ARROW ELECTRONICS INC
Form 424B2
February 25, 2015
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Filed pursuant to Rule 424(b)(2)
Registration Statement No. 333-184225

CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be Registered	Amount to be Registered US$	Proposed Maximum Offering Price per unit	Proposed Maximum Aggregate Offering Price US$	Amount of Registration Fee(1) US$
3.500% Notes due 2022	350,000,000	99.241%	347,343,500	40,361.32
4.000% Notes due 2025	350,000,000	99.031%	346,608,500	40,275.91

(1) This Calculation of Registration Fee table updates the Calculation of Registration Fee table in the Company s Registration Statement on Form S-3 (File No. 333-184225) in accordance with Rule 456(b) and Rule 457(r) of the Securities Act of 1933, as amended.

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Prospectus Supplement

(To prospectus dated October 1, 2012)

$700,000,000

Arrow Electronics, Inc.

$350,000,000 3.500% Notes due 2022

Issue price: 99.241%

$350,000,000 4.000% Notes due 2025

Issue price: 99.031%

Interest payable April 1 and October 1

We are offering $350,000,000 of our 3.500% notes due 2022 (the 2022 notes) and $350,000,000 of our 4.000% notes due 2025 (the 2025 notes and, together with the 2022 notes, the notes). We will pay interest on the notes on April 1 and October 1 of each year, beginning October 1, 2015. The 2022 notes will mature on April 1, 2022 and the 2025 notes will mature on April 1, 2025. The notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

We may redeem the notes of either series, in whole at any time or in part from time to time, on any date prior to their maturity at the applicable redemption price described in this prospectus supplement.

The notes will be unsecured and unsubordinated and will rank equally with all our other existing and future unsecured and unsubordinated indebtedness.

See Risk factors beginning on page S-10 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public (1)	Underwriting Discounts and Commissions	Proceeds, before Expenses (1)
Per 2022 Note	99.241%	0.625%	98.616%
Total	$ 347,343,500	$ 2,187,500	$ 345,156,000

Per 2025 Note	99.031%	0.650%	98.381%
Total	$ 346,608,500	$ 2,275,000	$ 344,333,500

(1) Plus accrued interest from March 2, 2015, if settlement occurs after that date.

The notes will not be listed on any securities exchange. Currently, there are no public markets for the notes.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company and its participants, including Euroclear and Clearstream, on or about March 2, 2015.

Joint Book-Running Managers

BofA Merrill Lynch **J.P. Morgan** **Morgan Stanley**

Senior Co-Managers

BNP PARIBAS **Scotia Capital** **Wells Fargo Securities**

Co-Managers

HSBC **Mizuho Securities** **RBS** **SMBC Nikko**

February 23, 2015

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We have not authorized anyone to provide any information other than that provided or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize to be delivered to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer to sell the notes in any jurisdiction where the offer or sale of the notes is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus or the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

As used in this prospectus supplement, the terms Arrow, the Company, we, us and our refer to Arrow Electronic and its subsidiaries, unless the context indicates otherwise.

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Prospectus Supplement

Prospectus

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to the notes we are offering in this prospectus supplement. See Description of Debt Securities in the accompanying prospectus.

If the information in this prospectus supplement varies from the information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other documents with the SEC under the Securities Exchange Act of 1934. You may read and copy any document we file at the SEC s public reference room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our 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, 20 Broad Street, New York, New York 10005, on which our common stock is listed.

You may obtain a copy of any of our filings with the SEC, or any of the agreements or other documents that constitute exhibits to those filings, without charge, by request directed to us at the following address and telephone number:

Arrow Electronics, Inc. 9201 East Dry Creek Road Centennial, Colorado 80112 (303) 824-4000 Attention: Corporate Secretary

Copies of these filings are also available from our website at http://www.arrow.com. We do not intend this internet address to be an active link or to otherwise incorporate the contents of the website into this prospectus.

The SEC allows us to incorporate by reference in this prospectus supplement the information that we file with them, which means that we can disclose important information to you by referring you to those reports. Accordingly, we are incorporating by reference in this prospectus supplement the documents listed below and any future filings we make with the SEC under Section 13(a), 13 (c), 14 or 15(d) of the Securities Exchange Act of 1934; provided, however, that we are not incorporating by reference any documents or information that are deemed to be furnished and not filed with the SEC:

(1) Our Annual Report on Form 10-K for the year ended December 31, 2014;

(2) Our Current Report on Form 8-K filed on January 2, 2015; and

(3) The description of our common stock set forth on our registration statement filed with the SEC pursuant to Section 12 of the Exchange Act, including any amendments or reports filed for the purpose of updating such description.

The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information contained directly in this prospectus supplement.

Any information that we file later with the SEC will automatically update and supersede this information.

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Forward-looking statements

This prospectus supplement 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;
- our implementation of our new enterprise resource planning system;
- changes in product supply, pricing, and customer demand;
- competition;
- other vagaries in the global components and global enterprise computing solutions 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;
- changes in legal and regulatory matters; and
- our 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, seeks, estimates, and similar expressions. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any of the forward-looking statements.

For a further discussion of factors to consider in connection with these forward-looking statements, investors should refer to Item 1A Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2014 incorporated by reference in the accompanying prospectus and the section entitled Risk factors contained elsewhere in this prospectus supplement.

Summary

This summary highlights selected information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and may not contain all the information that is important to you. You should read the following summary together with the more detailed information and financial statements and notes to the financial statements contained elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus, as described under the heading Where You Can Find More Information in this prospectus supplement and the accompanying prospectus. To fully understand this offering, you should read all these documents.

Company overview

We are a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. We have 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 we believe help industrial and commercial customers introduce innovative products, reduce their time to market, and enhance their overall competitiveness. We were incorporated in New York in 1946 and serve over 100,000 customers.

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

We maintain over 300 sales facilities and 40 distribution and value-added centers in 56 countries, serving over 85 countries. Through this network, we guide innovation forward by helping our customers to deliver new technologies, new materials, new ideas, and new electronics that impact the business community and consumers.

We have two business segments, the global components business and the global enterprise computing solutions (ECS) business. We distribute electronic components to OEMs and CMs through our global components business segment and provide enterprise computing solutions to VARs through our global ECS business segment. For 2014, approximately 63% of our sales were from the global components business segment, and approximately 37% of our sales were from the global ECS business segment.

Our 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 our objectives, we seek to capture significant opportunities to grow across products, markets, and geographies. To supplement our organic growth strategy, we continually evaluate strategic acquisitions to broaden our product and value-added service offerings, increase our market penetration, and/or expand our geographic reach.

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The offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see Description of the notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus. In this offering section, the terms the Company, we, us or our refer to Arrow Electronics, Inc. and not to our subsidiaries.

Issuer	Arrow Electronics, Inc.
Securities	$350,000,000 aggregate principal amount of the 3.500% notes due 2022; $350,000,000 aggregate principal amount of the 4.000% notes due 2025.
Maturity	The 2022 notes will mature on April 1, 2022 and the 2025 notes will mature on April 1, 2025.
Interest payment dates	April 1 and October 1 of each year, commencing October 1, 2015.
Optional redemption	At our option, we may redeem any or all of the notes of either series, in whole at any time or in part from time to time, at the applicable redemption price described under Description of the notes Optional redemption in this prospectus supplement.
Ranking	The notes: are unsecured; rank equally with all our existing and future unsecured and unsubordinated debt; rank senior to any future subordinated debt; and rank effectively junior to any existing and future secured debt and to all existing and future debt and other liabilities of our subsidiaries.
Covenants	We will issue the notes under an indenture containing covenants for your benefit. These covenants restrict our ability, with certain exceptions, to:

- incur debt secured by liens;
- engage in sale/leaseback transactions; or
- merge or consolidate with another entity or sell substantially all of our assets to another entity.

Change of control

Upon the occurrence of a Change of Control Triggering Event (as described in Description of the notes Change of control offer), we will be required to offer to purchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase.

Use of proceeds

We expect to use a portion of the net proceeds from this offering to refinance our outstanding 3.375% notes due November 1, 2015 at or before maturity and for other general corporate purposes, which may include acquisitions or the repayment of other indebtedness. Pending the application of the net proceeds, we may apply the net proceeds to reduce amounts outstanding under our $1.5 billion revolving credit facility or our $900.0 million asset securitization program.

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Further issues	We may from time to time, without notice to or the consent of the registered holders of the notes, create and issue further notes ranking *pari passu* with the 2022 notes or the 2025 notes, as applicable, which will have the same terms except for the payment of interest accruing prior to the issue date of such further notes or except, in some cases, for the first payment of interest following the issue date of such further notes) and so that such further notes may be consolidated and form a single series with the 2022 notes or the 2025 notes, as applicable, and have the same terms as the 2022 notes or the 2025 notes, as applicable.
Form and denomination	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Risk factors	See Risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the notes.
Conflicts of interest	Affiliates of certain of the underwriters act as administrative agent, syndication agent and lenders under our revolving credit facility, provide financing to us under our asset securitization program and may be holders of our 3.375% notes due 2015. We expect to use a portion of the net proceeds from this offering to refinance our outstanding 3.375% notes due 2015 at or before maturity and for other general corporate purposes, which may include acquisitions or the repayment of other indebtedness. Pending the application of the net proceeds, we may apply the net proceeds to reduce amounts outstanding under our revolving credit facility or our asset securitization program. Accordingly, affiliates of certain of the underwriters, including J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, may receive more than 5% of the net proceeds of the offering, and therefore the offering will be conducted in accordance with FINRA Rule 5121.

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Selected historical financial data

The following table contains our selected historical financial data as of the dates and for the periods indicated. We have derived the selected historical financial data as of December 31, 2014 and 2013 and for each of the years in the five-year period ended December 31, 2014 from our audited consolidated financial statements.

You should read the following data together with our other historical financial information and statements (including related notes) incorporated by reference in the accompanying prospectus. Please also read Management s Discussion and Analysis of Financial Condition and Results of Operations and Capitalization included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Year ended December 31,				
(in millions except per share data)	**2014(a)**	**2013(b)**	**2012(c)**	**2011(d)**	**2010(e)**
Income statement data					
Sales	$ 22,769	$ 21,357	$ 20,405	$ 21,390	$ 18,745
Operating income	762	694	804	909	751
Interest and other financing expense, net	116	114	102	106	77
Net income attributable to shareholders	498	399	506	599	480
Net income per share basic	5.05	3.89	4.64	5.25	4.06
Net income per share diluted	4.98	3.85	4.56	5.17	4.01

	At December 31,	
(in millions)	**2014**	**2013**
Balance sheet data		
Cash and cash equivalents	$ 400	$ 391
Accounts receivable and inventory	8,379	7,937
Total assets	12,443	12,061
Long-term debt	2,075	2,226
Shareholders equity	4,154	4,180

(a) Operating income and net income attributable to shareholders include identifiable intangible asset amortization of $44.1 million ($36.0 million net of related taxes or $.36 per share on both a basic and diluted basis), restructuring, integration, and other charges of $39.8 million ($29.3 million net of related taxes or $.30 and $.29 per share on a basic and diluted basis, respectively), and a non-cash impairment charge associated with discontinuing the use of a trade name of $78.0 million ($47.9 million net of related taxes or $.49 and $.48 per share on a basic and diluted basis, respectively). Net income attributable to shareholders also includes a gain on sale of investment of $29.7 million ($18.3 million net of related taxes or $.19 and $.18 per share on a basic and diluted basis, respectively).

(b)

Operating income and net income attributable to shareholders include identifiable intangible asset amortization of $36.8 million ($29.3 million net of related taxes or $.29 and $.28 per share on a basic and diluted basis, respectively), and 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.

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(c) Operating income and net income attributable to shareholders include identifiable intangible asset amortization of $36.5 million ($29.3 million net of related taxes or $.27 and $.26 per share on a basic and diluted basis, respectively), 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.

(d) Operating income and net income attributable to shareholders include identifiable intangible asset amortization of $35.4 million ($27.1 million net of related taxes or $.24 and $.23 per share on a basic and diluted basis, respectively), 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 or $.01 per share on both a basic and diluted basis), 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.

(e) Operating income and net income attributable to shareholders include identifiable intangible asset amortization of $21.1 million ($16.1 million net of related taxes or $.14 and $.13 per share on a basic and diluted basis, respectively), and 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.

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Risk factors

In connection with an investment in our notes, you should carefully consider the risks described below and in the documents incorporated by reference in the accompanying prospectus, including the risks described in our Annual Report on Form 10-K for the year ended December 31, 2014.

Risks related to the notes

Your ability to transfer the notes may be limited by the absence of any trading markets for the notes.

There are no established trading markets for the notes and we have no plans to list the notes on a securities exchange. We have been advised by each underwriter that it presently intends to make a market in the notes of each series; however, no underwriter is obligated to do so. Any market making activity, if initiated, may be discontinued at any time, for any reason, without notice. If the underwriters cease to act as market makers for the notes for any reason, we cannot assure you that another firm or person will make a market in the notes of either series. The liquidity of any markets for the notes will depend on the number of holders of the notes, our results of operations and financial condition, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors. Active or liquid trading markets may not develop for the notes.

We may not be able to repurchase the notes upon a change of control.

Upon a Change of Control Triggering Event (as defined herein), we will be required to offer to purchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any such purchase of notes will be our available cash or cash generated from our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to satisfy our obligations to repurchase the notes upon a Change of Control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a Change of Control.

The market prices of the notes may be volatile.

The market prices of the notes will depend on many factors that may vary over time and some of which are beyond our control, including:

- our financial performance;
- the amount of indebtedness we and our subsidiaries have outstanding;
- market interest rates;
- the market for similar securities;
- competition;

- the size and liquidity of the market for the notes; and
- general economic conditions.

As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the price you paid for them.

An increase in interest rates could result in a decrease in the relative value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase these notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

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Ratings of notes may not reflect all risks of an investment in the notes.

We expect that the notes will be rated by at least one nationally recognized statistical rating organization. The ratings of the notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold the notes. These ratings do not correspond to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. As a result, the ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes.

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Consolidated ratios of earnings to fixed charges

Set forth below is information concerning our ratios of earnings to fixed charges on a consolidated basis for the periods indicated.

For purposes of computing the ratio of earnings to fixed charges, earnings consists of income (loss) before income taxes, reduced by equity in earnings of affiliated companies and capitalized interest, plus fixed charges, amortization of capitalized interest and distributed income from equity investees. Fixed charges consist of interest and other financing expenses, plus capitalized interest and the estimated interest component of rent expense.

Since we had no preferred stock outstanding during any of the periods presented, the ratios of earnings to fixed charges and the ratios of earnings to combined fixed charges and preferred dividends are the same.

	Year ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Ratio of earnings to fixed charges	5.35	4.71	5.81	6.34	6.85

Computation of Ratio of Earnings to Fixed Charges

	Year ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Reconciliation of Earnings					
Income before taxes	$ 683,333	$ 582,219	$ 710,359	$ 809,801	$ 679,003
Less:					
Equity in earnings of affiliated companies	7,318	7,429	8,112	6,736	6,369
Capitalized interest	7,967	7,890	10,713	11,721	11,677
Plus:					
Fixed charges	155,302	154,610	144,736	148,766	113,395
Amortization of capitalized interest	5,504	3,947	1,966	777	307
Distributed income of equity investees	2,700	2,620	2,269	2,144	1,751
Total earnings	$ 831,554	$ 728,078	$ 840,505	$ 943,031	$ 776,410
Calculation of fixed charges:					
Interest and other financing expense	$ 121,537	$ 120,065	$ 107,655	$ 112,084	$ 81,623
Capitalized interest	7,967	7,890	10,713	11,721	11,677
Interest component of rent expense	25,797	26,655	26,368	24,961	20,095
Total fixed charges	$ 155,302	$ 154,610	$ 144,736	$ 148,766	$ 113,395

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Use of proceeds

We estimate that the net proceeds we will receive from the sale of the notes we are offering will be approximately $688.7 million after deducting underwriting discounts and commissions and our estimated offering expenses. We expect to use a portion of the net proceeds from this offering to refinance our outstanding 3.375% notes due November 1, 2015 at or before maturity and for other general corporate purposes, which may include acquisitions or the repayment of other indebtedness. Pending the application of the net proceeds, we may apply the net proceeds to reduce amounts outstanding under our $1.5 billion revolving credit facility or our $900.0 million asset securitization program.

At December 31, 2014, there were no outstanding borrowings under our revolving credit facility. Our revolving credit facility is scheduled to mature in December 2018. At December 31, 2014, outstanding borrowings under our asset securitization program totaled $275 million at a commercial paper rate plus 0.40% on such date. Our asset securitization program is scheduled to mature in March 2017. As of December 31, 2014, the aggregate principal amount outstanding of our 3.375% notes due November 1, 2015 was $250.0 million, not including accrued and unpaid interest thereon. Affiliates of certain of the underwriters act as administrative agent, syndication agent and lenders under our revolving credit facility, provide financing to us under our asset securitization program and may be holders of our 3.375% notes due November 1, 2015.

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Capitalization

The following table sets forth our consolidated capitalization at December 31, 2014 and as adjusted to give effect to the issuance of the notes in this offering and the application of the net proceeds therefrom as described under Use of proceeds. This table should be read in conjunction with Use of proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes of Arrow appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	December 31, 2014	
		As adjusted
(in millions, except share amounts which are in thousands and par value)	**Actual**	**(unaudited)**