such Bank is a Swing Line Bank, Swing Line Loans) as the Administrative Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Revolving Commitment Percentage and, if such Bank is a Swing Line Bank, Swing Line Commitment Percentage.

SECTION 9. REPRESENTATIONS AND WARRANTIES

To induce the Syndication Agents, the Administrative Agent and the Banks to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Company and each Subsidiary Borrower (insofar as the representations and warranties by such Subsidiary Borrower relate to it) hereby represents and warrants to each Agent, the Administrative Agent and each Bank that:

9.1 Financial Condition. The audited consolidated balance sheets of the Company and its consolidated Subsidiaries as at December 31, 2012 and the related consolidated statements of income and of cash flows for the fiscal year ended on such date, reported on by Ernst & Young LLP, copies of which have heretofore been furnished to each Bank or will be furnished to each Bank that has not already received such copies, present fairly the consolidated financial condition of the Company and its consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the fiscal year then ended. The unaudited consolidating balance sheet of the Company and its consolidated Subsidiaries as at September 30, 2013 and the related unaudited consolidating statement

of operations and retained earnings for the portion of the fiscal year ended on September 30, 2013, present fairly the consolidating financial condition of the Company and its consolidated Subsidiaries as at such date, and the consolidating results of their operations for the fiscal year then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants or Responsible Officer, as the case may be, and as disclosed therein). Neither the Company nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or referred to in the notes thereto. During the period from September 30, 2013 to and including the Closing Date, there has been no sale, transfer or other disposition by the Company or any of its consolidated Subsidiaries of any material part of their consolidated business or property and no purchase or other acquisition of any business or property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of the Company and its consolidated Subsidiaries at September 30, 2013 except as disclosed in writing to the Banks prior to the Closing Date or disclosed in any of the Company's filings with the Securities and Exchange Commission prior to the date hereof.

9.2 No Change. Since December 31, 2012 there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

9.3 Corporate Existence; Compliance with Law. The Company and each of its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the corporate or other power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to be duly qualified or in good standing could not reasonably be expected to have a Material Adverse Effect, and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4 Corporate Power; Authorization; Enforceable Obligations. Each of the Company and its Subsidiaries has the corporate or other power and authority, and the legal right, to make, deliver and perform the Credit Documents to which it is a party and to borrow hereunder and has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and the execution, delivery and performance of the Credit Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Credit Documents. This Agreement has been, and each other Credit Document to which the Company or any of its Subsidiaries is a party will be, duly executed and delivered on behalf of the Company or such Subsidiary, as the case may be. This Agreement constitutes, and each other Credit Document to which it is a party when executed and delivered will constitute, a legal, valid and binding obligation of the Company or any of its Subsidiaries party thereto enforceable against the Company or such Subsidiary, as the case may be, in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

9.5 No Legal Bar. The execution, delivery and performance of the Credit Documents to which the Company or any of its Subsidiaries is a party, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of the Company or of any of its Subsidiaries (except for violations of Contractual Obligations which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect) and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation, except for the Liens expressly permitted by subsection 12.3.

9.6 No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Company, threatened by or against the Company or any

of its Subsidiaries or against any of its or their respective properties or revenues with respect to any of the Credit Documents or any of the transactions contemplated hereby or thereby.

9.7 No Default. No Default or Event of Default has occurred and is continuing.

9.8 Ownership of Property; Liens. Each of the Company and its Subsidiaries has good record and marketable title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other property, except where the failure to have such title or such leasehold interest, as the case may be, could not reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien except as permitted by subsection 12.3.

9.9 Intellectual Property. Each of the Company and each of its Subsidiaries owns, or is licensed to use, all domestic and foreign trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted (the “Intellectual Property”) except for those the failure to own or license which could not reasonably be expected to have a Material Adverse Effect. No claim has been asserted and is pending or, to the knowledge of the Company, has been threatened by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property which could reasonably be expected to have a Material Adverse Effect, nor does the Company know of any valid basis for any such claim. The use of such Intellectual Property by the Company and its Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

9.10 Local Currency Facilities. Schedule 9.10 sets forth, as of the Closing Date, all Local Currency Facilities (including the Local Currency Borrower, Local Currency Banks, Local Currency Facility Agent, Local Currency Facility Maximum Borrowing Amount and Local Currency Bank Maximum Borrowing Amount with respect thereto).

9.11 Taxes. Each of the Company and its consolidated Subsidiaries has filed or caused to be filed all tax returns which, to the knowledge of the Company, are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any unfiled tax returns for taxes, and unpaid taxes, fees and other charges, (a) the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Company or its consolidated Subsidiaries, as the case may be, or (b) which in each case, individually or in the aggregate, would not cause the Company and its consolidated Subsidiaries to have a liability in excess of \$20,000,000 or the Dollar Equivalent Amount thereof); no notice of tax Lien has been filed, and, to the knowledge of the Company, no claim is being asserted by any taxing authority, with respect to any such tax, fee or other charge except for claims the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Company or its consolidated Subsidiaries, as the case may be, and claims for amounts which, in the aggregate, do not exceed \$20,000,000.

9.12 Federal Regulations. No part of the proceeds of any Loans will be used for “purchasing” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or for any purpose which violates the provisions of the regulations of such Board of Governors. If requested by any Bank or the Administrative Agent, the Company will furnish to the Administrative Agent and each Bank a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

9.13 ERISA. Each Plan which is intended to be qualified under Section 401(a) (or 403(a) as appropriate) of the Code and each related trust agreement, annuity contract or other funding instrument which is intended to be tax-exempt under Section 501(a) of the Code is so qualified and tax-exempt and has been so qualified and tax-exempt during the period from its adoption to date. No event has occurred in connection with which the Company or any Commonly Controlled Entity or any Plan, directly or indirectly, could reasonably be expected to be subject to any material liability under ERISA, the Code or any other law, regulation or governmental order or under any agreement, instrument, statute, rule of law or regulation pursuant to or under which the Company or a Subsidiary has agreed to indemnify or is required to indemnify any person against liability incurred under, or for a violation or failure to satisfy the requirements of, any

such statute, regulation or order. No Reportable Event has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Single Employer Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. Excluding those arrangements set forth on Schedule 9.13, the present value of all accrued benefits under each Single Employer Plan maintained by the Company or any Commonly Controlled Entity or for which the Company or any Commonly Controlled Entity has or could have any liability (based on those assumptions used to fund the Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by more than 10%. Neither the Company nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Single Employer Plan or Multiemployer Plan, and neither the Company nor any Commonly Controlled Entity could reasonably be expected to become subject to any liability under ERISA if the Company or any such Commonly Controlled Entity were to withdraw completely from all Single Employer Plans or Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No Multiemployer Plan is in Reorganization or Insolvent, and neither the Company nor any Commonly Controlled Entity has received notice that any Multiemployer Plan is in “endangered” or “critical” condition (within the meaning of Section 432 of the Code or Section 305 of ERISA). The present value (determined using actuarial and other assumptions which are reasonable in respect of the benefits provided and the employees participating) of the unfunded liability of the Company and each Commonly Controlled Entity for benefits under all unfunded retirement or severance plans, programs, policies or other arrangements (including, without limitation, post-retirement benefits to be provided to their current and former employees under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA)), whether or not funded, does not, in the aggregate, exceed \$15,000,000 (excluding those arrangements set forth on Schedule 9.13).

9.14 Investment Company Act; Other Regulations. Neither the Company nor any Subsidiary of the Company is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended. Neither the Company nor any Subsidiary of the Company is subject to regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

9.15 Subsidiaries. The outstanding stock and securities (or other evidence of ownership) of the Subsidiaries, partnerships or joint ventures owned by the Company and its Subsidiaries are owned by the Company and its Subsidiaries free and clear of all Liens, warrants, options or rights of others of any kind whatsoever except for Liens permitted by subsection 12.3. Schedule 9.15 is a complete list of all Subsidiaries that, as of the Closing Date, are required to execute a Subsidiary Guarantee pursuant to subsection 11.9.

9.16 Accuracy and Completeness of Information. No document furnished or statement made in writing to the Banks by the Company in connection with the negotiation, preparation or execution of this Agreement or any of the other Credit Documents contains any untrue statement of a material fact, or omits to state any such material fact necessary in order to make the statements contained therein not misleading, in either case which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to the Banks. All other written information, reports and other papers and data with respect to the Company and its Subsidiaries (other than financial statements), furnished to the Banks by the Company, or on behalf of the Company, were (a) in the case of those not prepared for delivery to the Banks, to the Company’s knowledge, at the time the same were so furnished, complete and correct in all material respects for the purposes for which the same were prepared and (b) in the case of those prepared for delivery to the Banks, to the Company’s knowledge, complete and correct in all material respects, or have been subsequently supplemented by other information, reports or other papers or data, to the extent necessary to give the Banks a true and accurate knowledge of the subject matter in all material respects, it being understood that financial projections as to future events are not to be viewed as facts and that actual results may differ from projected results.

9.17 Purpose of Loans. The proceeds of the Loans and Letters of Credit shall be used by the Company for general corporate purposes of the Company and, to the extent permitted hereunder, its Subsidiaries, including working capital in the ordinary course of business, letters of credit, repayment, prepayment or purchase of long-term indebtedness and acquisitions, and shall not be used, and the Company shall procure that its Subsidiaries and their respective directors, officer, employees and agents shall not use the proceeds of the Loans and Letters of Credit, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business

or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (c) in a manner that would result in the violation of any Sanctions applicable to any party hereto.

9.18 Environmental Matters. Except as set forth on Schedule 9.18 or insofar as there is no reasonable likelihood of a Material Adverse Effect arising from any combination of facts or circumstances inconsistent with any of the following:

(a) The facilities and properties owned or operated by the Company or any of its Subsidiaries (the “Properties”) do not contain, and to the knowledge of the Company or its Subsidiaries, have not previously contained, any Materials of Environmental Concern in amounts or concentrations which (i) constitute or constituted a violation of, or (ii) could reasonably be expected to give rise to liability under, any applicable Environmental Law.

(b) The Properties and all operations at the Properties are in compliance with all applicable Environmental Laws, and there is no contamination at, under or to the knowledge of the Company about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Company or any of its Subsidiaries (the “Business”) which could materially interfere with the continued operation of the Properties.

(c) Neither the Company nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Business, nor does the Company or any of its Subsidiaries have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) To the knowledge of the Company or any of its Subsidiaries, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Company or any of its Subsidiaries, threatened, under any Environmental Law to which the Company or any Subsidiary is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other analogous administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business.

(f) There has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Company or any Subsidiary in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could reasonably give rise to liability under any applicable Environmental Laws.

9.19 Anti-Corruption Laws and Sanctions. The Company has implemented and maintains in effect policies and procedures designed to ensure compliance by the Company, any Person that is an Affiliate of the Company under clause (ii) of the definition of Affiliate, its Subsidiaries and their respective directors, officers, employees and, to the extent commercially reasonable, agents with Anti-Corruption Laws and applicable Sanctions. The Company, its Affiliates, its Subsidiaries and their respective officers and employees and, to the knowledge of the Company, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, any Affiliate or any Subsidiary or, to the knowledge of the Company, any of their respective directors, officers or employees, or (b) to the knowledge of the Company, any agent of the Company, any Affiliate or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. The transactions contemplated by this Agreement will not violate Anti-Corruption Laws or applicable Sanctions.

SECTION 10. CONDITIONS PRECEDENT

10.1 Conditions to Closing Date. The occurrence of the Closing Date, and the agreement of each Bank to make the initial Extension of Credit requested to be made by it on or after the Closing Date, shall be subject to the satisfaction, on or prior to December 13, 2013, of the following conditions precedent:

(a) Credit Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Company and each Subsidiary that will be a Subsidiary Borrower party hereto on the Closing Date, (ii) a Company Guarantee executed and delivered by a duly authorized officer of the Company and (iii) a Subsidiary Guarantee, executed and delivered on behalf of each Domestic Subsidiary listed on Schedule 9.15 by a duly authorized officer of such Domestic Subsidiary.

(b) Corporate Proceedings of each Loan Party. The Administrative Agent shall have received copies of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of each Loan Party (except any Foreign Subsidiary Borrower) authorizing (i) the execution, delivery and performance of each Credit Document to which it is a party and (ii) in the case of each Borrower (except any Foreign Subsidiary Borrower), the borrowings contemplated hereunder, certified by the Secretary, an Assistant Secretary, or the Vice President and General Counsel of such Loan Party as of the Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(c) Fees and Expenses. The Administrative Agent shall have received or shall substantially simultaneously with the closing receive the fees and expenses to be received on or prior to the Closing Date pursuant to subsection 8.1(c).

(d) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the executed legal opinion of Milbank, Tweed, Hadley & McCloy LLP, counsel to the Company and the Subsidiary Borrowers, substantially in the form of Exhibit G-1, with such modifications therein as shall be reasonably requested or approved by the Administrative Agent; and

(ii) the executed legal opinion of Peter S. Brown, general counsel of the Company, substantially in the form of Exhibit G-2, with such modifications therein as shall be reasonably requested or approved by the Administrative Agent.

Each such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement and the other Credit Documents as the Administrative Agent may reasonably require.

(e) No Material Litigation. No litigation, inquiry, injunction or restraining order shall be pending, entered or threatened (including any proposed statute, rule or regulation) which in the reasonable judgment of any Bank could have a Material Adverse Effect.

(f) Existing Credit Agreement. (i) Other than with respect to the reallocation of participations in Letters of Credit and Swing Line Loans as set forth in clause (ii) below, any principal, interest, fees or other amounts owing or accrued and unpaid under the Existing Credit Agreement to any Person which is a Bank under (and as defined in) the Existing Credit Agreement shall have been paid in full to such Person and (ii) the participations in Letters of Credit and Swing Line Loans outstanding under the Existing Credit Agreement immediately prior to the Closing Date will be reallocated so as to be held by the Banks ratably in accordance with their respective Commitments.

(g) Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be reasonably satisfactory in form and substance to the Administrative Agent.

10.2 Conditions to Each Extension of Credit. The agreement of each Bank to make any Extension of Credit requested to be made by it on any date (including, without limitation, its initial Extension of Credit, but excluding any Committed Rate Loan made pursuant to a Notice of Swing Line Refunding, pursuant to subsections 5.5(c) or 6.3 or pursuant to subsection 8.12(c) if the Dollar Equivalent Amount thereof is not increased) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Company and its Subsidiaries in or pursuant to the Credit Documents (other than subsections 9.2 and 9.6) shall be true and correct in all material respects on and as of such date as if made on and as of such date except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties are true and correct as of such earlier date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date after giving effect to the Extension of Credit requested to be made on such date.

(c) Hong Kong Dollar Borrowing. In the case of the first requested borrowing in Hong Kong Dollars subsequent to the Closing Date, the Administrative Agent shall have received such additional information as reasonably requested by the Administrative Agent to comply with applicable “know your customer” and regulatory requirements in connection with the making of Loans in Hong Kong Dollars.

(d) Borrowing Certificate. In the case of the first requested borrowing subsequent to the Closing Date, the Administrative Agent shall have received a certificate of the Company, dated as of such date, substantially in the form of Exhibit E, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by any Responsible Officer of the Company.

(e) Foreign Subsidiary Borrowers. In the case of the first requested borrowing by each Foreign Subsidiary Borrower, the Company shall deliver to the Administrative Agent (i) on or prior to such date a copy of the resolutions (or other comparable document under applicable law), in form and substance satisfactory to the Administrative Agent, of the Board of Directors of such Foreign Subsidiary Borrower authorizing (1) the execution, delivery and performance of each Credit Document to which it is a party and (2) the borrowings contemplated hereunder, certified by the Secretary or an Assistant Secretary or other authorized officer of such Foreign Subsidiary Borrower as of the Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions (or other comparable document under applicable law) thereby certified have not been amended, modified, revoked or rescinded and (ii) five (5) Business Days prior to such date any additional information requested by the Banks in connection with subsection 15.17.

Each request for an Extension of Credit by any Borrower shall constitute a representation and warranty by the Company and such Borrower that as of the date of such Extension of Credit the conditions contained in this subsection 10.2 have been satisfied.

SECTION 11. AFFIRMATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding and unpaid or any Loan or any other amount is owing to any Bank, any Agent or the Administrative Agent hereunder or under any Local Currency Facility, the Company shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

11.1 Financial Statements. Furnish to the Administrative Agent:

(a) as soon as available, but in any event within the earlier of (i) 120 days after the end of each fiscal year of the Company or (ii) 30 days after the date on which such financial statements are required to be filed with the Securities and Exchange Commission under the Securities Act of 1933, a copy of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of operations and shareholders’ equity and of cash flows for such year, setting forth in

each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by Ernst & Young or other independent certified public accountants of nationally recognized standing reasonably acceptable to the Required Banks; provided that the Company may in lieu of furnishing such financial statements furnish to the Administrative Agent its Form 10-K filed with the Securities and Exchange Commission or any successor or analogous Governmental Authority for such year;

(b) as soon as available, but in any event within the earlier of (i) 120 days after the end of each fiscal year of the Company or (ii) 30 days after the date on which consolidated financial statements for the relevant period are required to be filed with the Securities and Exchange Commission under the Securities Act of 1933, the unaudited consolidating balance sheet of the Company and its consolidated Subsidiaries as at the end of such year and the related unaudited consolidating statements of operations of the Company and its consolidated Subsidiaries, setting forth in each case in comparative form the figures for the previous year, certified pursuant to subsection 11.2(b) by a Responsible Officer as fairly presenting the consolidating financial condition and results of operations of the Company and its consolidated Subsidiaries;

(c) as soon as available, but in any event within the earlier of (i) 60 days after the end of each of the first three quarterly periods of each fiscal year of the Company or (ii) 15 days after the date on which such financial statements are required to be filed with the Securities and Exchange Commission under the Securities Act of 1933, the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of operations and shareholders’ equity and of cash flows of the Company and its consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for such quarter of the previous year, certified by a Responsible Officer as fairly presenting in all material respects when considered in relation to the consolidated financial statements of the Company and its consolidated Subsidiaries (subject to normal year-end audit adjustments); provided that the Company may in lieu of furnishing such unaudited consolidated balance sheet furnish to the Administrative Agent its Form 10-Q filed with the Securities and Exchange Commission or any successor or analogous Governmental Authority for the relevant quarterly period; and

(d) as soon as available, but in any event within the earlier of (i) 60 days after the end of each of the first three quarterly periods of each fiscal year of the Company or (ii) 15 days after the date on which consolidated financial statements for the relevant period are required to be filed with the Securities and Exchange Commission under the Securities Act of 1933, the unaudited consolidating balance sheet of the Company and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidating statements of operations of the Company and its consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, in the case of the unaudited consolidating balance sheet setting forth in comparative form the figures for the previous year (but not the corresponding figures for such quarter of the previous year) and in the case of the statements of operations setting forth in comparative form the figures for such quarter of the previous year, certified by a Responsible Officer as fairly presenting the consolidating financial condition and results of operations of the Company and its consolidated Subsidiaries (subject to normal year-end audit adjustments).

The financial statements to be furnished pursuant to this subsection 11.1 shall fairly present the consolidated (or consolidating) financial position and results of operations of the Company and its consolidated Subsidiaries in accordance with GAAP (subject, in the case of subsections 11.1(c) and (d), to normal year-end audit adjustments and the absence of complete footnotes) applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or Responsible Officer, as the case may be, and disclosed therein). Any information available on the website of the Company at www.arrow.com or filed with the Securities and Exchange Commission under the Securities Act of 1933 and available on www.sec.gov shall be deemed to have been furnished to the Administrative Agent upon the giving of notice by the Company to the Administrative Agent that such information has been made available on any of such websites.

11.2 Certificates; Other Information. Furnish to the Administrative Agent (or in the case of paragraph (h) below, the applicable Bank):

(a) concurrently with the delivery of the financial statements referred to in subsection 11.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 11.1(a) and 11.1(b), a certificate of a Responsible Officer substantially in the form of Exhibit H;

(c) concurrently with the delivery of the financial statements referred to in subsection 11.1(c), a certificate of a Responsible Officer (i) stating that, to the best of such Responsible Officer's knowledge, the Company has observed and performed all of its covenants and other agreements contained in this Agreement and the other Credit Documents to which it is a party to be observed or performed by it, (ii) that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified therein and (iii) setting forth calculations supporting compliance with subsections 12.1(a) and (b);

(d) as soon as delivered, a copy of the letter, addressed to the Company, of the certified public accountants who prepared the financial statements referred to in subsection 11.1(a) for such fiscal year and otherwise referred to as a "management letter";

(e) within five days after the same are sent, copies of all financial statements and reports which the Company sends to its stockholders generally, and within five days after the same are filed, copies of all financial statements and reports which the Company or any of its Subsidiaries may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(f) concurrently with the delivery of the financial statements referred to in subsections 11.1(a) and 11.1(c), a certificate of a Responsible Officer setting forth the name of each Foreign Subsidiary Borrower and each outstanding Swing Line Loan, Competitive Advance Loan, Local Currency Loan made and Letter of Credit issued to the Foreign Subsidiary Borrowers as of the date of such financial statements;

(g) promptly following request by the Administrative Agent thereof, copies of any documents described in Sections 101(k) or 101(l) of ERISA that the Company or any Commonly Controlled Entity may request with respect to any Multiemployer Plan; provided, that if the Company or any Commonly Controlled Entity has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, then, upon reasonable request of the Administrative Agent, the Company and/or the Commonly Controlled Entities shall promptly make a request for such documents or notices from such administrator or sponsor and the Company shall provide copies of such documents and notices to the Administrative Agent promptly after receipt thereof; and

(h) promptly, such additional documents, instruments, legal opinions or financial and other information as the Administrative Agent or any Bank may from time to time reasonably request.

Any information available on the website of the Company at www.arrow.com or filed with the Securities and Exchange Commission under the Securities Act of 1933 and available on www.sec.gov shall be deemed to have been furnished to the Administrative Agent (or Bank, if applicable) upon the giving of notice by the Company to the Administrative Agent (or Bank, if applicable) that such information has been made available on any of such websites.

11.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, including, without limitation, all obligations in respect of taxes, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Company or its Subsidiaries, as the case may be, or where the failure to pay, discharge or otherwise satisfy could not reasonably be expected to have a Material Adverse Effect.

11.4 Conduct of Business and Maintenance of Existence. (a) Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business except as otherwise permitted pursuant to subsection 12.4; comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect; and (b) maintain in effect and enforce policies and procedures designed to ensure compliance by the Company, any Person that is an Affiliate of the Company under clause (ii) of the definition of Affiliate, its Subsidiaries and their respective directors, officers, employees and, to the extent commercially reasonable, agents with Anti-Corruption Laws and applicable Sanctions.

11.5 Maintenance of Property: Insurance. Keep all property useful and necessary in its business in good working order and condition, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to each Bank, upon written request, full information as to the insurance carried.

11.6 Inspection of Property: Books and Records: Discussions. Keep proper books of records and account in which the entries are, in all material respects, full, true and correct in conformity with sound business practice and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and, upon reasonable notice under the circumstances, permit representatives of the Administrative Agent to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Company and its Subsidiaries with officers and employees of the Company and its Subsidiaries and with its independent certified public accountants.

11.7 Notices. Promptly, after the Company becomes aware thereof, give notice to the Administrative Agent of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Company or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Company or any of its Subsidiaries and any Governmental Authority, which in either case of clauses (i) or (ii), if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect or cause a Default or an Event of Default;

(c) any litigation or proceeding affecting the Company or any of its Subsidiaries (i) in which the amount involved is \$20,000,000 or more and not covered by insurance or (ii) in which injunctive or similar relief is sought which could reasonably be expected to have a Material Adverse Effect;

(d) the following events: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Single Employer Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan, the termination (other than a standard termination under Section 4041(b) of ERISA) of or withdrawal from any Single Employer Plan or Multiemployer Plan, or the Reorganization or Insolvency of any Multiemployer Plan, or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Company or any Commonly Controlled Entity or any Single Employer Plan or Multiemployer Plan with respect to the withdrawal from or the termination (other than a standard termination under Section 4041(b) of ERISA) of any Single Employer Plan or Multiemployer Plan, or the Reorganization or Insolvency of any Multiemployer Plan; and

(e) any change, development or event involving a prospective change, which has had or could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Company proposes to take with respect thereto.

11.8 Environmental Laws.

(a) Comply with, and take all reasonable efforts to ensure compliance by all tenants and subtenants, if any, in all material respects with, all applicable Environmental Laws and obtain and comply in all material respects with and maintain, and undertake all reasonable efforts to ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect.

11.9 Additional Subsidiary Guarantees. In the event that any Domestic Subsidiary (with assets accounting for more than 5% of Total Assets) which is not a Guarantor shall own any assets or generate any revenues (excluding any Domestic Subsidiary the sole activities of which consist of entering into one or more Permitted Receivables Securitizations), take all actions necessary to cause such Domestic Subsidiary to execute and deliver a Subsidiary Guarantee, within 30 days of the occurrence of such event.

11.10 Foreign Subsidiary Borrowers. Within 45 days after the Closing Date, the Company shall deliver to the Administrative Agent (i) an executed Foreign Subsidiary Opinion of counsel to each Foreign Subsidiary Borrower that is a party to this Agreement on the Closing Date if the aggregate Exposure of such Foreign Subsidiary Borrower owing to all Banks as of the Closing Date exceeds \$20,000,000 and (ii) a copy of all documentation with respect to all Local Currency Facilities.

SECTION 12. NEGATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding and unpaid or any other amount is owing to any Bank, any Agent or the Administrative Agent hereunder, any other Credit Document or under any Local Currency Facility:

12.1 Financial Condition Covenants. The Company shall not:

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio on the last day of any fiscal quarter ending after the Closing Date to exceed a ratio of 4.00 to 1.00.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of the Company ending with any fiscal quarter ending after the Closing Date to be less than a ratio of 3.00 to 1.00.

12.2 Limitation on Indebtedness of Subsidiaries. The Company shall not permit any of its Subsidiaries to, and the Subsidiaries shall not, directly or indirectly, create, incur, assume or suffer to exist any Indebtedness, except (a) any Indebtedness of Subsidiaries pursuant to any of the Credit Documents, (b) any Indebtedness of any Domestic Subsidiary otherwise permitted hereunder so long as such Domestic Subsidiary shall have executed and delivered to the Administrative Agent a Subsidiary Guarantee and such Subsidiary Guarantee shall be in full force and effect, (c) cash pooling arrangements in connection with cash management systems entered into by the Company or any Subsidiaries in the ordinary course of business; provided that such arrangements do not have a negative balance, (d) Indebtedness in respect of drafts on Italian banks with regard to working capital needs in the ordinary course of business, (e) Indebtedness of any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and extensions, renewals and replacements of any such Indebtedness that do not increase the

outstanding principal amount thereof (provided that such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement; and provided, further, that the principal amount of any such Indebtedness incurred by any Domestic Subsidiary shall not exceed \$50,000,000 in the aggregate), (f) Indebtedness of any Foreign Subsidiary owing to the Company or any other Subsidiary, (g) Indebtedness outstanding on the date hereof and specified on Schedule 12.2 and any refinancings, refundings, renewals or extensions thereof (without increasing the principal amount thereof, or shortening the maturity of the principal amount thereof), (h) Indebtedness consisting of liabilities of any Subsidiary in respect of a Permitted Receivables Securitization in an aggregate amount up to \$1,500,000,000, (i) any other Indebtedness of Foreign Subsidiaries in an aggregate amount not to exceed \$350,000,000 in addition to Indebtedness of Foreign Subsidiaries outstanding on the Closing Date and specified on Schedule 12.2, (j) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations (including Indebtedness consisting of the deferred purchase price of acquired property), or from guaranties or letters of credit, surety bonds or performance bonds securing the performance of the Company or any of its Subsidiaries pursuant to such agreements, in connection with acquisitions or permitted dispositions of any business, assets or Subsidiary of the Company or any of its Subsidiaries, (k) Indebtedness of a Person or Indebtedness attaching to assets of a Person that in either case becomes a Subsidiary or Indebtedness attaching to assets that in either case are acquired by the Company or any of its Subsidiaries, provided that such Indebtedness existed at the time such Person became a Subsidiary or at the time such assets were acquired and, in each case, was not created in contemplation or in connection thereof, and any extension, renewal or replacement of any such Indebtedness that do not increase the outstanding principal amount thereof and (l) any other Indebtedness in an aggregate principal amount outstanding not to exceed \$50,000,000.

12.3 Limitation on Liens. The Company shall not, and shall not permit any of its Domestic Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Company or its Domestic Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(d) Liens in connection with the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Company or such Domestic Subsidiary;

(f) Liens created in connection with Indebtedness incurred pursuant to subsection 12.2(h);

(g) Liens securing Indebtedness permitted by subsection 12.2(k) and any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that, in each case, (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which

it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(h) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary, including with respect to Capital Lease Obligations; provided that (i) such security interests and the Indebtedness secured thereby are incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such security interests shall not apply to any other property or assets of the Company or any Subsidiary;

(i) any Lien on a bank account of the Company or any Subsidiary arising in connection with the cash pooling arrangements referred to in subsection 12.2(c);

(j) Liens arising out of any judgment or award (i) with respect to which an appeal or proceeding for review is being prosecuted in good faith by appropriate proceedings diligently conducted, and with respect to which a stay of execution is in effect; and (ii) that does not constitute an Event of Default under clause (i) of Section 13; and

(k) Liens (not otherwise permitted hereunder) which secure obligations not exceeding (as to the Company and all Domestic Subsidiaries) a Dollar Equivalent Amount equal to \$50,000,000 at any time outstanding.

12.4 Limitation on Fundamental Changes. The Company shall not, and shall not permit any of its Domestic Subsidiaries to, directly or indirectly, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets, except:

(i) any Domestic Subsidiary may be merged or consolidated (a) with or into the Company (provided that the Company shall be the continuing or surviving corporation), (b) with or into any wholly owned Domestic Subsidiary or (c) with or into any other Person if the Company would be permitted to sell the Capital Stock of such Subsidiary directly to such Person under this subsection 12.4; and

(ii) any Domestic Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) (a) to the Company, (b) to any wholly owned Domestic Subsidiary or (c) to any other Person if the Company would be permitted to sell such assets directly to such Person under this subsection 12.4.

12.5 [Reserved].

12.6 Limitations on Acquisitions. The Company shall not, and shall not permit any of its Subsidiaries to, purchase any assets constituting a business unit of, or the Capital Stock of, any Person, or make any investment in or loan or advance to any joint venture except for investments in Existing Joint Ventures in an aggregate amount not to exceed \$50,000,000, Permitted Joint Ventures and Permitted Acquisitions; provided that immediately prior to and after giving effect to such Permitted Acquisition:

(a) no Default or Event of Default shall have occurred and be continuing; and

(b) such Permitted Joint Ventures and Permitted Acquisitions are funded (i) with common stock of the Company; or (ii) cash or other consideration, so long as, at the time of and after giving pro forma effect to such Permitted Joint Venture or Permitted Acquisitions funded with consideration other than common stock of the Company, either (A) the Consolidated Leverage Ratio is less than or equal to 4.00 to 1.00 or (B) the Company has Liquidity of at least \$450,000,000; provided that the criteria set forth under this clause (b)(ii) shall not be a condition to consummation of Permitted Joint Ventures or Permitted Acquisitions for aggregate consideration not exceeding \$50,000,000 in each fiscal year of the Company.

12.7 Limitation on Negative Pledge Clauses. The Company shall not, and shall not permit any of its Subsidiaries to, enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of the Company or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its Property or revenues, whether now owned or hereafter acquired, to secure the obligations of the Loan Parties under the Credit Documents, other than (a) this Agreement and the other Credit Documents, (b) conditions imposed by law, regulation, court order, rule or decree, (c) agreements relating to Property encumbered by Liens permitted by subsection 12.3 as long as such agreements apply only to the Property encumbered by such Liens, any inventory or goods, the sale of which may give rise to a "Receivable" (as such term is defined in the Permitted Receivables Agreement) or the assignment of any right to receive income in respect of such inventory or goods, (d) restrictions contained in the Arrow Note Documents or any other evidence of Indebtedness so long as not materially more restrictive in the aggregate than the Arrow Note Documents, (e) any agreement relating to Property of a Subsidiary that is in effect at the time such Person becomes a Subsidiary (provided that such agreement was not entered into in contemplation of such Person becoming a Subsidiary), (f) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary, (g) any agreement evidencing Indebtedness of any Foreign Subsidiary permitted by subsection 12.2 so long as such agreement does not restrict any Lien securing any Property of the Company or any Domestic Subsidiary, (h) agreements with suppliers to the Company or affiliates of suppliers to the Company or any Subsidiary relating to any inventory supplied by such suppliers or affiliates of such suppliers and (i) any restrictions in Hedging Agreements that require the granting of liens to the counterparty thereunder on an equal and ratable basis with Liens securing the obligations of the Loan Parties under the Credit Documents.

12.8 Limitation on Restrictions on Subsidiary Distributions. The Company shall not, and shall not permit any of its Subsidiaries to, enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Company or any other Subsidiary, (b) make investments in the Company or any other Subsidiary or (c) transfer any of its assets to the Company or any other Subsidiary, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Credit Documents, (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary, (iii) conditions imposed by law, regulation, court order, rule or decree, (iv) restrictions relating to any special purpose entity under any Permitted Receivables Securitization, (v) any restriction imposed on any Subsidiary that is in effect at the time such Person becomes a Subsidiary (provided that such restriction was not entered into in contemplation of such Person becoming a Subsidiary) and (vi) any restriction in any agreement evidencing Indebtedness of any Foreign Subsidiary permitted by subsection 12.2.

SECTION 13. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) (i) Any Specified Borrower shall fail to pay any principal of any Loan or any Reimbursement Obligation owing by it when due (whether at the stated maturity, by acceleration or otherwise) in accordance with the terms hereof; or (ii) any Local Currency Borrower shall fail to pay any principal of on any Local Currency Loan when due in accordance with the applicable terms of the relevant Local Currency Facility; or (iii) any Specified Borrower or Local Currency Borrower shall fail to pay any interest on any Loan or Local Currency Loan or any fee or any other amount payable hereunder or under any Local Currency Facility, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by the Company or any Subsidiary herein or in any other Credit Document or which is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Credit Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Company or any Subsidiary shall default in the observance or performance of any agreement contained in Section 12 and, with respect to subsections 12.2 and 12.3, such default shall continue unremedied for a period of 20 days; or

(d) The Company or any Subsidiary shall default in the observance or performance of any other agreement contained in this Agreement or any other Credit Document (other than as provided in paragraphs (a) through (c) of this subsection), and such default shall continue unremedied for a period of 30 days after the Company has knowledge thereof; or

(e) Any of the Credit Documents shall cease, for any reason, to be in full force and effect, or the Company shall so assert in writing (except for the termination of any Local Currency Facility if all Local Currency Loans and other amounts owing thereunder are paid in full); or

(f) The Company or any of its consolidated Subsidiaries shall (i) default in any payment of principal of or interest of any Indebtedness (other than the Loans and Reimbursement Obligations) or in the payment of any Guarantee Obligation or in connection with any Permitted Receivables Securitization, in each case with an outstanding principal amount in excess of a Dollar Equivalent Amount equal to \$50,000,000 when due beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness, Guarantee Obligation or Permitted Receivables Securitization or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; or

(g) (i) Any Specified Borrower, or any Subsidiary that, directly or indirectly, accounts for more than 5% of Total Assets, at any date shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Company or any such Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Specified Borrower or any Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Specified Borrower or any Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or

(h) (i) Any Person shall engage in any non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; (ii) any failure to meet applicable minimum funding standards (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Company or any Commonly Controlled Entity; (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Banks, likely to result in the termination of such Plan for purposes of Title IV of ERISA; (iv) any Single Employer Plan or Multiemployer Plan shall terminate for purposes of Title IV of ERISA, (v) the Company or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Banks is likely to, incur any liability in connection with the termination of or withdrawal from a Single Employer Plan or Multiemployer Plan or the Insolvency or Reorganization of a Multiemployer Plan; or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to subject

the Company to any tax, penalty or other liabilities in the aggregate material in relation to the business, operations, property or financial or other condition of the Company; or

(i) One or more judgments or decrees (other than those related to the litigation listed on Schedule 13(i); provided that the aggregate amount of such judgments shall not exceed \$50,000,000) shall be entered against the Company or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of a Dollar Equivalent Amount equal to \$50,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(j) The Company Guarantee or any Subsidiary Guarantee shall cease, for any reason, to be in full force and effect (other than, in the case of any Subsidiary Guarantee, in accordance with the terms thereof) or any Guarantor party thereto shall so assert; or

(k) A Change in Control shall occur;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (g) above with respect to any Specified Borrower or Guarantor, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall become immediately due and payable and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Banks, the Administrative Agent may, or upon the request of the Required Banks, the Administrative Agent shall, by notice to the Company declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Banks, the Administrative Agent may, or upon the request of the Required Banks, the Administrative Agent shall, by notice to the Company, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding sentence, the applicable Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of Letters of Credit issued for its account. Each Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the L/C Participants, a security interest in such cash collateral to secure all obligations of such Borrower under this Agreement and the other Credit Documents. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the applicable Borrower hereunder. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the applicable Borrower hereunder shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the applicable Borrower. The Borrowers shall execute and deliver to the Administrative Agent, for the account of the Issuing Banks and the L/C Participants, such further documents and instruments as the Administrative Agent may request to evidence the creation and perfection of the within security interest in such cash collateral account.

Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 14. THE ADMINISTRATIVE AGENT; THE SYNDICATION AGENTS; THE ARRANGERS

14.1 Appointment. Each Bank hereby irrevocably designates and appoints JPMorgan Chase Bank, N.A., as the Administrative Agent of such Bank under this Agreement and the other Credit Documents, and each such Bank irrevocably authorizes JPMorgan Chase Bank, N.A., as the Administrative Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision

to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent.

14.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

14.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Credit Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document or for any failure of the Company to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement (other than conditions precedent set forth in subsection 10.1) or any other Credit Document, or to inspect the properties, books or records of the Company.

14.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex, email or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Banks or all of the Banks, as may be required hereunder, as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected from liability to the Banks in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Banks or all of the Banks, as may be required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and their respective successors and assigns.

14.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks or all of the Banks, as may be required hereunder; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

14.6 Non-Reliance on Administrative Agent and Other Banks. Each Bank expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Bank. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other

condition and creditworthiness of the Company and made its own decision to make its Loans hereunder and enter into this Agreement and the other Credit Documents to which it is or will be a party. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Company and its Subsidiaries which may come into the possession of the Administrative Agent and any Issuing Bank or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

14.7 Indemnification. The Banks agree to indemnify the Administrative Agent and each Issuing Bank in their respective capacities as such (to the extent not reimbursed by the Company and without limiting the obligation of the Company to do so), ratably according to their respective Revolving Commitment Percentages in effect on the date on which indemnification is sought under this subsection (or, if indemnification is sought after the date upon which the Revolving Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their Revolving Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent or any Issuing Bank in any way relating to or arising out of this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent or any Issuing Bank under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Administrative Agent's or Issuing Bank's, as the case may be, gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Loans, the Reimbursement Obligations and all other amounts payable hereunder.

14.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company and any of its Subsidiaries as though the Administrative Agent were not the Administrative Agent hereunder and under the other Credit Documents. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Bank and may exercise the same as though it were not the Administrative Agent, and the terms "Bank" and "Banks" shall include the Administrative Agent in its individual capacity.

14.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Banks; provided that any such resignation shall not be effective until a successor agent has been appointed and approved in accordance with this subsection 14.9, and such successor agent has accepted its appointment. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Credit Documents, then the Required Banks shall appoint from among the Banks a successor administrative agent for the Banks, which successor agent shall be approved by the Company (which approval shall not be unreasonably withheld or delayed or be required during the existence of an Event of Default), whereupon such successor administrative agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this subsection shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Credit Documents.

14.10 The Arrangers and Syndication Agents. Each Bank acknowledges that none of the Arrangers and the Syndication Agents, in such respective capacity, shall have any duties or responsibilities, or shall incur any liabilities,

under this Agreement or the other Credit Documents. None of the Arrangers and the Syndication Agents, in such respective capacity, shall have or be deemed to have any fiduciary relationship with any Bank.

SECTION 15. MISCELLANEOUS

15.1 Amendments and Waivers.

(a) Neither this Agreement nor any other Credit Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. The Required Banks may, or, with the written consent of the Required Banks, the Administrative Agent may, from time to time, (i) enter into with the Loan Parties party thereto written amendments, supplements or modifications to this Agreement and the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Banks or of the Loan Parties hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Banks or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of maturity of any Loan or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the aggregate amount or extend the expiration date of any Bank's Commitment, in each case without the consent of each Bank directly affected thereby, or (ii) amend, modify or waive any provision of this subsection or reduce the percentage specified in the definition of Required Banks, or consent to the assignment or transfer by the Company of any of its rights and obligations under this Agreement and the other Credit Documents or amend, modify or waive subsection 8.3(a) or 15.6(a), or amend, modify or waive any other provision hereof specifying the number or percentage of Banks required to waive, amend or modify any rights hereunder or any determination granting consent hereunder, or release any Subsidiary from its Subsidiary Guarantee or release the Company from the Company Guarantee, in each case without the written consent of all the Banks, or (iii) amend, modify or waive any provision of Section 14 without the written consent of the then Administrative Agent, or (iv) amend, modify or waive any provision of Section 5 without the written consent of the Issuing Banks. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Company, the Subsidiary Borrowers, the Banks, the Syndication Agents, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Company, the Banks and the Administrative Agent shall be restored to their former position and rights hereunder and under any other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(b) In addition to amendments effected pursuant to the foregoing paragraph (a), Schedules II, III and IV may be amended as follows:

(i) (A) Schedule II will be amended to add Subsidiaries of the Company as additional Subsidiary Borrowers upon (A) execution and delivery by the Company, any such Subsidiary Borrower and the Administrative Agent, of a Joinder Agreement providing for any such Subsidiary to become a Subsidiary Borrower, and (B) delivery to the Administrative Agent of (1) if reasonably requested by the Administrative Agent, a legal opinion in respect of such additional Subsidiary Borrower and (2) such other documents with respect thereto as the Administrative Agent shall reasonably request or as requested by any Bank pursuant to a Requirement of Law. Notwithstanding the provisions of this subsection 15.1(b)(i), if at any time after the Closing Date the Company intends to amend Schedule II to add an additional Foreign Subsidiary Borrower the Company shall, upon not less than 15 Business Days' notice, deliver to the Administrative Agent a designation letter duly executed by the Company and such respective Foreign Subsidiary which shall designate such Foreign Subsidiary as a Foreign Subsidiary Borrower for purposes of this Agreement. The Administrative Agent shall promptly notify each Bank of each such designation by the Company and the identity of the respective Foreign Subsidiary. If the Company shall designate as a Foreign Subsidiary Borrower hereunder any Subsidiary not organized under the laws of the United States or any State thereof, any Bank may, with notice to the Administrative

Agent and the Company, fulfill its Commitment by causing an Affiliate of such Bank to act as the Bank in respect of such Foreign Subsidiary Borrower.

(B) As soon as practicable after receiving notice from the Administrative Agent of the Company's intent to designate a Foreign Subsidiary as a Foreign Subsidiary Borrower, and in any event at least 10 Business Days prior to the delivery of an executed Joinder Agreement pursuant to this subsection 15.1(b)(i), for a designated Foreign Subsidiary Borrower that is organized under the laws of a jurisdiction other than of the United States or a political subdivision thereof, any Bank that may not legally lend to, establish credit for the account of and/or do any business whatsoever with such designated Foreign Subsidiary Borrower directly or through an Affiliate of such Bank as provided in the immediately preceding paragraph (a "Protesting Bank") shall so notify the Company and the Administrative Agent in writing. With respect to each Protesting Bank, the Company shall, effective on or before the date that such designated Foreign Subsidiary Borrower shall have the right to borrow hereunder, (A) notify the Administrative Agent and such Protesting Bank of the designation of a Replacement Bank to assume the Revolving Commitments and/or Swing Line Commitments, if any, and the obligations of such Protesting Bank in accordance with clause (e) below, (B) notify the Administrative Agent and such Protesting Bank that the Revolving Commitments and/or Swing Line Commitments of such Protesting Bank shall be terminated; provided that such Protesting Bank shall have received payment of an amount equal to the outstanding principal of its Loans and/or L/C Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company or the relevant designated Foreign Subsidiary Borrower (in the case of all other amounts), or (C) cancel its request to designate such Foreign Subsidiary as a Foreign Subsidiary Borrower hereunder.

(ii) Schedule II will be amended to remove any Subsidiary as a Subsidiary Borrower upon (A) execution and delivery by the Company of a Schedule Amendment providing for such amendment, (b) repayment in full of all outstanding Loans of such Subsidiary Borrower and interest thereon and other amounts owed by such Subsidiary Borrower hereunder and (c) cash collateralization of all outstanding Letters of Credit issued for the account of such Subsidiary Borrower.

(iii) Schedule III will be amended to designate other Banks as additional or replacement Swing Line Banks or additional Issuing Banks, upon execution and delivery by the Company, the Administrative Agent and such additional or replacement Swing Line Bank or additional Issuing Bank, as the case may be, of a Schedule Amendment providing for such amendment. In the case of any replacement of a Swing Line Bank pursuant to a Schedule Amendment, the existing Swing Line Bank replaced pursuant thereto shall cease to be a Swing Line Bank upon the effectiveness of such Schedule Amendment and the repayment of all Swing Line Loans owing to such replaced Swing Line Bank.

(iv) Schedule III will be amended to change administrative information with respect to Swing Line Banks or Issuing Banks, upon execution and delivery by the Company, the Administrative Agent and Swing Line Bank or Issuing Bank, as the case may be, of a Schedule Amendment providing for such amendment.

(v) Schedule IV will be amended to change administrative information contained therein (other than any interest rate definition, Funding Time, Payment Time or notice time contained therein) or to add Available Foreign Currencies (and related interest rate definitions and administrative information), upon execution and delivery by the Company and the Administrative Agent of a Schedule Amendment providing for such amendment.

(vi) Schedule IV will be amended to conform any Funding Time, Payment Time or notice time contained therein to then-prevailing market practices, upon execution and delivery by the Company, the Required Banks and the Administrative Agent of a Schedule Amendment providing for such amendment.

(vii) Schedule IV will be amended to change any interest rate definition contained therein, upon execution and delivery by the Company, all the Banks and the Administrative Agent of a Schedule Amendment providing for such amendment.

(c) The Administrative Agent shall give prompt notice to each Bank of any amendment effect pursuant to subsection 15.1(b).

(d) Notwithstanding the provisions of this subsection 15.1, any Local Currency Facility may be amended, supplemented or otherwise modified in accordance with its terms so long as after giving effect thereto either (i) such Local Currency Facility ceases to be a "Local Currency Facility" and the Company so notifies the Administrative Agent or (ii) the Local Currency Facility continues to meet the requirements of a Local Currency Facility set forth herein.

(e) The Company may designate a Replacement Bank to assume the Revolving Commitments and/or Swing Line Commitments, if any, and the obligations of any Bank (an "Objecting Bank") that is a Protesting Bank under clause (b) above or refuses to consent to (x) an amendment, supplement or waiver that both requires the consent of all the Banks in order to become effective and is acceptable to one or more other Banks constituting the Required Banks or (y) any Extension Request, and to purchase the outstanding Loans of such Objecting Bank and such Objecting Bank's rights hereunder and with respect thereto, without recourse upon, or warranty by, or expense to, such Objecting Bank (unless such Objecting Bank agrees otherwise), for a purchase price equal to the outstanding principal amount of the Loans of such Objecting Bank plus (i) all interest accrued and unpaid thereon and all other amounts owing to such Objecting Bank hereunder and (ii) any amount which would be payable to such Objecting Bank pursuant to subsection 8.8 (assuming that all Loans of such Objecting Bank were prepaid on the date of such assumption), and upon such assumption and purchase by the Replacement Bank, such Replacement Bank, if it is not already a Bank, shall be deemed to be a "Bank" for purposes of this Agreement and such Objecting Bank shall cease to be a "Bank" for purposes of this Agreement and shall no longer have any obligations or rights hereunder (other than any obligations or rights which according to this Agreement shall survive the termination of this Agreement).

15.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or five days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Company, the Subsidiary Borrowers and the Administrative Agent, and as set forth in Schedule I in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Loans:

The Company: Arrow Electronics, Inc.
7459 South Lima St.
Englewood CO 80112
Attention: Treasurer, Arrow Electronics
Telecopy: +1-631-847-5379
Telephone: +1-303-824-4537

The Administrative Agent: JPMorgan Chase Bank, N.A.
383 Madison Avenue, 24th Floor
New York, New York 10179
Attention: Mijal Warat
Email: mijal.x.warat@jpmorgan.com
Telecopy: +1-917-464-6017
Telephone: +1-212-270-1011

with a copy to: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telecopy: +1-302-634-3301
Telephone: +1-302-634-1651

The Subsidiary Borrowers: c/o Arrow Electronics, Inc.
7459 South Lima St.
Englewood CO 80112
Attention: Treasurer, Arrow Electronics
Telecopy: +1-631-847-5379
Telephone: +1-303-824-4537

; provided that any Notice of Borrowing, Notice of Swing Line Borrowing, Notice of Continuation, Notice of Conversion, Notice of Swing Line Outstandings, Notice of Swing Line Refunding, Notice of Local Currency Outstandings, Notice of Prepayment, or any notice pursuant to subsections 2.4, 5.2 or 8.16 shall not be effective until received during the recipient's normal business hours.

15.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

15.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Credit Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the other Credit Documents and the making of the Loans hereunder and the issuance of Letters of Credit.

15.5 Payment of Expenses.

The Company agrees (a) to pay or reimburse the Administrative Agent and each Arranger for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions

contemplated hereby and thereby, including, without limitation, the fees and disbursements of counsel to the Administrative Agent and each Arranger, (b) to pay or reimburse each Bank and the Administrative Agent and any Issuing Bank for all its reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents upon the occurrence of an Event of Default, including, without limitation, the fees and disbursements of counsel to the Administrative Agent and to the several Banks and any Issuing Bank (including the allocated fees and expenses of in-house counsel), and (c) to pay, indemnify, and hold each Bank, each Agent, each Arranger and the Administrative Agent and any Issuing Bank harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Credit Documents and any such other documents, and (d) to pay, indemnify, and hold each Bank, each Agent, each Arranger and the Administrative Agent and any Issuing Bank (and their respective directors, officers, employees and agents) (collectively, the “indemnified person”) harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Credit Documents and any such other documents, including, without limitation, any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Company, any of its Subsidiaries or any of the Properties (it being understood that costs and expenses incurred in connection with the enforcement or preservation of rights under this Agreement and the other Credit Documents shall be paid or reimbursed in accordance with clause (b) above rather than this clause (d)) (all the foregoing in this clause (d), collectively, the “indemnified liabilities”), provided, that the Company shall have no obligation hereunder to any indemnified person with respect to indemnified liabilities to the extent such indemnified liabilities are found by final, nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such indemnified person. Without limiting the foregoing, and to the extent permitted by applicable law, the Company agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any indemnified person. No indemnified person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such indemnified person. No indemnified person shall be liable for any indirect, special, exemplary, punitive or consequential damages in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby. Any payments required to be made by the Company under this subsection 15.5 shall be made within 30 days of the demand therefor. The agreements in this subsection shall survive repayment of the Loans and all other amounts payable hereunder.

15.6 Successors and Assigns; Participations and Assignments.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) no Specified Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Bank (and any attempted assignment or transfer by a Specified Borrower without such consent shall be null and void) and (ii) no Bank may assign or otherwise transfer its rights or obligations hereunder except in accordance with this subsection.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Bank may assign to one or more assignees, other than a natural person or the Company or any Affiliate or Subsidiary of the Company (each, an “Assignee”), all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and/or Swing Line Commitments, if any, and the Loans at the time owing to it) with the prior written consent of:

(A) the Company (such consent not to be unreasonably withheld), provided that no consent of the Company shall be required for an assignment to a Bank, an affiliate of a Bank, an Approved Fund (as defined below) or, if an Event of Default under subsections 13(a), 13(c) or 13(g) has occurred and is continuing, any other Person; and

(B) the Administrative Agent; and

(C) the Issuing Bank and each Swing Line Bank (in the case of assignments of the Revolving Commitments).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Bank, an affiliate of a Bank or an Approved Fund or an assignment of the entire remaining amount of the assigning Bank's Revolving Commitments and/or Swing Line Commitments or Loans under any Facility, the amount of the Revolving Commitments and/or Swing Line Commitments or Loans of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Company and the Administrative Agent otherwise consent, provided that (1) no such consent of the Company shall be required if an Event of Default under subsection 13(a), 13(c) or 13(g) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Bank and its affiliates or Approved Funds, if any; provided further that after giving effect to any such assignment, the transferor Bank's aggregate Dollar Equivalent Amount of its Local Currency Bank Maximum Borrowing Amount under all Local Currency Facilities may not exceed its Revolving Commitment hereunder;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(C) after giving effect to any such assignment, the transferor or transferee Bank's Swing Line Commitment, if any, may not exceed its Revolving Commitment hereunder and any purported assignment which would result in the transferor or transferee Bank's Swing Line Commitment, if any, exceeding its Revolving Commitment hereunder shall not be effective; and

(D) the Assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an administrative questionnaire.

For the purposes of this subsection 15.6, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Bank, (b) an affiliate of a Bank or (c) an entity or an affiliate of an entity that administers or manages a Bank.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of subsections 8.5, 8.6, 8.8 and 15.5). Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this subsection 15.6 shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with paragraph (c) of this subsection.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Company, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation

of the names and addresses of the Banks, and the Commitments of, and principal amount (and stated interest) of the Loans and L/C Obligations owing to, each Bank pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Company, the Administrative Agent, the Issuing Bank and the Banks shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, the Issuing Bank and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Bank and an Assignee, the Assignee’s completed administrative questionnaire (unless the Assignee shall already be a Bank hereunder), the processing and recordation fee referred to in paragraph (b) of this subsection and any written consent to such assignment required by paragraph (b) of this subsection, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Bank may, without the consent of any Loan Party, the Administrative Agent or the Issuing Bank, sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Bank’s rights and obligations under this Agreement (including all or a portion of its Revolving Commitments and the Loans owing to it); provided that (A) such Bank’s obligations under this Agreement shall remain unchanged, (B) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Company, the Administrative Agent, the Issuing Bank and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank’s rights and obligations under this Agreement. Any agreement pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Bank directly affected thereby pursuant to the proviso to the second sentence of subsection 15.1(a) and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this subsection, each Participant shall be entitled to the benefits, and subject to the limitations, of subsections 8.5, 8.6 and 8.8 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (b) of this subsection. To the extent permitted by law, each Participant also shall be entitled to the benefits of subsection 15.7(b) as though it were a Bank, provided such Participant shall be subject to subsection 15.7(a) as though it were a Bank. Each Bank that sells a participation, acting solely for this purpose as a non-fiduciary agent of the Company, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under this Agreement (the “Participant Register”); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans, Letters of Credit or its other obligations under any Credit Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, and such Bank, each Loan Party and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(ii) A Participant shall not be entitled to receive any greater payment under subsection 8.5 or 8.6 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company’s prior written consent. No Participant shall be entitled to the benefits of subsection 8.6 unless such Participant complies with such subsection as if it were a Bank.

(d) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority or central bank having jurisdiction over such Bank, and this subsection shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Bank from any of its obligations hereunder or substitute any such pledgee or Assignee for such Bank as a party hereto.

(e) The Company, upon receipt of written notice from the relevant Bank, agrees to issue Notes to any Bank requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Bank may assign any or all of the Loans it may have funded hereunder to its designating Bank without the consent of the Company or the Administrative Agent and without regard to the limitations set forth in subsection 15.6(b). Each of the Company, each Bank and the Administrative Agent hereby confirms that it will not institute against a Conduit Bank or join any other Person in instituting against a Conduit Bank any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Bank; provided, however, that each Bank designating any Conduit Bank hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Bank during such period of forbearance.

15.7 Adjustments; Set-off.

(a) If any Bank (a "benefitted Bank") shall at any time receive any payment of all or part of its Loans or the Reimbursement Obligations then due and owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in subsection 13(g), or otherwise), in a greater proportion than any such payment to or collateral received by any other Bank, if any, in respect of such other Bank's Loans or the Reimbursement Obligations then due and owing to it, or interest thereon, such benefitted Bank shall purchase for cash from the other Banks a participating interest in such portion of each such other Bank's Loan or the Reimbursement Obligations owing to it, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. Each of the Company and the Subsidiary Borrowers agrees that each Bank so purchasing a portion of another Bank's Loan may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Bank were the direct holder of such portion.

(b) In addition to any rights and remedies of the Banks provided by law, each Bank shall have the right, without prior notice to the Company or any Subsidiary Borrower, any such notice being expressly waived by the Company and the Subsidiary Borrowers to the extent permitted by applicable law, upon any amount becoming due and payable by the Company hereunder or under this Agreement or the other Credit Documents (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank or any branch or agency thereof to or for the credit or the account of the Company or such Subsidiary Borrower, as the case may be. Each Bank agrees promptly to notify the Company and the Administrative Agent after any such set-off and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application.

15.8 Power of Attorney. Each Subsidiary Borrower hereby grants to the Company an irrevocable power of attorney to act as its attorney-in-fact with regard to matters relating to this Agreement, the Applications and each other Credit Document, including, without limitation, execution and delivery of any amendments, supplements, waivers or other modifications hereto or thereto, receipt of any notices hereunder or thereunder and receipt of service of process in connection herewith or therewith. Each Subsidiary Borrower hereby explicitly acknowledges that the Administrative Agent and each Bank has executed and delivered this Agreement and each other Credit Document to which it is a party, and has performed its obligations under this Agreement and each other Credit Document to which it is a party, in reliance upon the irrevocable grant of such power of attorney pursuant to this subsection 15.8. The power of attorney granted by each Subsidiary Borrower hereunder is coupled with an interest.

15.9 Judgment.

(a) If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in one currency into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding the day on which final judgment is given.

(b) The obligation of the Company or any Subsidiary Borrower in respect of any sum due to any Bank or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement or the other Credit Documents (the “Agreement Currency”), be discharged only to the extent that on the Business Day following receipt by such Bank or the Administrative Agent (as the case may be) of any sum adjudged to be so due in the Judgment Currency such Bank or the Administrative Agent (as the case may be) may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to such Bank or the Administrative Agent (as the case may be) in the Agreement Currency, the Company or such Subsidiary Borrower (as the case may be) agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Bank or the Administrative Agent (as the case may be) against such loss, and if the amount of the Agreement Currency so purchased exceeds the sum originally due to any Bank or the Administrative Agent (as the case may be), such Bank or the Administrative Agent (as the case may be) agrees to remit to the Company or such Subsidiary Borrower (as the case may be) such excess.

15.10 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by email, electronic copy or telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Administrative Agent.

15.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15.12 Integration. This Agreement and the other Credit Documents represent the agreement of the Company, the Subsidiary Borrowers, the Syndication Agents, the Administrative Agent and the Banks with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Bank relative to subject matter hereof not expressly set forth or referred to herein or in the other Credit Documents.

15.13 GOVERNING LAW. THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS (OTHER THAN ANY LOCAL CURRENCY FACILITY) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS (OTHER THAN ANY LOCAL CURRENCY FACILITY) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

15.14 Submission To Jurisdiction; Waivers.

(a) Each of the Company and the Subsidiary Borrowers hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof; provided, that nothing contained herein or in any other Credit Document will

prevent any Bank or the Administrative Agent from bringing any action to enforce any award or judgment or exercise any right under any Credit Document in any other forum in which jurisdiction can be established;

(ii) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Company at its address set forth in subsection 15.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and

(v) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary, punitive or consequential damages.

(b) Each Subsidiary Borrower hereby irrevocably appoints the Company as its agent for service of process in any proceeding referred to in subsection 15.14(a) and agrees that service of process in any such proceeding may be made by mailing or delivering a copy thereof to it care of the Company at its address for notice set forth in subsection 15.2.

15.15 Acknowledgements. Each of the Company and the Subsidiary Borrowers hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) none of the Syndication Agents, Arrangers, the Administrative Agent or any Bank has any fiduciary relationship with or duty to the Company and the Subsidiary Borrowers arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between the Syndication Agents, the Administrative Agent and the Banks, on one hand, and the Company and the Subsidiary Borrowers, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Banks or among the Company and the Subsidiary Borrowers and the Banks.

15.16 WAIVERS OF JURY TRIAL. THE COMPANY, THE SUBSIDIARY BORROWERS, THE SYNDICATION AGENTS, THE ADMINISTRATIVE AGENT AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

15.17 USA Patriot Act. Each Bank hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Act"), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Bank to identify each Borrower in accordance with the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

ARROW ELECTRONICS, INC.

By: /s/ Peter S. Brown
Name: Peter S. Brown
Title: Senior Vice President

ARROW CENTRAL EUROPE GMBH

By: /s/ Peter S. Brown
Name: Peter S. Brown
Title: Director

ARROW ASIA PAC LTD.

By: /s/ Peter S. Brown
Name: Peter S. Brown
Title: Director

COMPONENTS AGENT (CAYMAN) LTD.

By: /s/ Peter S. Brown
Name: Peter S. Brown
Title: Director

ARROW ASIA DISTRIBUTION LIMITED

By: /s/ Peter S. Brown
Name: Peter S. Brown
Title: Director

ARROW ELECTRONICS (CI) LTD

By: /s/ Peter S. Brown
Name: Peter S. Brown
Title: Director

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ John G. Kowalczyk
Name: John G. Kowalczyk
Title: Executive Director

BNP PARIBAS,
as a Bank

By: /s/ Nicolas Rabier
Name: Nicolas Rabier
Title: Managing Director

By: /s/ Nicole Mitchell
Name: Nicole Mitchell
Title: Vice President

BANK OF AMERICA, N.A.,
as a Bank

By: /s/ Patrick Martin
Name: Patrick Martin
Title: Managing Director

THE BANK OF NOVA SCOTIA,
as a Bank

By: /s/ Christopher Usas
Name: Christopher Usas
Title: Director

THE BANK OF TOKYO MITSUBISHI UFJ, LTD.,
as a Bank

By: /s/ Lillian Kim
Name: Lillian Kim
Title: Director

Wells Fargo Bank, N.A., as a Bank

By: /s/ Sid Khanolkar

Name: Sid Khanolkar

Title: Director

BANK OF CHINA, CHICAGO BRANCH, as a Bank

By: /s/ Xuehui Zhuang

Name: Xuehui Zhuang

Title: First Vice President and Branch Manager

Nordea Bank Finland Plc, New York Branch, as a Bank

By: /s/ Mogens R. Jensen

Name: Mogens R. Jensen

Title: Head of Corporate & Institutional Banking

For any Bank requiring a second signature line:

By: /s/ Gerald Chelius

Name: Gerald Chelius

Title: Head of Credit & Risk Control

Sumitomo Mitsui Banking Corporation, as a Bank

By: /s/ David W. Kee

Name: David W. Kee

Title: Managing Director

HSBC BANK USA, National Association, as a Bank

By: /s/ David Wagstaff

Name: David Wagstaff

Title: Managing Director

The Royal Bank of Scotland plc, as a Bank

By: /s/ Alex Daw

Name: Alex Daw

Title: Director

Danske Bank A/S, Danmark, Sverige Filial as a Bank

By: /s/ Jonas Rydstrom

Name: Jonas Rydstrom

Title: Legal Adviser

For any Bank requiring a second signature line:

By: /s/ Anders Rex

Name: Anders Rex

Title: Executive Vice President

ING Bank N.V., Dublin Branch, as Lendor

By: /s/ Aidan Neill

Name: Aidan Neill

Title: Director

For any Bank requiring a second signature line:

By: /s/ Shaun Hawley

Name: Shaun Hawley

Title: Vice President

MIZUHO Bank, LTD., as a Bank

By: /s/ Bertram H. Tang

Name: Bertram H. Tang

Title: Authorized Signatory

Goldman Sachs Bank USA, as a Bank

By: /s/ Mark Walton

Name: Mark Walton

Title: Authorized Signatory

MORGAN STANLEY BANK, N.A., as a Bank

By: /s/ Sherrese Clarke

Name: Sherrese Clarke

Title: Authorized Signatory

Lloyds Bank plc, as a Bank

By: /s/ Stephen Giacolone

Name: Stephen Giacolone

Title: Assistant Vice President - G011

For any Bank requiring a second signature line:

By: /s/ Karen Weich

Name: Karen Weich

Title: Vice President - W011

BANKS AND COMMITMENTS

Bank	Dollar Revolving Commitment Amount	<u>Euro Revolving Commitment Amount</u>	<u>Pounds Sterling Revolving Commitment Amount</u>	<u>Hong Kong Dollar Revolving Commitment Amount</u>	<u>Swedish Kroner Revolving Commitment Amount</u>
		(Dollar Equivalent Amount)	(Dollar Equivalent Amount)	(Dollar Equivalent Amount)	(Dollar Equivalent Amount)
JPMORGAN CHASE BANK, N.A.	\$125,000,000.00	\$25,000,000.00	\$16,666,666.67	\$8,833,922.26	\$9,671,179.88
BNP PARIBAS	\$125,000,000.00	\$25,000,000.00	\$16,666,666.67	\$8,833,922.26	\$9,671,179.88
BANK OF AMERICA, N.A.	\$125,000,000.00	\$25,000,000.00	\$16,666,666.67	\$8,833,922.26	\$9,671,179.88
THE BANK OF NOVA SCOTIA	\$125,000,000.00	\$25,000,000.00	\$16,666,666.67	\$8,833,922.26	\$9,671,179.88
THE BANK OF TOYKO - MITSUBISHI UFJ, LTD.	\$125,000,000.00	\$25,000,000.00	\$16,666,666.67	\$8,833,922.26	\$9,671,179.88
WELLS FARGO BANK, N.A.	\$85,000,000.00	\$17,000,000.00	\$11,333,333.33	\$6,007,067.14	\$6,576,402.33
HSBC BANK USA, NATIONAL ASSOCIATION	\$85,000,000.00	\$17,000,000.00	\$11,333,333.33	\$6,007,067.14	\$6,576,402.33
GOLDMAN SACHS BANK USA	\$85,000,000.00	\$17,000,000.00	\$11,333,333.33	\$6,007,067.14	\$6,576,402.33
MIZUHO BANK, LTD.	\$85,000,000.00	\$17,000,000.00	\$11,333,333.33	-	-
THE ROYAL BANK OF SCOTLAND PLC	\$85,000,000.00	\$17,000,000.00	\$11,333,333.33	\$6,007,067.14	\$6,576,402.33
ING BANK N.V., - DUBLIN BRANCH	\$72,500,000.00	\$14,500,000.00	\$9,666,666.66	\$5,123,674.91	\$5,609,284.33
MORGAN STANLEY BANK, N.A.	\$72,500,000.00	\$14,500,000.00	\$9,666,666.66	\$5,123,674.91	\$5,609,284.33
NORDEA BANK FINLAND PLC	\$72,500,000.00	\$14,500,000.00	\$9,666,666.66	\$5,123,674.91	\$5,609,284.33
SUMITOMO MITSUI BANKING CORPORATION	\$72,500,000.00	\$14,500,000.00	\$9,666,666.66	\$5,123,674.91	-
DANSKE BANK A/S, DANMARK, Sverige Filial	\$60,000,000.00	\$12,000,000.00	\$8,000,000.00	\$4,240,282.70	\$4,642,166.34
BANK OF CHINA, CHICAGO BRANCH	\$50,000,000.00	\$10,000,000.00	\$6,666,666.68	\$3,533,568.90	-
LLOYDS BANK, PLC	\$50,000,000.00	\$10,000,000.00	\$6,666,666.68	\$3,533,568.90	\$3,868,471.95
TOTAL:	\$1,500,000,000	\$300,000,000	\$200,000,000	\$100,000,000	\$100,000,000

SUBSIDIARY BORROWERS

FOREIGN SUBSIDIARY BORROWERS

Name and Address:

Jurisdiction of Incorporation:

Arrow Central Europe GmbH

Max-Planck StraBe 1-3

D-63303 Dreieich

Germany

Germany

Arrow Asia Pac Ltd.

20/F Tower II, Ever Gain Plaza

88 Container Port Road,

Kwai Chung

Hong Kong

Hong Kong

Components Agent (Cayman) Ltd.

Century Yard, Cricket Square, Hutchins Drive

PO Box 2681 GT

George Town, Grand Cayman

British West Indies

British West Indies

Arrow Asia Distribution Limited

20/F Tower II, Ever Gain Plaza

88 Container Port Road

Kwai Chung

Hong Kong

Hong Kong

Arrow Electronics (CI) Ltd.

Regatta Office Park

West Bay Road

PO Box 3116

Grand Cayman, KY1-1205

Cayman Islands

British West Indies

Certain Information Concerning Swing Line Loans and Letters of Credit

I. Issuing Banks and Issuing Offices

<u>Name of Issuing Bank</u>	<u>Issuing Office</u>	<u>Currency</u>
JPMorgan Chase Bank, N.A. c/o JPMorgan Treasury Services	10420 Highland Manor Drive 4th Floor Tampa, Florida 33610-9128, United States Attention: James Alonzo, Standby LC Dept. (T) 813-432-6339 (F) 813-432-5161	All Available Currencies
Bank of America, N.A.	Bank of America (as LC Issuing Agent) Remy David Ph: 925-675-8416 Fax: 888-217-4730 Remedios.A.David@baml.com Bank of America N.A. Credit Services Concord, CA	All Available Currencies

II. Swing Line Limits

<u>Borrower</u>	<u>Swing Line Limit</u>
ARROW ELECTRONICS, INC.	\$500,000,000.00
ARROW CENTRAL EUROPE GMBH	\$500,000,000.00
ARROW ASIA PAC LTD.	\$500,000,000.00
COMPONENTS AGENT (CAYMAN) LTD.	\$500,000,000.00
ARROW ASIA DISTRIBUTION LIMITED	\$500,000,000.00
ARROW ELECTRONICS (CI) LTD	\$500,000,000.00

III. Swing Line Commitments

<u>Swing Line Bank</u>	<u>Swing Line Commitment Amount</u>	<u>Borrowers</u>
JPMorgan Chase Bank, N.A.	\$100,000,000.00	All Borrowers
Bank of America, N.A.	\$100,000,000.00	All Borrowers
BNP Paribas	\$100,000,000.00	All Borrowers
The Bank of Nova Scotia	\$100,000,000.00	All Borrowers
The Bank of Tokyo-Mitsubishi UFJ, LTD.	\$100,000,000.00	All Borrowers

IV. Swing Line Banks - Addresses of Funding/Payment Offices

A. JPMorgan Chase Bank, N.A.

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road
Newark, DE 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telecopy: +1-302-634-3301
Telephone: +1-302-634-1651

Bank Name: JPMorgan Chase Bank, N.A.
ABA/Routing No.: 021000021
Account Name: Arrow Electronics
Account No.: 9008113381H0043
Attention: George Ionas/Jonathan Krepol
Reference: Arrow Electronics

B. Bank of America:

Contact Information:

Remy David
2001 Clayton Road, 2nd Floor
Mailcode: CA4-702-02-25
Concord, CA 94520
Phone #: 925-675-8416
Fax #: 888-217-4730
Email: remedios.a.david@baml.com

Payment Instruction:

Bank of America NA
ABA 026009593
Account Number: 3750836479
Account Name: Credit Services
Ref: Arrow Electronics

C. BNP Paribas:

Legal Address for BNP Paribas:

787 Seventh Ave. The Equitable Tower
New York, NY 10019

Loans Operation Contact Information:

Cathy Markos Prahalias
Tel. 514-285-6042
Fax. 201-850-4059
Email. SFLS.Support@americas.bnpparibas.com

Wire instructions:

Pay to: BNP Paribas NY
ABA: 026 007 689
Benef: Loan Servicing Clearing Account
Account # 10313000103
Ref. Arrow Electronics

D. Bank of Nova Scotia

Loan Admin Contact:	Kathy Williams
Direct No:	416-649-4009
Telephone No:	212-225-5705
Fax Number:	212-225-5709
Email:	kathy_williams@scotiacapital.com

The Bank of Nova Scotia
<i>Global Wholesale Services</i>
720 King Street West, Toronto
Mailing Address
44 King Street West
Toronto, Ontario
Canada M5H 1H1

BANK NAME:	The Bank of Nova Scotia-New York
ABA:	02600253-2
ACCOUNT NAME:	BANK OF NOVA SCOTIA - DIVERSIFIED CENTRAL
ACCOUNT #:	618233
ATTENTION:	US CORPORATE LOANS
REFERENCE:	ARROW ELECTRONICS INC
LEGAL ENTITY NAME:	THE BANK OF NOVA SCOTIA

E. The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Dolores Ruland
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
1251 Avenue of the Americas
New York, NY 10020-1104
(T) 201-413-8629
(F) 201-521-2304
druland@us.mufg.jp

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
ABA#026 009 632
Account# 97770191
Attention: Loan Operations Department
Reference: Arrow Electronics, Inc. IV-14

ADMINISTRATIVE SCHEDULE

I. COMMITTED RATE LOANS/SWING LINE LOANS

A. Interest Rates for Each Currency

Dollars:

1. ABR Loans: ABR
2. Eurocurrency Loans:

a) Committed Rate Loans

for any Interest Period in respect of any Tranche, the London interbank offered rate administered by the British Bankers Association (or any other Person that takes over the administration of that rate) for deposits in Dollars for a period beginning on the first day of such Interest Period and ending on the last day of such Interest Period which appears on the Reuters Screen LIBOR01 Page or LIBOR 02 Page (or any replacement Reuters page which displays that rate) as of 11:00 a.m., London time, on the date which is two Business Days prior to the first day of such Interest Period.

In the event that such rate does not appear on such page, the Eurocurrency Rate shall be the Interpolated Rate (as defined below).

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded upward to the same number of decimal places as the relevant Reuters Screen) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the applicable Reuters Screen (for the longest period for which the applicable Reuters Screen is available for the applicable currency) that is shorter than the Interest Period for which the applicable Reuters Screen is not available and (b) the applicable Reuters Screen for the shortest period (for which such Reuters Screen is available for the applicable currency) that exceeds the Interest Period for which the applicable Reuters Screen is not available, in each case, as of the applicable time such Reuters Screen would be quoted for such Interest Period and currency.

b) Swing Line Loans

the rate at which the applicable Swing Line Bank is offered Dollar deposits at or about 11:00 a.m., New York City time, on the first day of such Interest Period in the interbank Eurodollar market where its Eurodollar and foreign currency exchange operations are then being conducted for delivery on such first day of such Interest Period for the number of days comprised therein.

Euros:

Eurocurrency Loans:

for any Interest Period in respect of any Tranche, the euro interbank offered rate administered by the Banking Federation of the European Union (or any other Person which takes over the administration of that rate) for deposits in Euros for a period beginning on the first day of such Interest Period and ending on the last day of such Interest Period displayed on Reuters Screen EURIBOR01 (or any replacement Reuters page which displays that rate) as of 11:00 a.m., Brussels time, on the date which is two Business Days prior to the first day of such Interest Period.

In the event that such rate does not appear on such page, the Eurocurrency Rate shall be the Interpolated Rate.

Pounds Sterling:

Eurocurrency Loans:

for any Interest Period in respect of any Tranche, the London interbank offered rate administered by the British Bankers Association (or any other Person that takes over the administration of that rate) for deposits in Pounds Sterling for a period beginning on the first day of such Interest Period and ending on the last day of such Interest Period which appears on the Reuters Screen LIBOR01 Page or LIBOR 02 Page (or any replacement Reuters page which displays that rate) as of 11:00 a.m., London time, on the date which is two Business Days prior to the first day of such Interest Period.

In the event that such rate does not appear on such page, the Eurocurrency Rate shall be the Interpolated Rate.

Hong Kong Dollars:

Eurocurrency Loans:

for any Interest Period in respect of any Tranche, the percentage rate per annum for deposits in Hong Kong Dollars for a period beginning on the first day of such Interest Period and ending on the last day of such Interest Period, displayed under the heading "HKAB HKD Interest Settlement Rates" on the Reuters Screen HKABHIBOR Page (or any replacement Reuters page which displays that rate) as of 11:30 a.m., Hong Kong time, on the date which is the first day of such Interest Period.

In the event that such rate does not appear on such page, the Eurocurrency Rate shall be the Interpolated Rate.

Swedish Kroner:

Eurocurrency Loans:

for any Interest Period in respect of any Tranche, the Stockholm interbank offered rate administered by the Swedish Bankers' Association (or any other person which takes over the administration of that rate) for deposits in Swedish Kroners for a period beginning on the first day of such Interest Period and ending on the last day of such Interest Period as displayed on the appropriate page of the Reuters screen (or any replacement Reuters page which displays

that rate) as of 11:00 a.m., Stockholm time, on the date which is two Business Days prior to the first day of such Interest Period.

In the event that such rate does not appear on such page, the Eurocurrency Rate shall be the Interpolated Rate.

B. Funding Office, Funding Time, Payment Office, Payment Time for Each Currency for Committed Rate Loans.

Dollars:

1. Funding Office: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road
Newark, DE 19713
2. Funding Time: 11:00 a.m., New York City time on the Borrowing Date for Eurocurrency Loans
4:00 p.m., New York City time on the Borrowing Date for ABR Loans
3. Payment Office: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road
Newark, DE 19713
4. Payment Time: 12:00 noon, New York City time

Euros:

1. Funding Office:

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP

Correspondent Bank: J.P.MORGAN AG (Swift ID: CHASDEFXXXX)
Account: J.P. MORGAN EUROPE LIMITED (Swift ID: CHASGB22XXX)
Account Number: DE93501108006001600037

2. Funding Time: 1:00 p.m., London time on the Borrowing Date
3. Payment Office:

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP

Correspondent Bank: J.P.MORGAN AG (Swift ID: CHASDEFXXXX)
Account: J.P. MORGAN EUROPE LIMITED (Swift ID: CHASGB22XXX)
Account Number: DE93501108006001600037

4. Payment Time: 1:00 p.m., London time
-

Pounds Sterling:

1. Funding Office:

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP

Correspondent Bank: Pay direct to
Account: J.P. MORGAN EUROPE LIMITED (Swift ID: CHASGB22XXX)
Account Number: GB82CHAS60924203043504
Local Clearing Code: 405206

2. Funding Time: 1:00 p.m., London time on the Borrowing Date

3. Payment Office:

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP

Correspondent Bank: Pay direct to
Account: J.P. MORGAN EUROPE LIMITED (Swift ID: CHASGB22XXX)
Account Number: GB82CHAS60924203043504
Local Clearing Code: 405206

4. Payment Time: 1:00 p.m., London time on the Borrowing Date

Hong Kong Dollars:

1. Funding Office:

JPMorgan Chase Bank, N.A., Hong Kong Branch
Account Name: JPMorgan Chase Bank, N.A. Hong Kong Branch
BIC Code: CHASHKHH
CHATS Code: 007
(Note : please make payment by Local CHATS)

2. Funding Time: 2:00 p.m., Hong Kong time on the Borrowing Date

3. Payment Office: JPMorgan Chase Bank, N.A., Hong Kong Branch

4. Payment Time: 2:00 p.m., Hong Kong time

Swedish Kroner:

1. Funding Office:

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP

Correspondent Bank: SKANDINAVISKA ENSKILDA BANKEN (Swift ID: ESSESESSXXX)
Account: J.P. MORGAN EUROPE LIMITED (Swift ID: CHASGB22XXX)
Account Number: 52018519395

Account of: J.P. Morgan Europe Limited
Account No: 5201-8519395
Skandinaviska Banken Enskilda Banken, Stockholm

2. Funding Time: 9:00 a.m., London time on the Borrowing Date

3. Payment Office:

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street, Canary Wharf, London, United Kingdom, E14 5JP

Correspondent Bank: SKANDINAVISKA ENSKILDA BANKEN (Swift ID: ESSESESSXXX)
Account: J.P. MORGAN EUROPE LIMITED (Swift ID: CHASGB22XXX)
Account Number: 52018519395

4. Payment Time: 9:00 a.m., London time

C. Funding Office, Funding Time, Payment Office, Payment Time for Swing Line Loans.

1. Funding Office: Funding Office of applicable Swing Line Bank as set forth on Schedule III
2. Funding Time: 4:00 p.m., New York City time on the Borrowing Date
3. Payment Office: Payment Office of applicable Swing Line Bank as set forth on Schedule III
4. Payment Time: 4:00 p.m., New York City time

D. Notice of Borrowing:

Dollars:

1. Deliver to: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telephone No: +1-302-634-1651
Fax No: +1-302-634-3301

2. Time:

(i) ABR Loans--Not later than 12:00 noon, New York City time, on the Borrowing Date

(ii) Eurocurrency Loans--Not later than 12:00 noon, New York City time, three Business Days prior to the Borrowing Date.

3. Information Required: Name of Borrower, amount to be borrowed, whether ABR Loans or Eurocurrency Loans, amounts of each such type, and Interest Periods for Eurocurrency Loans and wire instructions for remittance of drawdown proceeds.

Available Foreign Currencies (except Hong Kong Dollars):

1. Deliver to: JPMorgan Chase Bank - London
Floor 6, 25 Bank Street
Canary Wharf, London, United Kingdom, E14 5JP
Attention: Loan and Agency
Email: loan_and_agency_london@jpmorgan.com
Telephone No: 011-44 (0) 207 742 6638
Fax No: 011-44 (0) 207 7777 2360
-

2. Time:

Not later than 11:00 A.M., London time, three Business Days prior to the Borrowing Date.

3. Information Required:

Name of Borrower, amount to be borrowed, and Interest Periods and wire instruction for remittance of drawdown proceeds.

Hong Kong Dollars:

1. Deliver to:

JPMorgan Chase Bank, N.A. acting through its Hong Kong Branch
47/F One Island East
18 Westlands Road
Quarry Bay, Hong Kong

Effective November 15, 2013, such address will be changed to:

JPMorgan Chase Bank, N.A. acting through its Hong Kong Branch
18/F, JPMorgan Tower
138 Shatin Rural Committee Road
Shatin, New Territories, Hong Kong

Attn : Sara Wong / Jennifer Yu
Tel : (852) 2800 6024 / 2800 1916
Fax : (852) 2836 9672

Email : sara.ny.wong@jpmorgan.com / jennifer.cc.yu@jpmorgan.com / Loan_agency_services_hk@jpmorgan.com

With a copy to:

Asia Loan Operation
Fax : 91 22 66466865
email : asia.loan.operations@jpmorgan.com

2. Time:

Not later than 11:00 A.M., Hong Kong time, four Business Days prior to the Borrowing Date.

E. Notice of Swing Line Borrowing:

1. Deliver to: Funding Office of applicable Swing Line Bank as set forth on Schedule III

2. Time:

Not later than 1:00 p.m., New York City time, on the Borrowing Date, or such later time as may be agreed by the applicable Swing Line Bank, acting in its sole discretion.

3. Information Required: Name of Borrower, amount to be borrowed, whether ABR Loans or Eurocurrency Loans, amounts of each such type, and Interest Periods for Eurocurrency Loans and wire instructions for remittance of drawdown proceeds.

F. Notice of Continuation; Notice of Prepayment

Dollars:

1. Deliver to:
 - a) Committed Rate Loans
JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telephone No: +1-302-634-1651
Fax No: +1-302-634-3301
 - b) Swing Line Loans
Lending Office of applicable Swing Line Bank as set forth on Schedule III
2. Time:
 - a) Committed Rate Loans
 - (i) ABR Loans -- Not later than 12:00 Noon, New York City time, on the prepayment date
 - (ii) Eurocurrency Loans -- Not later than 12:00 noon, New York City time, three Business Days prior to the last day of the current Interest Period for continuations or the prepayment date, as the case may be.
 - b) Swing Line Loans
Not later than 4 p.m., New York City time, on the prepayment date
3. Information Required:

Name of Borrower, amount to be prepaid or (in the case of Committed Rate Loans) continued, as the case may be, whether Swing Line Loans or Committed Rate Loans, whether ABR Loans or Eurocurrency Loans, amounts of each such Type, and Interest Periods for Eurocurrency Loans to be continued.

Available Foreign Currencies:

1. Deliver to:
 - a) Available Foreign Currency Other Than Hong Kong Dollars
-

JPMorgan Chase Bank - London
Floor 6, 25 Bank Street
Canary Wharf, London, United Kingdom, E14 5JP
Attention: Loan and Agency
Email: loan_and_agency_london@jpmorgan.com
Telephone No: 011-44 (0) 207 742 6638
Fax No: 011-44 (0) 207 7777 2360

b) Hong Kong Dollars

JPMorgan Chase Bank, N.A. acting through its Hong Kong Branch
47/F One Island East
18 Westlands Road
Quarry Bay, Hong Kong

Effective November 15, 2013, such address will be changed to:

JPMorgan Chase Bank, N.A. acting through its Hong Kong Branch
18/F, JPMorgan Tower
138 Shatin Rural Committee Road
Shatin, New Territories, Hong Kong

Attn : Sara Wong / Jennifer Yu
Tel : (852) 2800 6024 / 2800 1916
Fax : (852) 2836 9672
Email : sara.ny.wong@jpmorgan.com / jennifer.cc.yu@jpmorgan.com /
Loan_agency_services_hk@jpmorgan.com

With a copy to:
Asia Loan Operation
Fax : 91 22 66466865
email : asia.loan.operations@jpmorgan.com

2. Time:

Not later than 11:00 A.M., London time, three Business Days prior to the last day of the current Interest Period for continuations or the prepayment date, as the case may be; provided that with respect to Hong Kong Dollars, notice shall be given not later than 11:00 A.M., Hong Kong time, four Business Days prior to the last day of the current Interest Period for continuations or the prepayment date, as the case may be.

3. Information Required:

Name of Borrower, amount to be continued or prepaid, as the case may be, whether ABR Loans or Eurocurrency Loans, amounts of each such Type, and Interest Periods for Eurocurrency Loans to be continued.

II. COMPETITIVE ADVANCE LOANS

A. Competitive Advance Loan Request by Company

1. Deliver to: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telephone No: +1-302-634-1651
Fax No: +1-302-634-3301
2. Delivery time: By 9:30 A.M., New York City time, on the date on which Competitive Advance Loan Offers are requested.
3. Information to be set forth:
Name of Borrower.
Amount and Currency of Competitive Advance Loan.
Date of Competitive Advance Loan.
Maturity Date.
Interest Payment Dates.
Date on which Competitive Advance Loan Offers are due.

B. Competitive Advance Loan Offer to Company

1. Deliver to: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telephone No: +1-302-634-1651
Fax No: +1-302-634-3301
 2. Delivery time: By 11:00 A.M. New York City time on date set forth in Competitive Advance Loan Request.
 3. Information to be set forth:
Name of Bank.
Amount and Currency of Competitive Advance Loan offered for each maturity date.
interest rate.
If Competitive Advance Loans may not be prepaid.
-

III. NOTICE OF SWING LINE REFUNDING

- A. Deliver to: JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telephone No: +1-302-634-1651
Fax No: +1-302-634-3301
- B. Information to be set forth:
Name of Borrower
Number of Swing Line Loans
Amount of each Swing Line Loan
Date of each Swing Line Loan

IV. NOTICE OF SWING LINE OUTSTANDINGS

1. Deliver to:
JPMorgan Chase Bank, N.A.
500 Stanton Christiana Road, Floor 3, Ops 2
Newark, Delaware 19713
Attention: George Ionas
Email: george.d.ionas@jpmorgan.com
Telephone No: +1-302-634-1651
Fax No: +1-302-634-3301

2. Information to be set forth:

Name of Borrower
Number of Swing Line Loans
Amount of each Swing Line Loan
Date of each Swing Line Loan
Outstanding Interest

V. NOTICE OF LOCAL CURRENCY OUTSTANDINGS

A. Deliver to: JPMorgan Chase Bank, N.A.

500 Stanton Christiana Road, Floor 3, Ops 2

Newark, Delaware 19713

Attention: George Ionas

Email: george.d.ionas@jpmorgan.com

Telephone No: +1-302-634-1651

Fax No: +1-302-634-3301

B. Delivery time: By close of business in London on the date of making of each Local Currency Loan and on the last Business Day of each month on which the applicable Local Currency Borrower has outstanding any Local Currency Loans.

C. Information to be set forth:

Name of Borrower

Amount and Currency of outstanding Local Currency Loans

Existing Joint Ventures

Arrow-Altech Holdings (Pty) Limited, a South African company, and its subsidiaries.

Marubun-Arrow Asia Limited, a British Virgin Islands company, and its subsidiaries.

Marubun-Arrow USA, LLC, a Delaware limited liability company.

Outstanding Local Currency Loans

None.

Subsidiary Guarantors

Arrow Electronics (UK), Inc.

Arrow Enterprise Computing Solutions, Inc.

Excluded ERISA Arrangements

1. Extended Separation Benefits

The Company maintains a broad-based program to shelter employees at all levels from any adverse consequences which might result from a change in control of the Company. A change in control is defined in the program to include such time that any person becomes the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company's voting securities or certain changes occur in the constitution of the Company's Board of Directors. Pursuant to a policy adopted by the Board of Directors in 1998, the period of salary continuation normally extended to employees whose employment is terminated as a result of a workforce reduction or reorganization (which period ranges from six to 24 weeks depending upon the length of service with the Company) is tripled if employment is terminated by the Company (other than for cause) as a result of a change in control. In addition to this policy, the Company has entered into employment agreements with certain management-level employees, pursuant to which among other matters, such employees will receive one year's compensation and continuation for up to one year of medical and life insurance benefits if their employment is terminated by the Company (other than for cause) within 12 months following a change in control. The Company also has agreements with a number of divisional and group vice presidents who are not executive officers, which provide such vice presidents with a multiple of their annualized includible compensation (as defined in the Internal Revenue Code) and continuation for up to three years of medical, life and other welfare benefits if their employment is terminated by the Company (other than for cause), if their responsibilities or base salaries are materially diminished, or if certain other adverse changes occur within 24 months following a change in control. Arrow's executive officers have entered into employment and change of control agreements. Under the employment agreements, if the executive is terminated without cause, the executive will continue to receive, through the end of the then-remaining term of the agreement, all base salary and benefits (such as life, health, and disability insurance) and cause the immediate vesting of any unvested stock options which would have vested through the then-remaining term of the agreement. The executive is also entitled to certain restricted units or shares and, in some instances, performance units or shares. Under the change of control agreements, if the executive's employment is terminated (i) without cause by Arrow or (ii) for good reason by the executive after a change in control, the eligible terminated executive is entitled to receive: (i) all unpaid salary through the date of termination (as defined in the employment agreement) and all earned and unpaid benefits and awards (including both cash and stock components); (ii) a lump-sum payment of 2.99 times the executive's annualized includable compensation as defined in Internal Revenue Code Section 280G(d)(1); and (iii) continuation of coverage under the Company's then current medical plan until the executive reaches 65 years of age (or otherwise becomes eligible for Medicare) or begins receiving equivalent benefits from a new employer. In addition, all stock options vest immediately and the executive may be entitled to restricted units or shares, and performance shares or shares. The amounts payable pursuant to such agreements to the executive officers and to the other vice presidents will be reduced, if necessary, to avoid excise tax under Section 4999 of the Code.

2. Unfunded Pension Plan

The Company maintains the Unfunded Pension Plan for Selected Executives of the Company ("SERP"). Under the SERP, the Company's Board of Directors determines those employees who are eligible to participate in the SERP and the amount of their maximum annual pension upon retirement on or after attaining age 60. Approximately 25 current and former executives are designated participants in the SERP. The gross SERP benefit is calculated by multiplying 2.5% of final average performance-based compensation (salary and annual incentive) by the participant's years of credited service (up to a maximum of 18 years). Final average compensation is the highest average of any three years during the participant's final five years of service. The gross benefit is reduced by 50% of the Social Security benefit and the projected benefit of the Company's 401(k) matching contributions. The benefits provided under the SERP are payable as a life annuity with 60 payments guaranteed, commencing at age 60, assuming continued employment through normal retirement.

3. Wyle Executive Severance Obligations

In connection with the acquisition of the Wyle Group of Companies, the Company has severance obligations under agreements with certain existing Wyle executives. Those severance obligations could constitute severance arrangements for purposes of ERISA.

4. Executive Deferred Compensation Plan

The company maintains an Executive Deferred Compensation Plan for approximately 450 highly paid U.S. executives, of which approximately 100 employees participate. The Plan allows eligible executives to voluntarily elect to defer a portion of their salary (up to 80%) and bonus/commissions (up to 100%). Deferrals must be for a minimum of two years. At the end of the deferral period participants may elect to have deferrals distributed to them in either lump sum or installment payments over a designated number of years. Deferrals will be paid out in a lump sum distribution if termination precedes retirement/long term disability. Deferrals can be invested among different deemed investment options. All deferrals and any earnings on those deferrals are general unsecured obligations of the company.

5. Wyle SERP Plan

The company maintains an unfunded pension plan for approximately 19 former executives of the Wyle Group of Companies. This plan provides for payment equal to the excess of the amounts such executives would normally be expected to receive under the terms of the Wyle qualified plan, over the maximum amounts allowed by ERISA under the qualified plan.

6. Wyle Defined Benefit Plan

The company is responsible for retirement benefits for certain employees the Wyle provided under a defined benefit plan. Benefits under that plan were frozen as of December 31, 2000. The company makes contributions to the plan so that minimum contribution requirements, as determined by government regulations, are met.

Environmental Matters

In connection with the purchase of Wyle Electronics ("Wyle") in August 2000, the company acquired certain of the then outstanding obligations of Wyle, including Wyle's indemnification obligations to the purchasers of its Wyle Laboratories division for environmental clean-up costs associated with any then existing contamination or violation of environmental regulations. Under the terms of the company's purchase of Wyle from the sellers, the sellers agreed to indemnify the company for certain costs associated with the Wyle environmental obligations, among other things. During the fourth quarter of 2012, the company entered into a settlement agreement with the sellers pursuant to which the sellers paid \$110,000,000 and the company released the sellers from their indemnification obligation. As part of the settlement agreement the company accepted responsibility for any potential subsequent costs incurred related to the Wyle matters. The company is aware of two Wyle Laboratories facilities (in Huntsville, Alabama and Norco, California) at which contaminated groundwater was identified and will require environmental remediation. In addition, the company was named as a defendant in several lawsuits related to the Norco facility and a third site in El Segundo, California which have now been settled to the satisfaction of the parties.

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

Accruals for environmental liabilities are included in "Accrued expenses" and "Other liabilities" in the company's consolidated balance sheets.

As successor-in-interest to Wyle, the company is the beneficiary of various Wyle insurance policies that covered liabilities arising out of operations at Norco and Huntsville. To date, the company has recovered approximately \$33,000,000 from certain insurance carriers. The company continues to seek recovery from an umbrella liability policy carrier for its proportional share of the total Norco liability. The company is considering the best way to pursue its potential claims against insurers regarding liabilities arising out of operations at Huntsville. The resolution of these matters could likely take several years. The company has not recorded a receivable for any potential future insurance recoveries related to the Norco and Huntsville environmental matters, as the realization of the claims for recovery are not deemed probable at this time.

The company believes the settlement amount together with potential recoveries from various insurance policies covering environmental remediation and related litigation will be sufficient to cover any potential future costs related to the Wyle acquisition; however, it is possible unexpected costs beyond those anticipated could occur.

Characterization of the extent of contaminated soil and groundwater continues at the site in Huntsville, Alabama. Under the direction of the Alabama Department of Environmental Management, approximately

\$4,000,000 was spent to date. The pace of the ongoing remedial investigations, project management and regulatory oversight is likely to increase somewhat and though the complete scope of the activities is not yet known, the company currently estimates additional investigative and related expenditures at the site of approximately \$500,000 to \$750,000. The nature and scope of both feasibility studies and subsequent remediation at the site has not yet been determined, but assuming the outcome includes source control and certain other measures, the cost is estimated to be between \$3,000,000 and \$4,000,000.

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

In October 2003, the company entered into a consent decree with Wyle Laboratories and the California Department of Toxic Substance Control (the "DTSC") in connection with the Norco site. In April 2005, a Remedial Investigation Work Plan was approved by DTSC that provided for site-wide characterization of known and potential environmental issues. Investigations performed in connection with this work plan and a series of subsequent technical memoranda continued until the filing of a final Remedial Investigation Report early in 2008. Work is under way pertaining to the remediation of contaminated groundwater at certain areas on the Norco site and of soil gas in a limited area immediately adjacent to the site. In 2008, a hydraulic containment system was installed to capture and treat groundwater before it moves into the adjacent offsite area. In September 2013, the DTSC approved the final Remedial Action Plan ("RAP") and work is currently progressing under the RAP. The approval of the RAP includes the potential for additional remediation action after the five year review of hydraulic containment system if the review finds that contaminants have not been sufficiently reduced in the offsite area.

Approximately \$44,000,000 was spent to date on remediation, project management, regulatory oversight, and investigative and feasibility study activities. The Company currently estimates that these activities will give rise to an additional \$18,000,000 to \$24,900,000. Project management and regulatory oversight include costs incurred by project consultants for project management and costs billed by DTSC to provide regulatory oversight.

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

Existing Foreign Subsidiary Indebtedness

<u>Borrower</u>	<u>Amount</u>	<u>Description</u>	<u>Lender</u>
Latin America	\$11,540.91	Capital Leases	Various
DNS	\$16,591.47	Capital Leases	Various
Arrow Brazil	\$729,000.00	Loans	Various
Arrow, Korea	\$4,745,000.00	Loans	Various
ECS Europe	\$11,031,000.00	Loans	Various
Richardson China	\$4,902,000.00	Loans	Various
Arrow EMEASA	\$106,000.00	Loans	Various

Disclosed Litigation

None.

AMENDMENT NO. 23 TO TRANSFER AND ADMINISTRATION AGREEMENT

AMENDMENT NO. 23 TO TRANSFER AND ADMINISTRATION AGREEMENT, dated as of July 26, 2013 (this "Amendment"), to that certain Transfer and Administration Agreement dated as of March 21, 2001, as amended by Amendment No. 1 to Transfer and Administration Agreement dated as of November 30, 2001, Amendment No. 2 to Transfer and Administration Agreement dated as of December 14, 2001, Amendment No. 3 to Transfer and Administration Agreement dated as of March 20, 2002, Amendment No. 4 to Transfer and Administration Agreement dated as of March 29, 2002, Amendment No. 5 to Transfer and Administration Agreement dated as of May 22, 2002, Amendment No. 6 and Limited Waiver to Transfer and Administration Agreement dated as of September 27, 2002, Amendment No. 7 to Transfer and Administration Agreement dated as of February 19, 2003, Amendment No. 8 to Transfer and Administration Agreement dated as of April 14, 2003, Amendment No. 9 to Transfer and Administration Agreement dated as of August 13, 2003, Amendment No. 10 to Transfer and Administration Agreement dated as of February 18, 2004, Amendment No. 11 to Transfer and Administration Agreement dated as of August 13, 2004, Amendment No. 12 to Transfer and Administration Agreement dated as of February 14, 2005, Amendment No. 13 to Transfer and Administration Agreement dated as of February 13, 2006, Amendment No. 14 to Transfer and Administration Agreement dated as of October 31, 2006, Amendment No. 15 to Transfer and Administration Agreement dated as of February 12, 2007, Amendment No. 16 to Transfer and Administration Agreement dated as of March 27, 2007, Amendment No. 17 to Transfer and Administration Agreement dated as of March 26, 2010, Amendment No. 18 to Transfer and Administration Agreement dated at of December 15, 2010, Amendment No. 19 to Transfer and Administration Agreement dated as of February 14, 2011, Amendment No. 20 to Transfer and Administration Agreement dated as of December 7, 2011, Amendment No. 21 to Transfer and Administration Agreement dated as of March 30, 2012 and Amendment No. 22 to Transfer and Administration Agreement dated as of August 29, 2012 (as so amended and in effect, the "TAA"), by and among Arrow Electronics Funding Corporation, a Delaware corporation (the "SPV"), Arrow Electronics, Inc., a New York corporation, individually ("Arrow") and as the initial Master Servicer, the several commercial paper conduits identified on Schedule A to the TAA and their respective permitted successors and assigns (the "Conduit Investors"; each individually, a "Conduit Investor"), the agent bank set forth opposite the name of each Conduit Investor on such Schedule A and its permitted successors and assigns (each a "Funding Agent") with respect to such Conduit Investor, Bank of America, National Association, a national banking association, as the administrative agent for the Investors (the "Administrative Agent"), and the financial institutions from time to time parties thereto as Alternate Investors. Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the TAA.

PRELIMINARY STATEMENTS:

WHEREAS, the SPV, Arrow, the Conduit Investors, the Funding Agents, the Alternate Investors and the Administrative Agent have entered into the TAA;

WHEREAS, the SPV and Arrow have requested that the Conduit Investors, the Funding Agents, the Alternate Investors and the Administrative Agent agree to make certain changes and amendments to the TAA;

WHEREAS, subject to the terms and conditions set forth herein, the Conduit Investors, the Alternate Investors, the Funding Agents and the Administrative Agent are willing to make such changes and amendments to the TAA.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendments to the TAA. On and as of the Effective Date (as defined below), clause (a) of the definition of "Eligible Receivable" appearing in Section 1.1 of the TAA is hereby amended and restated in its entirety to read as follows:

(a) which was originated by an Originator in the ordinary course of its business (for the avoidance of doubt any Receivable originated by Nu Horizons Electronics Corp. prior to July 1, 2013 and acquired directly or indirectly by Arrow on July 1, 2013 shall be deemed to satisfy this clause (a));

SECTION 2. Representations and Warranties of the SPV and Arrow. To induce the Conduit Investors, Alternate Investors, the Funding Agents and the Administrative Agent to enter into this Amendment, the SPV and Arrow each makes the following representations and warranties (which representations and warranties shall survive the execution and delivery of this Amendment) as of the date hereof and, after giving effect to the amendments set forth herein as of the Effective Date:

Section 2.1. Authority. The SPV and Arrow each has the requisite corporate power, authority and legal right to execute and deliver this Amendment and to perform its obligations hereunder and under the Transaction Documents, including the TAA (as modified hereby). The execution, delivery and performance by the SPV and Arrow of this Amendment and their performance of the Transaction Documents, including the TAA (as modified hereby), have been duly approved by all necessary corporate action and no other corporate proceedings are necessary to consummate such transactions.

Section 2.2. Enforceability. This Amendment has been duly executed and delivered by the SPV and Arrow. This Amendment is the legal, valid and binding obligation of the SPV and Arrow, enforceable against the SPV and Arrow in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and the application of general principles of equity (regardless of whether considered in a proceeding at law or in equity). The making and delivery of this Amendment and the performance of the TAA, as amended by this Amendment, do not violate any provision of law or any regulation (except to the extent that the violation thereof could not, in the aggregate, be expected to have a Material Adverse Effect or a material adverse effect on the condition (financial or otherwise), business or properties of Arrow and the other Originators, taken as a whole), or its charter or by-laws, or result in the breach of or constitute a default under or require any consent under any indenture or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or affected.

Section 2.3. Representations and Warranties. The representations and warranties contained in the Transaction Documents are true and correct on and as of the date hereof and the Effective Date, as applicable, as though made on and as of such date after giving effect to this Amendment, except for representations and warranties made by the SPV or Arrow expressly stated to relate to an earlier date, in which case such representations and warranties are true and correct as of such earlier date.

Section 2.4. No Termination Event. After giving effect to this Amendment, no event has occurred and is continuing that constitutes a Termination Event or a Potential Termination Event.

SECTION 3. Conditions Precedent: Amendment. This Amendment shall become effective, as of the date hereof, on the date (the “Effective Date”) on which the Administrative Agent shall have received counterparts of this Amendment, duly executed by each of the parties hereto.

SECTION 4. Fees and Expenses. Each Funding Agent upon giving affect to this Amendment shall have received for the benefit of itself and its Investors payment in full of such fees and reimbursement of such expenses as may be due and payable by the SPV to such Funding Agent and Investor in connection with this Amendment.

SECTION 5. Payment of Fees and Expenses. The SPV agrees to pay all fees and expenses (including attorney’s fees and expenses) as may be due and payable by the SPV to the Administrative Agent pursuant to Section 9.4 of the TAA in connection with this Amendment.

SECTION 6. References to and Effect on the Transaction Documents.

Section 6.1. Except as specifically amended and modified hereby, each Transaction Document is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

Section 6.2. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Investor, Funding Agent or the Administrative Agent under any Transaction Document, nor constitute a waiver, amendment or modification of any provision of any Transaction Document, except as expressly provided in Section 1 hereof.

Section 6.3. This Amendment contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

Section 6.4. Each reference in the TAA to “this Agreement”, “hereunder”, “hereof” or words of like import, and each reference in any other Transaction Document to “the Transfer and Administration Agreement”, “thereunder”, “thereof” or words of like import, referring to the Agreement, shall mean and be a reference to the Agreement as amended hereby.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telefacsimile, electronic mail, portable document format (PDF) or similar means shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 8. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT OR OTHERWISE, AMONG ANY OF THEM ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE RELATIONSHIP BETWEEN THEM IN CONNECTION WITH THIS AMENDMENT OR ANY OTHER TRANSACTION DOCUMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Arrow Electronics Funding Corporation,
as SPV

By: /s/ Terry Rasmussen
Name: Terry Rasmussen
Title: Assistant Treasurer

Arrow Electronics, Inc.,
individually and as Master Servicer

By: /s/ Terry Rasmussen
Name: Terry Rasmussen
Title: Assistant Treasurer

*Signature Page to
Amendment No. 23 to
Arrow Electronics
Transfer and Administration Agreement*

Bank of America, National Association,
as a Funding Agent, as Administrative Agent, and as an
Alternate Investor

By: /s/ Brendan Feeney
Name: Brendan Feeney
Title: Vice President

*Signature Page to
Amendment No. 23 to
Arrow Electronics
Transfer and Administration Agreement*

Liberty Street Funding LLC,
as a Conduit Investor

By: /s/ Jill A. Russo
Name: Jill A. Russo
Title: Vice President

The Bank of Nova Scotia,
as a Funding Agent and as an Alternate Investor

By: /s/ Diane Emanuel
Name: Diane Emanuel
Title: Managing Director

Signature Page to

*Amendment No. 23 to
Arrow Electronics
Transfer and Administration Agreement*

Gotham Funding Corporation,
as a Conduit Investor

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

**The Bank of Tokyo-Mitsubishi UFJ, Ltd., New
York Branch,**
as a Funding Agent

By: /s/ Christopher Pohl
Name: Christopher Pohl
Title: Managing Director

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch,
as an Alternate Investor

By: /s/ George Stoecklein
Name: George Stoecklein
Title: Director

*Signature Page to
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Wells Fargo Bank, N.A., as a Funding Agent and as an Alternate Investor

By: /s/ William P. Rutkowski

Name: William P. Rutkowski

Title: Vice President

*Signature Page to
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Arrow Electronics
Transfer and Administration Agreement*

Regency Assets Limited, as Conduit Investor

By: /s/ Michael Whelan
Name: Michael Whelan
Title: Director

HSBC Securities (USA) Inc., as Funding Agent

By: /s/ Thomas Carroll
Name: Thomas Carroll
Title: Director

HSBC BANK USA, NATIONAL ASSOCIATION, as Alternate Investor

By: /s/ Thomas T. Rogers
Name: Thomas T. Rogers
Title: Senior Vice President

*Signature Page to
Amendment No. 23 to
Arrow Electronics
Transfer and Administration Agreement*

Working Capital Management Co., L.P., as Conduit Investor

By: /s/ Shinichi Nochiide

Name: Shinichi Nochiide

Title: Attorney-in-Fact

Mizuho Corporate Bank, Ltd., as Funding Agent and Alternate Investor

By: /s/ Bertram H. Tang

Name: Bertram H. Tang

Title: Authorized Signatory

*Signature Page to
Amendment No. 23 to
Arrow Electronics
Transfer and Administration Agreement*

ARROW ELECTRONICS, INC. & SUBSIDIARIES
Organizational (Legal Entity) Structure
As of December 31, 2013

Country	State in which Incorporated or Country in which Organized
A.E. Petsche Belgium BVBA	Belgium
A.E. Petsche Canada, Inc.	Canada
A.E. Petsche Company S De RL	Mexico
A.E. Petsche Company, Inc.	Texas
A.E. Petsche SAS	France
A.E. Petsche UK Limited	United Kingdom
Achieva Components (India) Private Limited	Singapore
Achieva Components China Ltd.	Hong Kong
Achieva Components PTE Ltd.	Singapore
Achieva Components Sdn Bhd	Malaysia
Achieva Electronics PTE Ltd	Singapore
Achieva Electronics Sdn Bhd	Malaysia
Addex Distribution AS	Norway
Altimate Belgium BVBA	Belgium
Altimate Ireland Limited	Ireland
Altimate Luxembourg Sarl	Luxembourg
Altimate ND Belgium BVBA	Belgium
Altimate Netherlands B.V.	Netherlands
Altimate UK Distribution Limited	United Kingdom
Arrow (Shanghai) Trading Co. Ltd.	China
Arrow Altech Distribution (Pty) Ltd.	South Africa
Arrow Altech Holdings (Pty) Ltd.	South Africa
Arrow Asia Distribution Limited	Hong Kong
Arrow Asia Pac Ltd.	Hong Kong
Arrow Brasil S.A.	Brazil
Arrow Capital Solutions SAS	France
Arrow Capital Solutions, Inc.	Delaware
Arrow Central Europe GmbH	Germany
Arrow Chip One Stop Holdings GK	Japan
Arrow Components (M) Sdn Bhd	Malaysia
Arrow Components (NZ)	New Zealand
Arrow Components Chile Limitada	Chile
Arrow Components Mexico S.A. de C.V.	Mexico
Arrow Components Sweden AB	Sweden
Arrow Denmark, ApS	Denmark
Arrow Eastern Europe GmbH	Germany
Arrow eCommerce B.V.	Netherlands
Arrow ECS a.s.	Czech Republic

Country (continued)	State in which Incorporated or Country in which Organized (continued)
Arrow ECS B.V.	Netherlands
Arrow ECS Baltic OU	Estonia
Arrow ECS Canada Ltd.	Canada
Arrow ECS Central GmbH	Germany
Arrow ECS d.o.o.	Croatia
Arrow ECS d.o.o.	Serbia
Arrow ECS d.o.o.	Slovenia
Arrow ECS Denmark A/S	Denmark
Arrow ECS Finland OY	Finland
Arrow ECS GmbH	Germany
Arrow ECS Internet Security AG	Austria
Arrow ECS Internet Security, S.L.	Spain
Arrow ECS Kft.	Hungary
Arrow ECS Ltd.	Israel
Arrow ECS Nordic A/S	Denmark
Arrow ECS Norway AS	Norway
Arrow ECS SA/NV	Belgium
Arrow ECS SARL	Morocco
Arrow ECS Services Sp.z.o.o.	Poland
Arrow ECS Sp.z.o.o.	Poland
Arrow ECS Support Center, Ltd.	Israel
Arrow ECS Sweden AB	Sweden
Arrow ECS, SAS	France
Arrow Electronice S.R.L.	Romania
Arrow Electronics (China) Trading Co. Ltd.	China
Arrow Electronics (CI) Ltd.	Cayman Islands
Arrow Electronics (Jersey) Limited	Jersey
Arrow Electronics (S) Pte Ltd	Singapore
Arrow Electronics (Shanghai) Co. Ltd.	China
Arrow Electronics (Shenzhen) Co. Ltd.	China
Arrow Electronics (Sweden) KB	Sweden
Arrow Electronics (Thailand) Limited	Thailand
Arrow Electronics (U.K.), Inc.	Delaware
Arrow Electronics (UK) Ltd.	United Kingdom
Arrow Electronics ANZ Holdings Pty Ltd.	Australia
Arrow Electronics Asia (S) Pte Ltd.	Singapore
Arrow Electronics Asia Limited	Hong Kong
Arrow Electronics Australia Pty Ltd.	Australia
Arrow Electronics B.V.	Netherlands
Arrow Electronics Canada Ltd.	Canada
Arrow Electronics China Ltd.	Hong Kong
Arrow Electronics Czech Republic s.r.o.	Czech Republic
Arrow Electronics D.O.O.	Slovenia
Arrow Electronics Danish Holdings ApS	Denmark

Country (continued)	State in which Incorporated or Country in which Organized (continued)
Arrow Electronics Distribution (Shanghai) Co. Ltd.	China
Arrow Electronics EMEA Group GmbH	Germany
Arrow Electronics EMEASA S.r.l.	Italy
Arrow Electronics Estonia OU	Estonia
Arrow Electronics Europe, LLC	Delaware
Arrow Electronics Funding Corporation	Delaware
Arrow Electronics GmbH & Co. KG	Germany
Arrow Electronics Hellas S.A.	Greece
Arrow Electronics Holdings Pty Ltd.	Australia
Arrow Electronics Holdings Vagyonkezeló, Kft	Hungary
Arrow Electronics Hungary Kereskedelmi Bt	Hungary
Arrow Electronics India Ltd.	Hong Kong
Arrow Electronics India Private Limited	India
Arrow Electronics International Holdings, LLC	Delaware
Arrow Electronics International, Inc.	Delaware
Arrow Electronics Italia S.r.l.	Italy
Arrow Electronics Japan GK	Japan
Arrow Electronics Korea Limited	South Korea
Arrow Electronics Labuan Pte Ltd.	Labuan
Arrow Electronics Mexico, S. de R.L. de C.V.	Mexico
Arrow Electronics Norwegian Holdings AS	Norway
Arrow Electronics Poland Sp.z.o.o.	Poland
Arrow Electronics Real Estate Inc.	New York
Arrow Electronics Russ OOO	Russia
Arrow Electronics Services S.r.l.	Italy
Arrow Electronics Slovakia s.r.o.	Slovakia
Arrow Electronics South Africa LLP	South Africa
Arrow Electronics Taiwan Ltd.	Taiwan
Arrow Electronics UK Holding Ltd.	United Kingdom
Arrow Electronics Ukraine, LLC	Ukraine
Arrow Electronics, Inc.	New York
Arrow Electronics, Ltd.	United Kingdom
Arrow Elektronik Ticaret, A.S.	Turkey
Arrow Enterprise Computing Solutions Ltd.	United Kingdom
Arrow Enterprise Computing Solutions, Inc.	Delaware
Arrow Finland OY	Finland
Arrow France, S.A.	France
Arrow Fuego S.A.	Argentina
Arrow Global Asset Disposition, Inc.	Delaware
Arrow Holdings (Delaware) LLC	Delaware
Arrow Iberia Electronica Lda.	Portugal
Arrow Iberia Electronica, S.L.U.	Spain
Arrow International Holdings L.P.	Cayman Islands
Arrow Nordic Components AB	Sweden

Country (continued)	State in which Incorporated or Country in which Organized (continued)
Arrow Northern Europe Ltd.	United Kingdom
Arrow Norway A/S	Norway
Arrow SEED (Hong Kong) Limited	Hong Kong
Arrow UEC Japan, KK	Japan
Arrow/Components (Agent) Ltd.	Hong Kong
Arrow/Rapac, Ltd.	Israel
ARROWECS Sociedade Unipessoal LDA	Portugal
Artlink Co. Ltd.	Seychelles
Artlink Technology Co. Ltd.	Taiwan
ARW Electronics, Ltd.	Israel
ARW Enterprise Computing Solutions, S.A.	Spain
ARW Portugal Unipessoal LDA	Portugal
Asplenium SA	France
B.V. Arrow Electronics DLC	Netherlands
Beijing Arrow SEED Technology Co. Ltd	China
Broomco (4184) Limited	United Kingdom
Centia Group Ltd.	United Kingdom
Centia Ltd.	United Kingdom
Chip One Stop (Hong Kong) Ltd.	Hong Kong
Chip One Stop International Pte Ltd.	Singapore
Chip One Stop, Inc.	Japan
Components Agent (Cayman) Limited	Cayman Islands
Components Agent Asia Holdings, Ltd.	Mauritius
COMPUTER DISTRIBUTORS LINKS Services (I) India Pvt. Ltd.	India
COMPUTERLINKS (Aust) Pty Ltd.	Australia
COMPUTERLINKS (UK) Ltd.	United Kingdom
COMPUTERLINKS AG	Germany
COMPUTERLINKS AG	Switzerland
COMPUTERLINKS AS	Norway
COMPUTERLINKS Belgium BVBA	Belgium
COMPUTERLINKS Denmark A/S	Denmark
COMPUTERLINKS FZCO	United Arab Emirates
COMPUTERLINKS GmbH	Austria
COMPUTERLINKS GmbH	Germany
COMPUTERLINKS Kft.	Hungary
COMPUTERLINKS Nederland B.V.	Netherlands
COMPUTERLINKS North America Inc.	Texas
COMPUTERLINKS North America Inc.	Canada
COMPUTERLINKS Oy	Finland
COMPUTERLINKS S.A.	France
COMPUTERLINKS s.r.o.	Czech Republic
COMPUTERLINKS Sp. z o.o.	Poland
COMPUTERLINKS SpA	Italy

Country (continued)	State in which Incorporated or Country in which Organized (continued)
COMPUTERLINKS Sweden AB	Sweden
COMPUTERLINKS.SG PTE Ltd.	Singapore
Converge (Shanghai) International Trading Co., Ltd.	China
Converge Asia Pte, Ltd.	Singapore
Converge Electronics Trading (India) Private Ltd.	India
Converge France SAS	France
Converge Netherlands BV	Netherlands
Converge Scandinavia AB	Sweden
CSS Computer Security Solutions Erwerbs GmbH	Germany
CSS Computer Security Solutions Holding GmbH	Germany
CSS Computer Security Solutions Ltd.	United Kingdom
Diasa Infomatica	Spain
Dicopel, Inc.	California
Distrilogie Netherlands B.V.	Netherlands
Elko C.E., S.A.	Argentina
Erf 211 Hughes (Pty) Limited	South Africa
Eshel Technology Group, Inc.	California
ETEQ Components PTE Ltd.	Singapore
Eurocomponentes, S.A.	Argentina
Excel Tech, Inc.	South Korea
Flection Belgium BVBA	Belgium
Flection Czech Republic SRO	Czech Republic
Flection France SAS	France
Flection Germany GmbH	Germany
Flection Group B.V.	Netherlands
Flection Netherlands B.V.	Netherlands
Flection United Kingdom Ltd.	United Kingdom
Fusion Distribution FZCO	United Arab Emirates
Greentech AS	Norway
Greentech Denmark ApS	Denmark
Greentech Distribution Sweden AB	Sweden
Greentech Finland, OY	Finland
Greentech Holding AS	Norway
Greentech Sweden AB	Sweden
IGUS Data AB	Sweden
Intex-semi Ltd.	Hong Kong
IPVista A/S	Denmark
Jacob Hatteland Electronic II AS	Norway
Lite-On Korea, Ltd.	South Korea
Marubun/Arrow (HK) Limited	Hong Kong
Marubun/Arrow (M) Sdn. Bhd (Malaysia)	Malaysia
Marubun/Arrow (Philippines) Inc.	Philippines
Marubun/Arrow (S) Pte Ltd.	Singapore
Marubun/Arrow (Shanghai) Co., Ltd.	China

Country (continued)	State in which Incorporated or Country in which Organized (continued)
Marubun/Arrow (Shenzhen) Electronic Product Consulting Company Limited	China
Marubun/Arrow (Thailand) Co., Ltd.	Thailand
Marubun/Arrow Asia Ltd.	BVI
Marubun/Arrow USA, LLC	Delaware
Microtronica Ltd.	United Kingdom
Multichip Ltd.	United Kingdom
New Tech Electronics Pte. Ltd.	Singapore
NIC Components Asia PTE Ltd.	Singapore
NIC Components Corp.	New York
NIC Components Europe Limited	United Kingdom
NIC Eurotech Limited	United Kingdom
Nu Horizons Electronics (Shanghai) Co., Ltd.	China
Nu Horizons Electronics A/S	Denmark
Nu Horizons Electronics Asia PTE Ltd.	Singapore
Nu Horizons Electronics Hong Kong Ltd.	Hong Kong
Nu Horizons Electronics Malaysia SDN BHD	Malaysia
Nu Horizons Electronics NZ Limited	New Zealand
Nu Horizons Electronics Pty Ltd.	Australia
Nu Horizons International Corp.	New York
NUH Electronics India Private Limited	India
NUHC, Inc.	Canada
NuHo Singapore Holdings, LLC	USA
Openway Group SA	France
Openway SAS	France
Pansystem S.r.l.	Italy
PCG Parent Corp.	Delaware
PCG Trading, LLC	Delaware
Petsche Mexico, LLC	Texas
Power and Signal Group GmbH	Germany
PT Marubun Arrow Indonesia	Indonesia
Richardson RFPD (Malaysia) Sdn Bhd	Malaysia
Richardson RFPD (Thailand) Limited	Thailand
Richardson RFPD Australia Pty. Ltd.	Australia
Richardson RFPD Canada, Inc.	Canada
Richardson RFPD Electronics Trading (China) Co., Ltd.	China
Richardson RFPD France SAS	France
Richardson RFPD Germany GmbH	Germany
Richardson RFPD Hong Kong	Hong Kong
Richardson RFPD Israel Ltd.	Israel
Richardson RFPD Italy Srl	Italy
Richardson RFPD Japan KK	Japan
Richardson RFPD Korea Ltd.	South Korea
Richardson RFPD Netherlands BV	Netherlands

Country (continued)	State in which Incorporated or Country in which Organized (continued)
Richardson RFPD Productos de Informatica, Ltda.	Brazil
Richardson RFPD Singapore	Singapore
Richardson RFPD Spain SL	Spain
Richardson RFPD Sweden AB	Sweden
Richardson RFPD Taiwan	Taiwan
Richardson RFPD UK Ltd.	United Kingdom
Richardson RFPD, Inc.	Delaware
S3 Dedicated Services, LLC	Delaware
S3 Managed Services, LLC	Delaware
Schuykill Metals of Plant City, Inc.	Delaware
Shared Solutions and Services, Inc.	Delaware
SiliconEgypt Technologies, LLC	Egypt
SiliconExpert Holdings LLC	Delaware
SiliconExpert Technologies, Inc.	California
Sphinx CST Limited	United Kingdom
Sphinx CST Networks Limited	United Kingdom
Sphinx Group Limited	United Kingdom
Sphinx Professional Services Limited	United Kingdom
Spoerle Hungary Kereskedelmi Kft	Hungary
Titan Supply Chain Services Limited	United Kingdom
Titan Supply Chain Services, Pte Ltd.	Singapore
TLW Electronics, Ltd.	Hong Kong
Transim Technology Corporation	California
Ultra Source Technology Corp.	Taiwan
Ultra Source Trading Hong Kong Limited	Hong Kong
Verwaltungsgesellschaft Arrow Electronics GmbH	Germany
Wyle Electronics Caribbean Corp.	Puerto Rico
Wyle Electronics de Mexico S de R.L. de C.V.	Mexico

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements:

1. Registration Statement (Form S-3 No. 333-184225) and related prospectus,
2. Registration Statement (Form S-8 No. 333-45631),
3. Registration Statement (Form S-8 No. 333-118563),
4. Registration Statement (Form S-8 No. 333-154719), and
5. Registration Statement (Form S-8 No. 333-184671);

of our reports dated February 5, 2014, with respect to the consolidated financial statements and schedule of Arrow Electronics, Inc., and the effectiveness of internal control over financial reporting of Arrow Electronics, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2013.

/s/ ERNST & YOUNG LLP

New York, New York
February 5, 2014

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

I, Michael J. Long, certify that:

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

Date: February 5, 2014

By: /s/ Michael J. Long

Michael J. Long

Chairman, President, and Chief Executive Officer

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

I, Paul J. Reilly, certify that:

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

Date: February 5, 2014

By: /s/ Paul J. Reilly

Paul J. Reilly
Executive Vice President, Finance and Operations,
and Chief Financial Officer

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

In connection with the Annual Report on Form 10-K of Arrow Electronics, Inc. (the "company") for the year ended December 31, 2013 (the "Report"), I, Michael J. Long, Chairman, President, and Chief Executive Officer of the company, certify, pursuant to the requirements of Section 906, that, to the best of my knowledge:

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

Date: February 5, 2014

By: /s/ Michael J. Long

Michael J. Long
Chairman, President, and Chief Executive
Officer

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

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

In connection with the Annual Report on Form 10-K of Arrow Electronics, Inc. (the "company") for the year ended D e
Reilly, Executive Vice President, Finance and Operations, and Chief Financial Officer of the company, certify, pursuant to the requirements of Section 906,
that, to the best of my knowledge:

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

Date: February 5, 2014

By: /s/ Paul J. Reilly

Paul J. Reilly
Executive Vice President, Finance and
Operations, and Chief Financial Officer

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