

REMUNERATION REPORT

Remuneration Committee

Role and Membership

The Remuneration Committee ('Committee') is responsible for recommending overall remuneration policy in respect of the Executive Directors, the Chairman and senior managers. The Board as a whole determines the remuneration of the Non-Executive Directors.

The Committee was chaired throughout the year by Leslie Atkinson. The other members of the Committee over the year were Keith Hamill (until his resignation from the Board on 18 July 2008), Tim Barker, Rupert Soames and Paul Hollingworth (following his appointment to the Board on 1 May 2008). The Chairman was invited to attend Committee meetings during the year. The Committee met four times during the year. Attendance by individual Committee members at meetings is detailed in the Corporate Governance report on page 25.

During the year ended 31 March 2009, 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 1B of the Combined Code.

Advisers

For the year under review, the Committee has taken advice from the following:

- Kepler Associates, who provided advice and data in respect of the remuneration of the Chairman, Executive and Non-Executive Directors, the data required for the measurement of performance targets relating to the various executive share-based plans, and advice regarding the setting of performance targets for the Long Term Incentive Plan (LTIP). Kepler Associates provided no other advice or services to the Company;
- the Chairman, Group Chief Executive and Group Finance Director, who have attended parts of meetings by invitation to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers;
- the General Manager – Group HR, who advised on remuneration of senior managers; and
- the Company Secretary, who acts as Secretary to the Committee.

Remuneration Policy

The remuneration policy has applied during the year ended 31 March 2009 and will continue to apply during the year ending 31 March 2010. The Committee keeps the Company's policy under regular review, in order to meet its remuneration objectives described below.

Executive Directors

The objectives of the remuneration policy for Executive Directors are to:

- provide a remuneration package which is competitive and linked to performance; and
- ensure that the Group can attract and retain executives who have the experience, skills and talents to manage and develop the business successfully.

The components of the remuneration package for Executive Directors are:

- Fixed: Basic Salary; Pension; Other Benefits.
Variable: Annual Bonus; Deferred Share Incentive Plan; Long Term Incentive Plan; Executive Incentive Plan.

The Committee strives to ensure that shareholders' interests are served by creating an appropriate balance between performance related and non-performance related components of the remuneration package. In order to fulfil its objectives, the Committee believes that it is important to retain a certain amount of flexibility in structuring appropriate remuneration, for instance to facilitate the recruitment of suitably qualified candidates.

The Chairman and Non-Executive Directors

Remuneration comprises an annual fee for the Chairman and Non-Executive Directors of the Company. An additional fee is paid to the Chairmen of the Audit and Remuneration Committees. The Chairman and Non-Executive Directors do not participate in the Company's incentive or bonus schemes, nor do they accrue any pension entitlement.

Remuneration Components for Executive Directors

Basic Salary

In determining salary levels, the Committee takes into account the following:

- comparable information for similar job functions in companies of a similar size;
- the international spread and competitive nature of the Group's businesses;
- the individual's experience, performance and contribution in the areas for which responsibility is held;
- pay and conditions around the Group.

The Committee has decided that the Executive Directors will not receive an increase in basic salary in the financial year ending 31 March 2010. This is also the case for other senior managers in the Group.

Annual Bonus Plan

The Annual Bonus Plan aims to ensure that the incentives for Executive Directors and senior managers are competitive and closely aligned to the Company's financial performance.

Cash: For Executive Directors, the plan links bonus to financial performance (80%), and personal achievement of non-financial objectives (20%). The financial element is based on Group PBT, sales and cash flow. The performance targets are established by the Board and adopted by the Committee on an annual basis and reflect market conditions as well as strategic and operational factors. On-target performance could earn a cash bonus of 50% of salary for each Executive Director, with a maximum cash bonus of 100% of salary.

Deferred shares: In the first half of the financial year, the Committee reviewed the overall remuneration package for Executive Directors and other senior managers. The review concluded that there was a need for an additional incentive opportunity for participants in the EIP (see below) after its expiry in respect of the financial year ended 31 March 2009. Following consultation with major shareholders in June 2008, the Committee agreed a deferred share element to the annual bonus plan. From March 2009, any cash bonus awarded will also attract deferred shares in Electrocomponents plc equivalent to 50% of the cash bonus. These deferred shares will be released after two years subject to continued employment. This effectively increases the overall on target bonus opportunity for Executive Directors to 75% of salary, and maximum to 150% of salary.

The Committee has discretion to vary bonus payments for participants but only in appropriate circumstances. Annual bonus payments are not pensionable.

Following consideration of the Group's financial performance and in light of the cost reduction programme for the financial year ended 31 March 2009, it was determined that no bonus payments would generally be made across the Group. Consequently the Executive Directors were not awarded a bonus in respect of the financial year ended 31 March 2009.

Long Term Incentive Plan ('LTIP')

A conditional award of shares (an 'Award') was made to plan participants under the LTIP in the year ended 31 March 2009. The Award is subject to the performance condition detailed in the paragraph below and is conditional on their continued employment with the Group until the determination of the performance condition, except in certain circumstances as explained below. The LTIP is designed to align long-term incentives with the interests of shareholders and reflect current best practice. Participation in the plan extends to Executive Directors and the Group's senior managers. Awards were made over a total of 1,594,600 ordinary shares in the Company on 9 July 2008. The maximum value of Awards permissible under the LTIP is 150% of basic salary for exceptional performance, although in practice the Committee would normally award shares up to a value of 100% of basic salary.

Vesting of Awards made in previous financial years under the LTIP were dependent upon Electrocomponents' three year Total Shareholder Return ('TSR') percentage out-performance of the FTSE 250 Index (the 'Index'). Prior to making the Award in July 2008, the Committee reviewed the performance target. The revised target is for vesting of one half of the Award being conditional on TSR as described above. Vesting of the other half of the Award is conditional on growth in the Company's nominal Earnings Per Share ('EPS').

For the part of the Award conditional on TSR to vest in full, the Company's TSR must outperform the TSR of the Index by at least 20% over three years. If the Company's TSR is equal to or below the TSR of the Index, none of this part of the Award will vest. Between these two levels this part of the Award will vest on a straight-line basis.

For the part of the Award conditional on EPS to vest in full, the percentage increase in the Company's EPS over the three year Performance Period must be at least 10% per annum. If the percentage increase in the Company's EPS is 5% per annum or less, none of this part of the Award will vest. Between these two levels this part of the Award will vest on a straight-line basis.

A cash payment, equivalent to the dividends that would have accrued on the number of shares that vest, will be made to participants on vesting.

For the Award to vest, the Committee must additionally be satisfied that there has been a sustained improvement in the Company's underlying financial performance.

The Committee selected TSR and EPS as performance measures because it felt this would provide a good balance between external and internal measures of performance, as well as absolute and relative performance. TSR aligns performance with shareholders' interests, and the FTSE 250 Index was chosen as the benchmark because Electrocomponents is a constituent of the Index and the Index is objective and transparent. EPS growth provides a measure of the profitability of the Company, reflecting more directly management performance and is a measure used by investors in deciding whether to invest in the Company.

Executive Incentive Plan ('EIP')

The EIP, which is limited to Executive Directors and members of the Group Executive Committee, was a one-off incentive plan designed to reward achievement of the PBT targets set for the year ended 31 March 2009. The main conditional award of shares was made on 1 February 2006. Further awards were made to new members of the Group Executive Committee joining before 31 December 2007, pro-rated to the proportion of the full performance period they will have been members of the Committee at the time of vesting.

No element of these awards has vested and on 29 May 2009 they lapsed in their entirety.

Long Term Incentive Share Option Plan ('LTIOIP')

No awards have been made under the LTIOIP since the year ended 31 March 2006 and there is no intention to make further awards under this plan. Further information regarding the performance targets is on page 32.

Executive Shareholding Guidelines

Executive shareholding guidelines are in place which require Executive Directors to retain at least 50% of any awards that vest in order to help build-up their personal holdings of Electrocomponents plc shares to a value of 200% of salary for the Group Chief Executive and 100% of salary for the Group Finance Director.

Savings Related Share Option Scheme

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

Dilution

Awards and options granted under the Company's share plans are generally satisfied by the issue of new shares. The Company has an employee benefit trust which can also be used to provide shares to satisfy share awards, by purchasing shares in the market. This trust would be funded by the Company. The trust currently holds 308,417 (2008: 308,417) shares. The Company's current dilution levels are well within commonly accepted limits.

Electrocomponents Group Pension Scheme ('the Scheme')

Executive Directors participate in the section of the Scheme that provides defined benefits on retirement. The Scheme operates a Scheme specific earnings limit therefore maintaining a cap on pensionable earnings (the 'earnings cap'), which is currently £117,600.

Annual salary considered for defined benefit pension purposes is restricted to increase at a maximum of 3% p.a. from June 2008, in line with the changes agreed with all members of the pension scheme. Salary awards above 3% attract normal Defined Contribution section benefits in line with other members of the Scheme.

Under the Scheme, the Directors benefit from the following provisions:

- a pension accrual rate of one-thirtieth for each year of service;
- pension accrued after 1 June 2008 will be subject to a life expectancy risk sharing agreement, which was agreed with all members of the defined benefit section of the Scheme in 2008;

- a normal retirement age of 60;
- a pension on retirement of up to two-thirds of pensionable earnings, or the earnings cap if lower;
- benefits drawn from the Scheme before normal retirement age are reduced to reflect the fact that they are paid sooner and for longer than anticipated. The reduction factors are calculated on a basis that is intended to be 'cost neutral' to the Scheme;
- 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; and
- pensions in payment or in deferment receive statutory increases annually in February. Additional increases are payable at the discretion of the Company and the trustee of the Scheme. No such increases have been awarded during the year.

Where the amount of a pension on retirement is limited by the earnings cap, arrangements have been agreed with individuals to compensate them for the reduction in benefits by salary supplement, details of which are included in a table shown on page 32.

The following table gives details for each Director of:

- the annual accrued pension payable from normal retirement age, calculated as if they had left service at the year end i.e. 31 March 2009;
- 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 for the Year Ended 31 March 2009 (audited)

| | Age at 31 March 2009 Years | Accrued pension as at 31 March 2009 ^(a) £ | Increase in accrued pension benefits £ | Increase in accrued pension net of inflation ^(b) £ | Transfer value as at 31 March 2009 ^(c) £ | Transfer value as at 31 March 2008 £ | Increase in transfer value less Directors' contributions ^(d) £ | Transfer value at 31 March 2009 of the increase in accrued pension net of inflation less directors' contributions ^(d) £ |
|----------|-------------------------------------|--|---|---|--|---|---|---|
| S Boddie | 49 | 14,700 | 4,360 | 4,401 | 222,000 | 125,000 | 86,416 | 53,416 |
| I Mason | 47 | 38,253 | 4,167 | 4,303 | 596,000 | 421,000 | 164,416 | 51,416 |

^(a) The accrued pension benefits shown are the amounts which would be paid annually on retirement at normal retirement age, based on service to the end of the year.

^(b) RPI inflation for the year to March 2009 was -0.4%. Negative inflation results in the increase in accrued benefit net of inflation being higher than the increase in accrued benefit.

^(c) Transfer values at 31 March 2009 have been calculated on the Scheme's transfer value basis, in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

^(d) The transfer value calculations include the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as financial market movements. The increase in transfer value and the transfer value of the increase in accrued pension net of inflation are shown after deducting the Directors' contributions.

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 Agreements (not subject to audit)

All current Executive Directors have service agreements that are on a 12 month rolling basis. These agreements 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. The Committee will aim to minimise the level of payments to that Director, however, 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 an updated service agreement with Ian Mason on 1 March 2001. This agreement replaced all prior arrangements. The Company entered into a service agreement with Simon Boddie on 25 May 2005.

Letters of appointment are provided to the Chairman and Non-Executive directors providing for an initial three year term. The Chairman's letter of appointment provides for a six month notice period and the Non-Executive directors a three month notice period.

External Appointments (not subject to audit)

Executive Directors are permitted to take up one non-executive position on the boards of other companies, subject to the prior approval of the Board. The Executive Director may retain any fees payable in relation to such appointment. During the financial year, Ian Mason was a Non-Executive director of Sage Group plc, and will retain the fees paid in relation to this appointment. The fee payable is £55,000 per annum.

Performance Review (not subject to audit)

The following graph shows the five year TSR performance of the Company relative to the FTSE All Share and the FTSE 250 Index. The FTSE All Share is a broad equity market index of which Electrocomponents is a member and the Company is measuring its TSR performance versus the FTSE 250 for the purposes of the LTIP and has therefore included this as a relevant index.

Total Shareholder Return (value of £100 invested on 31 March 2004)



REMUNERATION REPORT *continued*

Directors' Remuneration for the Year Ended 31 March 2009 (audited) Salary, Annual Bonus and Other Benefits

| | Salary 2009 £ | Salary 2008 £ | Annual Allowance in lieu of pension 2009 £ | Annual Allowance in lieu of pension 2008 £ | Benefits 2009 £ | Benefits 2008 £ | Bonus 2009 £ | Bonus 2008 £ | Total 2009 £ | Total 2008 £ |
|--|---------------------|---------------------|---|---|-----------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|
| Emoluments of the Chairman | | | | | | | | | | |
| H Mamsch | 189,167 | 180,000 | – | – | – | – | – | – | 189,167 | 180,000 |
| Emoluments of Executive Directors | | | | | | | | | | |
| S Boddie ^(a) | 356,258 | 349,950 | 89,226 | 87,302 | 12,793 | 12,416 | – | 152,320 | 458,277 | 601,988 |
| I Mason ^(a) | 538,393 | 524,117 | 96,722 | 94,327 | 19,803 | 19,803 | – | 228,480 | 654,918 | 866,727 |
| TOTALS | 1,083,818 | 1,054,067 | 185,948 | 181,629 | 32,596 | 32,219 | – | 380,800 | 1,302,362 | 1,648,715 |
| Fees of Non-Executive Directors | | | | | | | | | | |
| L Atkinson ^(b) | | | | | | | | | 52,292 | 50,000 |
| T G Barker ^(b) | | | | | | | | | 52,292 | 50,000 |
| K Hamill | | | | | | | | | 13,958 | 40,000 |
| P Hollingworth | | | | | | | | | 38,958 | – |
| R C Soames | | | | | | | | | 42,292 | 28,667 |
| TOTALS | | | | | | | | | 1,502,154 | 1,817,382 |

^(a) The salary figures for Simon Boddie and Ian Mason for 2009 are given after salary sacrifice had been deducted. The amounts deducted were £9,242 for Simon Boddie and £9,417 for Ian Mason, bringing their total salaries before salary sacrifice to £365,500 and £547,810 respectively.

^(b) Leslie Atkinson, as Chairman of the Remuneration Committee and Tim Barker as Chairman of the Audit Committee, each receive an additional fee of £10,000 per annum.

No compensation for loss of office was paid during the year ended 31 March 2009.

Share Options (audited)

| Scheme | Date of Grant | Vesting Date | Expiration Date | Exercise Price | Shares under option 1 April 2008 | Granted in FY09 | Exercised in FY09 | Lapsed in FY09 | Shares |
|--------------|---|---------------------|-----------------|----------------|-------------------------------------|--------------------|----------------------|-------------------|----------------------------------|
| | | | | | | | | | under option 31 March 2009 |
| S Boddie | Savings Related | 04-Jul-06 | 01-Sep-09 | 28-Feb-10 | 196.00p | 2,862 | – | – | 2,862 |
| | | 03-Jul-07 | 01-Sep-10 | 28-Feb-11 | 241.00p | 1,568 | – | – | 1,568 |
| | Long Term Incentive Option Plan ^(a) | 13-Jun-05 | 12-Jun-08 | 12-Jun-15 | 251.00p | 400,000 | – | – | 400,000 |
| | | Total | | | | 404,430 | – | – | – |
| I Mason | Savings Related | 28-Jun-03 | 01-Sep-08 | 28-Feb-09 | 260.00p | 6,125 | – | 6,125 | – |
| | | Long Term Incentive | 22-Aug-02 | 21-Aug-05 | 21-Aug-12 | 312.00p | 552,300 | – | 552,300 |
| | Option Plan ^(a) | 16-Jun-03 | 15-Jun-06 | 15-Jun-13 | 349.00p | 545,272 | – | 545,272 | – |
| | | 11-Jun-04 | 10-Jun-07 | 10-Jun-14 | 365.00p | 525,000 | – | – | 525,000 |
| | | 13-Jun-05 | 12-Jun-08 | 12-Jun-15 | 251.00p | 550,000 | – | – | 550,000 |
| Total | | | | 2,178,697 | – | – | 1,103,697 | 1,075,000 | |

^(a) Awards made under the Long Term Incentive Option Plan. These are subject to a performance condition based on TSR, with no options vesting unless TSR 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 closely aligned to shareholders' interests.

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 is extended to four, and then five years from a fixed base. Once the target has been met in part, however, performance is not subsequently retested and the unvested part of the option lapses. If the target has not been met at all at the end of five years, the option lapses.

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.

Share Awards (audited)

| | Notes | Scheme | Date of Award | Shares awarded at 1 April 2008 | Shares awarded in FY09 | Vested in FY09 | Lapsed in FY09 | Shares awarded at 31 March 2009 |
|----------|-------|--------------------------|---------------|--------------------------------|------------------------|----------------|----------------|---------------------------------|
| S Boddie | (a) | Executive Incentive Plan | 1-Feb-06 | 400,000 | – | – | – | 400,000 |
| | (b) | Long Term Incentive Plan | 14-Jun-06 | 100,000 | – | – | – | 100,000 |
| | | | 22-Jun-07 | 110,000 | – | – | – | 110,000 |
| | | | 9-Jul-08 | – | 110,000 | – | – | 110,000 |
| | | | Total | 610,000 | 110,000 | – | – | 720,000 |
| I Mason | (a) | Executive Incentive Plan | 1-Feb-06 | 800,000 | – | – | – | 800,000 |
| | (b) | Long Term Incentive Plan | 14-Jun-06 | 200,000 | – | – | – | 200,000 |
| | | | 22-Jun-07 | 220,000 | – | – | – | 220,000 |
| | | | 9-Jul-08 | – | 220,000 | – | – | 220,000 |
| | | | Total | 1,220,000 | 220,000 | – | – | 1,440,000 |

^(a) On 29 May 2009 the shares awarded under the EIP lapsed in their entirety, no element of the Award having vested.

^(b) Awards made under the Long Term Incentive Plan are subject to performance conditions and a vesting period set out on page 29.

The closing mid-market price of the Company's shares on 31 March 2009 was 125.25p. During the year, the price of the Company's shares varied between 205.5p and 117.5p. The mid-market price of the Company's shares on 2 July 2008, being the date the Savings Related Options were granted was 141.0p. The mid-market price of the Company's shares on 9 July 2008, being the date the Long Term Incentive Plan awards were made, was 146.5p.

By Order of the Board

Leslie Atkinson

Chairman of the Remuneration Committee
29 May 2009