

ARROW ANTI-HEDGING POLICY

Restrictions on Certain “Short Term” or “Speculative” Transactions in the Company’s Securities

The Company believes that equity compensation plans are an effective means of compensating its directors and employees and that the ownership of equity securities of the Company provides incentives that align their interests with the long-term interests of shareholders. However, certain transactions in the Company’s equity securities, or which are linked to the value of the Company’s equity securities, may be considered “short term” or “speculative” in nature. These transactions may create the appearance that they were based on non-public information or that the incentives of the employees are no longer aligned with, and may in fact be opposed to, the interests of the Company and its shareholders. As a result, the Board of Directors has determined that certain transactions, described below, should not be undertaken by Directors, Corporate Officers or other members of the Company’s senior management (collectively, “Restricted Persons”). As described in more detail below, the General Counsel of the Company may, in limited circumstances, approve in advance specific transactions which would otherwise be prohibited by this policy.

These restrictions are in addition to any requirements for retention by a Restricted Person of a minimum number of shares of the Company’s Common Stock under Section 22 of the Company’s Corporate Governance Guidelines. In addition, Restricted Persons who are directors or “executive officers,” within the meaning of Section 16 of the Securities Exchange Act of 1934, are reminded that they are subject to the reporting and, if applicable, profit disgorgement provisions of Section 16(a) and (b) of the Exchange Act with respect to all purchases and sales.

Short-term Trading: Short-term trading of the Company’s securities by Restricted Persons may be considered speculative in nature and may give the appearance that the Restricted Person is unduly focused on the Company’s short-term stock market performance instead of the Company’s long-term business objectives. For these reasons, Restricted Persons who purchase Company securities in the open market may not sell any Company securities of the same class during the six (6) months following the purchase of such securities. Shares purchased or acquired through the Arrow Electronics Inc. 2004 Omnibus Incentive Plan, the Arrow Electronics’ Employee Stock Ownership Plan, and any other plan providing for similar equity awards are not subject to this restriction.

The restrictions set forth above do not apply to (i) any sale of shares to the Company; (ii) donations of shares to non-profit organizations not involving the provision to the Restricted Person of any goods or services by the non-profit organization; (iii) transfers to a Restricted Person’s spouse, relatives or descendants (whether by blood, marriage or adoption), or to trusts or other entities all of the beneficiaries or owners of which are such persons, in each case in connection with a Restricted Person’s estate planning; or (iv) transfers to a former spouse in connection with property settlements or Qualified Domestic Relations Orders in connection with a dissolution of marriage.

Transactions in Publicly Traded Option: Due to the duration of publicly traded options, transactions in these options are, in effect, a bet on the short-term movement of the Company’s stock. As such, they raise the same issues as short term trading of the underlying securities themselves. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market (whether settled in cash or through delivery of the reference securities) are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the section below captioned “*Hedging Transactions.*”)

Short Sales: Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore may be interpreted by the market as a sign that the seller lacks confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities (including short sales "against the box") by Restricted Persons are prohibited by this Policy. In addition, Section 16(c) of the Exchange Act prohibits directors and executive officers from engaging in short sales.

Hedging Transactions: Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow Restricted Persons to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow Restricted Persons to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, Restricted Persons may no longer have the same objectives as the Company's other shareholders. Therefore, Restricted Persons are prohibited from engaging in such transactions without prior approval. In addition, other transactions, such as participation in certain pooled investment partnerships, which reduce the risk of ownership of the Common Shares, are also covered by this Policy.

Margin Accounts and Pledges: Except in limited circumstances described below, Restricted Persons are prohibited from pledging company securities or from holding Company securities in margin accounts since securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call and any such margin sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities.

Notwithstanding the foregoing, the General Counsel may, on a case-by-case basis, authorize the pledging of Company securities due to significant financial or other hardship on the part of the Restricted Person. Among the other factors that will be considered in determining whether to permit any particular transaction are the degree and nature of the hardship, the amount of securities involved, and the timing and terms of the proposed transaction. The grant of any exception to this Policy is solely within the discretion of the General Counsel and will only be considered in extraordinary circumstances. The General Counsel may request whatever information he or she deems necessary or appropriate in making any such determination. Any exception must be approved in advance of the transaction so Restricted Persons seeking an exception should seek such approval sufficiently far in advance to permit an adequate amount of time to consider the request. Any exception granted by the General Counsel will be reported to the Compensation Committee at its next meeting following such grant.