

Remuneration Report

Remuneration Committee

Role and Membership

The long-established Remuneration Committee is responsible for recommending overall remuneration policy in respect of the Executive Directors, the Chairman and senior managers. The Committee was chaired during the year by Dr Leslie Atkinson. The other members of the Committee over the year were Mr Keith Hamill, Dr Dieter Lennertz, Mr Nick Temple, Mr Tim Barker until he ceased to be a member in November 2004, and Mr David Winterbottom until his retirement at the AGM in July 2004. Mr Kevin Abbott joined the Remuneration Committee in November 2004.

The Board as a whole determines the remuneration of the Non-Executive Directors.

During the year ended 31 March 2005 the Committee adhered to the principles and provisions of the Combined Code as it applied during that year. In preparing this Report, the Board has followed the provisions of Section B of the Combined Code.

Advisers

For the year under review, Kepler Associates have provided advice and data for salary reviews for the Executive Directors and senior managers to the Remuneration Committee. The Committee has also sought advice from Mercer Human Resource Consulting with respect to pension matters. These advisers have been appointed by the Remuneration Committee. The Chairman and Group Chief Executive Officer attended parts of meetings by invitation to respond to specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. The Company Secretary acts as Secretary to this Committee.

Remuneration Policy

Executive Directors

The objectives in future years of the remuneration policy for Executive Directors are to provide a remuneration package which is competitive and performance-linked, to ensure that the Group can attract and retain executives who have the experience, skills and talents to operate and develop its businesses to their maximum potential, thereby delivering the highest level of return for shareholders.

The components of the remuneration package for Executive Directors are:

Non-Performance Related	Performance Related
• Basic Salary	• Annual Bonus
• Pension	• Long term Incentive
• Other Benefits such as Health Insurance	

The Committee strives to ensure that shareholders' interests are best served by creating an appropriate balance between performance and non-performance related components of the remuneration package.

Additionally, the Committee has begun a comprehensive review of executive remuneration, to take place over the next 12 months to ensure it reflects the Company's needs, shareholders' views and developments in market practice.

Chairman and Non-Executive Directors

Remuneration comprises an annual salary for acting as Chairman or an annual fee for the Non-Executive Directors of the Company. An additional fee is paid to the Chairman of a Board Committee. The Chairman and Non-Executive Directors do not participate in the Company's incentive schemes, or annual bonus schemes, nor do they accrue any pension entitlement, although the Chairman holds options which he was granted when he was an Executive Director and has pension arrangements which relate to his service as an Executive Director.

No Non-Executive Director has a service contract with the Company.

The Chairman has the use of a company car and mobile phone and receives life insurance cover. Details of his service contract are set out on page 31 of this report.

Remuneration Components for Executive Directors

Basic Salary

In determining salary levels, the Committee takes into account comparable information for similar job functions in industrial service companies and other companies of a similar size. Allowance is made for the international spread and competitive nature of the Group's businesses and for the individual's experience, performance and contribution in the areas for which responsibility is held. Regard is also taken of salary levels throughout the Group.

Incentive Arrangements

Annual Bonus Plan

The aim of the Annual Bonus Plan is to ensure that the incentives for senior managers and Executive Directors are closely aligned to business performance.

The plan links remuneration to financial performance, which includes sales and profits and progress towards long term objectives.

The business targets are established by the Board and adopted by the Remuneration Committee on an annual basis and reflect market conditions as well as strategic and operational factors.

Performance targets for Executive Directors focus primarily on company performance and individual objectives. The Remuneration Committee has discretion to vary bonus payments for participants based on other aspects of performance.

The current maximum bonus opportunity for Executive Directors is 60% of salary. On target performance would yield a bonus of 20% of salary for each Director.

Annual bonus payments are not pensionable.

Long Term Incentive Share Option Plan (LTIOIP)

The LTIOIP, which replaced all other long term executive incentive plans in 2002, is designed to align long term incentives with the interests of shareholders. Participation in the plan extends to Executive Directors and senior managers.

Under the LTIOIP, participants may be awarded options with a ten year life subject to stretching performance conditions based on total shareholder return (TSR) (share price growth plus reinvested dividends), with no options vesting unless performance is above the median for the selected comparator group, and full vesting only occurring if Electrocomponents is first out of the 14 in that group in terms of TSR. The Committee chose TSR because it felt it was the measure most aligned to shareholders' interests.

Options over a total of 4,959,435 ordinary shares in the Company were granted on 11 June 2004. These options were granted at an exercise price of 365p per share.

TSR performance is measured over a minimum period of three years from the date of grant but, if the target is not met at all, the period will be extended to four, and then five years from a fixed base. Once the target has been met in part, however, performance will not subsequently be retested and the unvested part of the option will lapse. If the target has not been met at all at the end of five years, the option will lapse.

For performance at or below median, no part of the option will vest. 25% of the option will vest for performance of one position above the median with full vesting if the Company is ranked first in the comparator group selected. Between those two levels, the option will vest on a sliding scale.

The Comparator Group for the grants made in 2002, 2003 and 2004 comprised:

Arrow Electronic Industries Inc	Avnet Inc	Brambles Industries plc	Buhrmann NV
Daetwyler Holdings AG	Grainger (WW) Inc	Hagemeyer NV	Manutan International SA
Misumi Corporation	Premier Farnell plc	Rexel SA	Takkt AG
Wolseley plc			

The mix of companies chosen reflects the business and geographic focus of the Group around the world. The Committee reviewed a range of benchmarks but found this comparator group, which includes our closest peers, to be the most appropriate.

It is anticipated that awards will be made in 2005 on the same terms and using the same comparator group. No other long term incentives will be awarded in 2005. As part of the review mentioned earlier it is the intention of the Remuneration Committee to eliminate retesting from future arrangements.

Long Term Incentive Plan (LTIP)

No LTIP awards have been made since June 2001, as it was replaced by the LTIOIP. Under the LTIP, Executive Directors were granted conditional shares which would vest depending upon 3 year TSR performance compared with that of an appropriate comparator group selected at the time the award was made. The Committee chose TSR because it felt that it was the appropriate measure to reflect shareholder interests.

For the 1999 LTIP award, the Company's TSR performance was ranked 15th out of 38 (against the comparator group at that point in time) as at 4 July 2002, which resulted in 56.7% of the award vesting against the TSR criterion. As described in previous years' Remuneration Reports, retention of the shares released on the vesting of the awards was made subject to continued employment of the participants until June 2005. Details of these shares are disclosed in the Directors' Interests table on page 24.

For the 2001 LTIP award, Electrocomponents' TSR performance was ranked 27th out of 42 comparators which meant that none of the award vested and the award therefore lapsed.

There are no other awards outstanding.

1988 Executive Share Option Scheme (ESOS)

Mr Butler, Mr Lawson and Mr Mason hold outstanding options under the ESOS. The last ESOS award was made to the Executive Directors and Chairman in 1995. These options were not subject to performance conditions, in keeping with market practice at the time the scheme was established, but were subject to minimum holding periods of three, five or seven years before they could be exercised. No further awards will be granted under this scheme.

Savings Related Share Option Scheme

Executive Directors can participate in the Savings Related Share Option Scheme which is open to all UK employees or, if appropriate, the International Savings Related Share Option Scheme. Performance conditions have not been imposed as they are not permissible under UK Inland Revenue rules for this type of scheme.

Electrocomponents Group Pension Scheme ("the Scheme")

Executive Directors participate in the Scheme, which provides defined benefits on retirement. Pensionable salary is limited to basic salary, excluding all bonuses and other benefits. The pension accrual rate for Executive Directors is one-thirtieth for each year of service, subject to Inland Revenue restrictions.

Normal retirement age for Executive Directors is 60. The Scheme is a funded pension arrangement providing a pension on retirement of up to two-thirds of pensionable earnings, or the "earnings cap" if lower. No actuarial reduction will be applied to pension benefits accrued prior to 1 April 2003 if retirement is from age 55 or later. In the event of death before retirement, a capital sum equal to four times basic salary is payable together with a spouse's pension of two-thirds of the member's prospective pension at age 60 and children's pensions if appropriate. In the event of death in retirement, a spouse's pension of two-thirds of the member's pre-commutation pension is payable. Pensions in payment or in deferment are guaranteed to increase annually in February by the lesser of 5% or the increase in the RPI. Additional increases are payable at the discretion of the Company and the trustee of the Scheme.

Mr Lawson is a deferred member of the Scheme and continues to receive life insurance cover. The premium for life insurance benefit for Mr Lawson is included in the amount shown on page 32.

All Scheme benefits are subject to Inland Revenue limits. Where such limitation is due to the "earnings cap", arrangements may be agreed with individuals to compensate them for the reduction in benefits, either by salary supplement or through a funded unapproved retirement benefits scheme.

Mr Hewitt has elected to receive part of his additional entitlement as contributions to a funded unapproved retirement benefit scheme together with a salary supplement in lieu of part of his unapproved pension entitlement. Mr Mason has elected to receive a salary supplement in lieu of all of his unapproved pension entitlement. Salary supplements for both Messrs Hewitt and Mason are included in the table shown on page 32. Mr Butler's pension entitlement will be met from the Scheme in full as he is not subject to the "earnings cap".

The Remuneration Committee is currently reviewing implications of the new pensions tax regime from 6 April 2006 on the Company's pension arrangements. Its policy will be not to take on any additional costs or liabilities as a result of the legislation.

The following table gives details for each Director of:

- The annual accrued pension payable from normal retirement age, calculated as if he had left service at the year end, i.e. 31 March 2005;
- The increase in accrued pension attributable to service as a Director during the year;
- The transfer value of the accrued benefit at the year end;
- The transfer value of the accrued benefit at the previous year end; and
- The increase in the transfer value over the period.

These amounts exclude any (i) benefits attributable to additional voluntary contributions; and (ii) actual members' contributions.

Disclosure of Directors' Pension Benefits for the year ended 31 March 2005 (audited)

	Age at 31 March 2005 Years	Accrued pension as at 31 March 2005 ^b £	Increase in accrued pension benefits £	Transfer value as at 31 March 2005 ^c £	Transfer value as at 31 March 2004 ^c £	Increase in transfer value less Directors' contributions ^d £
R B Butler	45	140,252	12,834	1,379,000	1,171,000	190,455
J L Hewitt ^e	57	14,167	2,067	245,000	197,000	42,935
R A Lawson ^a	60	75,334	3,606	1,516,000	1,319,000	197,000
I Mason	43	23,493	4,609	208,000	153,000	49,935

Notes: (a) Mr Lawson became a deferred member of the Scheme on 20 July 2001 on his appointment as Chairman Designate. This table only reflects the scheme benefits retained, and includes credit for transfers received and service to 20 July 2001. (b) Accrued pension benefits shown are the amounts which would be paid annually on retirement based on service to the end of the year. (c) Transfer values have been calculated in accordance with the Guidance Note published by the Institute and Faculty of Actuaries (GN11)(Version 9.1). (d) The increase in transfer value less Directors' contributions includes the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as stock market movements. It is calculated after deducting the Director's contributions. (e) Additional contributions of £103,750 were paid into a funded unapproved arrangement (FURB) for Mr Hewitt (2004: £101,368).

Other Benefits

All Executive Directors are provided with a company mobile phone, a company car (or a cash allowance) and medical insurance. The taxable value of these benefits is included in the Directors' emoluments table on page 32.

Service Contracts (not subject to audit)

All current Executive Directors have service contracts that are on a 12 month rolling basis. These contracts provide for 12 months' notice by the Company and by the Executive Directors.

Termination payments are limited to the Directors' normal compensation, including basic salary, annual incentives and benefits for the unexpired portion of the notice period subject to performance and Remuneration Committee discretion. However, the Committee will aim to minimise the level of payments to that Director having regard to all circumstances, including the Company's contractual obligations to the Director, the reason for the departure, and the Company's policy to apply mitigation in the case of severance.

The Company entered into the current contractual agreements with Mr Butler and Mr Mason on 1 March 2001 and with Mr Hewitt on 14 March 2001. These agreements replaced all prior arrangements.

Mr Lawson entered into a service agreement as Chairman of the Company on 20 July 2001. This agreement replaced all prior arrangements. The contract provides for 12 months' notice of termination to be given by the Company or by Mr Lawson at any time. It shall automatically terminate at the date of the Company's Annual General Meeting in 2006 unless renewed by the Company.

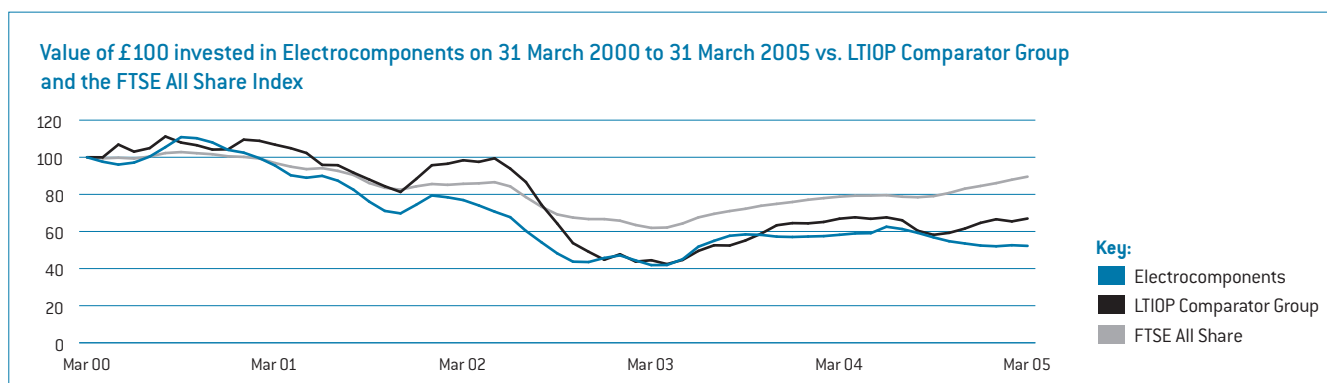
External Appointments (not subject to audit)

Executive Directors are encouraged to take up one non-executive position on the boards of other companies on the condition that any fees are remitted to the Company.

Performance Review (not subject to audit)

The following graph shows the five year Total Shareholder Return (TSR) performance of the Company relative to both the comparator group used for the 2002, 2003 and 2004 LTIOP grants and the FTSE All Share Index. These indices were chosen because they provide a comparison of the Company's performance against the comparator group chosen for the awards made under the LTIOP, the Company's main share incentive scheme, and a broad equity market index.

Brambles Industries plc who are part of the comparator group became a listed company on 31 August 2001 and have only been included in the comparator group from this date.



The TSR of Electrocomponents' shares was -12.2% p.a. over the period compared with -7.7% p.a. for the LTIOP comparator group and -2.2% p.a. for the FTSE All Share Index.

Directors' Remuneration for the year ended 31 March 2005

Salary, Annual Bonus and Other Benefits (audited)

	Salary 2005 £	Salary 2004 £	In lieu of pension 2005 £	In lieu of pension 2004 £	Benefits 2005 £	Benefits 2004 £	Bonus 2005 £	Bonus 2004 £	Total 2005 ^c £	Total 2004 ^c £
Emoluments of the Chairman										
R A Lawson	178,333	160,000	–	–	24,899	23,462	–	–	203,232	183,462
Emoluments of Executive Directors										
R B Butler	292,417	285,500	–	–	9,549	13,877	–	50,000	301,966	349,377
J L Hewitt ^a	375,250	366,000	174,088	170,175	26,786	23,602	–	60,000	576,124	619,777
I Mason ^a	451,000	438,750	55,690	54,214	20,359	22,076	–	100,000	527,049	615,040
Totals	1,297,000	1,250,250	229,778	224,389	81,593	83,017	–	210,000	1,608,371	1,767,656
Fees of Non-Executive Directors										
K Abbott									14,800	–
L Atkinson ^b									45,083	35,000
T G Barker ^b									42,333	32,000
K Hamill									35,667	32,000
F D Lennertz									44,583	40,000
N J Temple									35,667	32,000
D S Winterbottom ^{b c}									14,417	35,000
Totals									1,840,921	1,973,656

Notes: (a) Provision of pension benefits under the Group's approved pension arrangements is restricted for employees joining the Scheme after 1 June 1989. During the year ended 31 March 2005, Mr Hewitt and Mr Mason have elected to receive salary supplements of £70,338 and £55,690 respectively (2004: £68,807 and £54,214) in lieu of the balance of their pension entitlements. In addition, Mr Hewitt also elected to receive payments to a FURB of £103,750 during the year (2004: £101,368). (b) Dr Atkinson, as Chairman of the Remuneration Committee and Mr Winterbottom (until his retirement in July) and Mr Barker (thereafter) as Chairmen of the Audit Committee, each receive an additional fee of £10,000 per annum pro rata. (c) No payments were made during the years ending 31 March 2004 or 31 March 2005 in connection with (i) compensation for loss of office, or (ii) reimbursable taxable expenses.

Directors' Interests in Incentive Plans and Share Options (audited)

Long Term Incentive Plan (LTIP) (Note a)

	Date of grant	Vesting date	Market price on grant	Shares at 31 March 2004	Granted in FY05	Shares vested in FY05	Lapsed in FY05	Shares at 31 March 2005
R B Butler ^a	30-Jun-01	30-Jun-04	544.3p	47,767	–	–	47,767	–
J.L Hewitt ^a	30-Jun-01	30-Jun-04	544.3p	60,628	–	–	60,628	–
R A Lawson ^a	30-Jun-01	30-Jun-04	544.3p	80,837	–	–	80,387	–
I Mason ^a	30-Jun-01	30-Jun-04	544.3p	58,791	–	–	58,791	–

Notes: (a) The awards granted under the LTIP on 30 June 2001 did not vest and so they lapsed on 30 June 2004.

Incentive Plans and Share Options (audited)

	Scheme	Date of grant	Vesting date	Expiration date	Exercise price	Shares under option	Granted in FY05	Exercised in FY05	Lapsed in FY05	Shares under option
						31 March 2004				31 March 2005
R A Butler	1988 Executive	28-Jul-95	28-Jul-98	27-Jul-05	306.1p	24,750	–	–	–	24,750
		28-Jul-95	28-Jul-00	27-Jul-05	306.1p	14,850	–	–	–	14,850
		28-Jul-95	28-Jul-02	27-Jul-05	306.1p	9,900	–	–	–	9,900
	Savings Related ^a LTIOIP	28-Jun-03	01-Sep-06	28-Feb-07	260.0p	3,557	–	–	–	3,557
		22-Aug-02	21-Aug-05	21-Aug-12	312.0p	363,868	–	–	–	363,868
		16-Jun-03	15-Jun-06	15-Jun-13	349.0p	354,426	–	–	–	354,426
		11-Jun-04	10-Jun-07	10-Jun-14	365.0p	–	340,000	–	–	340,000
Total						771,351	340,000	–	–	1,111,351
J L Hewitt	Savings Related ^a LTIOIP	28-Jun-03	01-Sep-08	28-Feb-09	260.0p	6,125	–	–	–	6,125
		22-Aug-02	21-Aug-05	21-Aug-12	312.0p	461,333	–	–	–	461,333
			16-Jun-03	15-Jun-06	15-Jun-13	349.0p	–	–	–	454,806
			11-Jun-04	10-Jun-07	10-Jun-14	365.0p	–	435,000	–	–
Total						922,264	435,000	–	–	1,357,264
R A Lawson	1988 Executive	28-Jul-95	28-Jul-00	27-Jul-05	306.1p	54,080	–	–	–	54,080
		28-Jul-95	28-Jul-02	27-Jul-05	306.1p	13,520	–	–	–	13,520
Total						67,600	–	–	–	67,600
I Mason	1988 Executive	28-Jul-95	28-Jul-00	27-Jul-05	306.1p	30,300	–	–	–	30,300
		28-Jul-95	28-Jul-02	27-Jul-05	306.1p	20,200	–	–	–	20,200
	Savings Related ^a LTIOIP	28-Jun-03	01-Sep-08	28-Feb-09	260.0p	6,125	–	–	–	6,125
		22-Aug-02	21-Aug-05	21-Aug-12	312.0p	552,300	–	–	–	552,300
		16-Jun-03	15-Jun-05	15-Jun-13	349.0p	545,272	–	–	–	545,272
		11-Jun-04	10-Jun-07	10-Jun-14	365.0p	–	525,000	–	–	525,000
Total						1,154,197	525,000	–	–	1,679,197

Notes: (a) Awards made under the Long Term Incentive Option Plan are subject to performance conditions set out on page 29. The closing mid-market price of the shares on 31 March 2005 was 247.5p. During the year, the price of shares varied between 247.5p and 377.8p. No other awards have been made during the year.

By Order of the Board

Dr Leslie Atkinson

Chairman of the Remuneration Committee

25 May 2005