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Notice of Annual General Meeting

to be held on
15 June 2010 at 10.30 am
at 25–28 Old Burlington Street, London W1S 3AN

Premier Farnell plc
(registered in England and Wales no. 876412)

6 May 2010

Dear Shareholder

I am writing to give you details of the Annual General Meeting of Premier Farnell plc (“the Company”) on 15 June 2010. The formal Notice of our Annual General Meeting starts on page 2.

The business we will consider at the Annual General Meeting

The Annual General Meeting will cover standard matters that are dealt with at every Annual General Meeting (resolutions 1 to 9). Resolutions 10 to 15 are resolutions that shareholders passed last year and, in common with most major listed companies, are likely to be Annual General Meeting items every year. Resolution 16 proposes amendments to the Company’s Articles of Association, primarily to reflect the implementation of the Shareholder Rights Directive in the UK in August 2009 and the coming into force of the final tranche of the Companies Act 2006 in October 2009. Resolution 17 is a resolution seeking approval to amend the rules of the Premier Farnell Deferred Share Bonus Plan 2010, which was adopted by the Board on 19 January 2010. Resolutions 18 and 19 relate to the establishment of a new Executive Share Option Plan and a new Performance Share Plan. These are being introduced to encourage share ownership at senior executive level within the Company’s group and because one of the current plans is reaching the end of its 10 year life. The Notice contains an explanation of each item.

The Directors believe that all the proposals serve to promote the success of the Company and are in the best interests of shareholders as a whole. They recommend that you vote in favour of the proposed resolutions as the Directors themselves intend to do in respect of their own shareholdings in the Company.

How to vote

You can vote by attending and voting at the Annual General Meeting or by appointing a proxy (see below). The map on the enclosed proxy form shows you where the Annual General Meeting will be held. If you are a new owner of shares in Premier Farnell plc and this Notice has been passed to you rather than received directly from the Company you must have registered your shareholding by 10.30 am on Sunday, 13 June 2010 to have the right to attend and vote at the Annual General Meeting.

A holder of cumulative convertible preference shares only is not entitled to attend or vote at the meeting. The total number of issued ordinary shares carrying one vote each and therefore the total voting rights in the Company were 366,542,947 at 12 April 2010 (the latest date on which the number of shares and voting rights could be calculated prior to sending out this notice).

How to appoint a proxy

If you are entitled to come to the Annual General Meeting but cannot, you can appoint someone as your proxy to attend the Annual General Meeting and vote for you. A proxy does not need to be a shareholder. I can act as your proxy if you wish. Completing and returning the enclosed proxy form or otherwise submitting a proxy appointment will not prevent you from attending the meeting and voting in person.

If you are using the enclosed proxy form please return it to the Company’s Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, in the reply paid envelope enclosed, to arrive before 10.30 am on Sunday, 13 June 2010. Computershare must receive the proxy form before this time and date for the appointment to be effective. Postage to return the proxy form is pre-paid.

You may also, until 10.30 am on Sunday, 13 June 2010, submit your proxy appointment electronically as detailed in note 3 on page 20, and CREST members may appoint a proxy or proxies through the CREST electronic proxy appointment service.

There is more information on how to appoint a proxy in notes 1-4 on page 20 and on the enclosed proxy form. Please note that the right to appoint a proxy does not apply to nominated persons under Section 146 of the Companies Act 2006. Please see notes 6 and 7 on pages 20 and 21 for more information.

Further information and Annual General Meeting results

The register of interests of the Directors and their families in the share capital of the Company and the terms of appointment of the Company's Non-Executive Directors are available for inspection at the registered office of the Company and at its offices at 25–28 Old Burlington Street, London W1S 3AN during normal business hours on any weekday (except public holidays). They will also be available at the Annual General Meeting for 15 minutes prior to the meeting and during the meeting.

Copies of the following documents will be available for inspection at the offices of Hewitt New Bridge Street, 6 More London Place, London SE1 2DA during normal business hours on any weekday (except public holidays) from the date of this notice until the close of the Annual General Meeting. They will also be available at the Annual General Meeting for at least 15 minutes prior to and during meeting:

- (i) the rules of the Premier Farnell Deferred Share Bonus Plan 2010 (incorporating the draft amendments proposed);
- (ii) the draft rules of the Premier Farnell Executive Share Option Plan 2010;
- (iii) the draft rules of the Premier Farnell Performance Share Plan 2010; and
- (iv) the draft new Articles of Association, and a copy of the Memorandum and current Articles of Association, marked to show all the changes proposed pursuant to Resolution 16.

The results of the voting at the Annual General Meeting, including details of the votes cast by proxy, will be available on the Company's website after the meeting.

Yours sincerely

A handwritten signature in black ink that reads "P.O. Gershon". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Sir Peter Gershon
Chairman

Notice of Annual General Meeting 2010

NOTICE IS HEREBY GIVEN of the Annual General Meeting of Premier Farnell plc to be held at our offices at 25–28 Old Burlington Street, London W1S 3AN on Tuesday, 15 June 2010 at 10.30 am to transact the following business:

Items 1 to 11 will be proposed as ordinary resolutions. For these resolutions to be passed more than 50% of the votes cast must be in favour.

Directors' Report, Accounts and Auditors' Report

- 1 To receive the Directors' Report, the audited accounts and the Auditors' Report for the financial year ended 31 January 2010.

The Directors present their Report, the Accounts and the Auditors' Report to shareholders at the Annual General Meeting.

Directors' Remuneration Report

- 2 To approve the Directors' Remuneration Report for the financial year ended 31 January 2010.

Shareholders are asked to approve the Remuneration Report for the financial year to 31 January 2010 that appears in the Company's Annual Report and Accounts.

Dividend

- 3 To declare a final dividend of 5.2p for each ordinary share.

Shareholders must approve the final dividend on the ordinary shares that will be paid on 23 June 2010 to all members registered on the register of members at the close of business on 28 May 2010. The final dividend recommended by the Directors and proposed in this Resolution is 5.2p per ordinary share.

Re-electing Directors

In accordance with recommended practice, our Articles of Association say that no Director may hold office for more than three years without retiring and standing for re-election by the shareholders. In addition, the Directors have agreed that the Chairman of the Board should automatically stand for re-election at every Annual General Meeting in view of his accountability for the effective leadership of the Board. The following Directors are therefore retiring and have confirmed that they will stand for re-election. Their biographical details are set out below to enable shareholders to make an informed decision.

- 4 To re-elect Laurence Bain as a Director of Premier Farnell plc.

Laurence Bain was appointed as Chief Operating Officer in July 2002 and appointed as an Executive Director to the Board on 1 July 2003. As well as his role as Chief Operating Officer, Laurence has successfully headed both the Farnell and Newark businesses for interim periods, most notably during the last 10 months when he has overseen a significant transformation of the Newark business and a strong improvement in its performance. This experience gives Laurence a broad and detailed knowledge of the operations of the Group businesses. Laurence was formerly Vice President and Director of Operations for Motorola in Europe, Middle East and Africa.

Following a formal evaluation process during the year, the Board has determined that Laurence's performance continues to be effective and he continues to demonstrate commitment to his role.

- 5 To re-elect Mark Whiting as a Director of Premier Farnell plc.

Mark was appointed to the Board as Chief Financial Officer on 1 September 2006. During the year Mark led the successful re-financing of the Group's borrowing facilities and assumed temporary overall responsibility for the Group's IT function. Mark was previously the Group Finance Director for Communisis plc. Prior to joining Communisis in November 2004, Mark was Group Finance Director of Tibbett & Britten plc.

Following a formal evaluation process during the year, the Board has determined that Mark's performance continues to be effective and he continues to demonstrate commitment to his role.

- 6 To re-elect Andrew Dougal as a Director of Premier Farnell plc.

Andrew Dougal was appointed to the Board as a Non-Executive Director on 1 September 2006. He is also a Non-Executive Director of Taylor Wimpey plc and Creston plc. Andrew was formerly Chief Executive of Hanson plc. Andrew's broad business experience proved invaluable to the Board during a year which saw extremely difficult economic conditions and he has enhanced his knowledge of the Group's operations through site visits to business units in a number of countries.

Following a formal evaluation process during the year, the Board has determined that Andrew's performance continues to be effective and he continues to demonstrate commitment to his role.

- 7 To re-elect Sir Peter Gershon as a Director of Premier Farnell plc.

Sir Peter was appointed as Non-Executive Chairman in March 2005 and assumed temporary executive responsibility for the Group later in 2005 on the departure of the previous Chief Executive Officer. During the period of his executive Chairmanship, Sir Peter put the cost base of the Group on a sound footing, improved the robustness of the annual budgeting process and recruited Harriet Green as Chief Executive Officer. In addition to the knowledge of the Group that this experience brings, Sir Peter visits business locations throughout the Group each year, spending time with local management on each occasion.

Sir Peter is also the Non-Executive Chairman of Tate & Lyle plc, GHG Limited and Vertex Group Limited. He is also a member of the Advisory Board of the UK Defence Academy; the Court and Council of Imperial College and the Conservative Party Shadow Public Services Productivity Advisory Board.

Following a formal evaluation process during the year, the Board has determined that Sir Peter's performance continues to be effective and he continues to demonstrate commitment to his role.

The Auditors

- 8 To reappoint PricewaterhouseCoopers LLP as Auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

PricewaterhouseCoopers LLP are seeking reappointment as Auditors of the Company. Their reappointment was recommended to the Board by the Audit Committee.

Paying the Auditors

- 9 To authorise the Board of Directors to fix the remuneration of PricewaterhouseCoopers LLP as Auditors of the Company.

It is normal practice for a company's Directors to be authorised to agree the auditors' fees.

Authority to allot shares

- 10 That:

- (a) the Directors be generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
- (i) up to a maximum nominal amount of £6,108,438 (such amount to be reduced by the nominal amount of any equity securities (as defined in Section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £6,108,438); and
 - (ii) comprising equity securities (as defined in Section 560 of the Companies Act 2006) up to a maximum nominal amount of £12,216,876 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:
 - (A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (B) to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

- (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 August 2011;
- (c) the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired; and
- (d) all previous unutilised authorities under Section 80 of the Companies Act 1985 and Section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

It is standard practice for most public companies to renew the Directors' authority to allot shares at each Annual General Meeting, and the Directors consider it appropriate to do so again this year. Paragraph (a)(i) of resolution 10 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £6,108,438 representing approximately one-third (33.33%) of the Company's existing issued share capital and calculated as at 12 April 2010 (being the latest practicable date prior to publication of this circular). In accordance with the latest institutional guidelines issued by the Association of British Insurers (ABI), paragraph (a)(ii) of resolution 10 will allow Directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 10, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £12,216,876, representing approximately two-thirds (66.67%) of the Company's existing issued share capital and calculated as at 12 April 2010 (being the latest practicable date prior to publication of this circular). The proposed new authority will expire at the conclusion of the 2011 Annual General Meeting of the Company or, if earlier, on 1 August 2011. The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow emerging best practice as regards its use (including as regards the Directors standing for re-election in certain cases), as recommended by the ABI.

As at 12 April 2010, the Company's issued ordinary share capital amounted to £18,327,147.35 comprising 366,542,947 ordinary shares of 5p each, and the Company did not hold any shares in treasury.

Donations to EU political organisations

11 That each of the Company and each relevant subsidiary be and is hereby generally and unconditionally authorised for the purposes of Section 366 of the Companies Act 2006 to make:

- (a) political donations to political parties or independent election candidates not exceeding £100,000 in total;
- (b) political donations to political organisations other than political parties not exceeding £100,000 in total;
- (c) political expenditure not exceeding £100,000 in total,

provided that the maximum aggregate sum which may be donated or expended, as appropriate, by the Company or each relevant subsidiary pursuant to the authority granted by this resolution shall not exceed £100,000 in relation to any Company or any relevant subsidiary, which may be comprised of one or more amounts in different currencies which shall be converted at such rate as may be determined by the Board, in its absolute discretion, to be appropriate, and provided further that the authority granted by this resolution shall run until expiry of the Company's next following Annual General Meeting or, if earlier, 1 August 2011.

For the purposes of this resolution 11:

- (i) a "relevant subsidiary" shall be any company which is the subsidiary of Premier Farnell plc at the time that this resolution is passed or at any time during the period from the date of the passing of this resolution until the expiry of the Company's next following Annual General Meeting or, if earlier, 1 August 2011; and
- (ii) "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" shall have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

It remains the Company's policy not to make political donations or incur political expenditure. However, in order to prevent any inadvertent breach of the provisions of the Companies Act 2006 which prohibit the making of political donations or incurring of political expenditure without authority, the Company is seeking approval for the making of any such donations or the incurring of such expenditure both for itself and its wholly owned subsidiaries. If granted, the approval will be on the terms as to maximum amount and duration set out in resolution 11.

Items 12 to 16 will be proposed as special resolutions. For these resolutions to be passed at least 75% of the votes cast must be in favour.

Authority for Premier Farnell plc to disapply pre-emption rights

12 That:

- (a) the Directors be given power:
- (i) (subject to the passing of resolution 10) to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and
 - (ii) to allot equity securities as defined in Section 560(3) of that Act (sale of treasury shares) for cash, in either case as if Section 561 of that Act did not apply to the allotment, but this power shall be limited:
 - (A) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under resolution 10 (a)(ii), by way of a rights issue only) to or in favour of:
 - I. holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - II. holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;
 - and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depository receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and
 - (B) to the allotment of equity securities pursuant to the authority granted under resolution 10) (a)(i) and/or by virtue of Section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £916,357;
- (b) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 August 2011;
- (c) all previous unutilised authorities under Section 95 of the Companies Act 1985 and Sections 570 and 573 of the Companies Act 2006 shall cease to have effect; and
- (d) the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

If shares are allotted for cash, Section 561 of the Companies Act 2006 requires that those shares be offered first to existing shareholders in proportion to the number of shares they hold at the time of the offer. However, it may sometimes be in the interests of the Company for the Directors to allot some shares for cash other than by way of a pre-emptive offer to existing shareholders. This resolution allows the Directors to do that in certain circumstances and subject to certain restrictions. The authority is limited to the issue of shares for cash in connection with a rights issue or, in other circumstances (except under employees' share schemes), up to an aggregate maximum nominal amount of £916,357 (18,327,140 shares, representing approximately 5% of the Company's issued share capital as at 12 April 2010, which is within the guidelines issued by investor protection committees). The authority will, if granted, extend to any treasury shares purchased by the Company and, in line with current best practice, will expire at the conclusion of our next Annual General Meeting or, if earlier, on 1 August 2011. The explanatory notes to the next resolution provide further information on treasury shares. The Directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period without prior consultation with shareholders and the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Authority for Premier Farnell plc to buy-back its own ordinary shares and its own preference shares

13 To authorise the Company generally and unconditionally in accordance with the Companies Act 2006 to purchase ordinary shares of 5p each in the capital of the Company by way of market purchase (within the meaning of Section 693 of the Companies Act 2006) subject to the following conditions:

- (a) the maximum aggregate number of ordinary shares which may be purchased is 36,654,294;
- (b) the minimum price (exclusive of expenses) which may be paid for such shares is 5p and the maximum price (exclusive of expenses) shall not be more than the higher of 5% above the average of the middle market quotations for ordinary shares taken from the London Stock Exchange Daily Official List for the five business days immediately before the date the shares are purchased and the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

- (c) this authority will expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on 1 August 2011, provided that any contract for the purchase of such ordinary shares which was concluded before the expiry of this authority may be executed wholly or partly after this authority expires; and
- (d) all existing authorities for the Company to make market purchases of its ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.
- 14 To authorise the Company generally and unconditionally in accordance with the Companies Act 2006 to purchase cumulative convertible redeemable preference shares of £1 each in the capital of the Company by way of market purchase (within the meaning of Section 693 of the Companies Act 2006) subject to the following conditions:
- (a) the maximum aggregate number of preference shares which may be purchased is 3,949,419;
- (b) the minimum price (exclusive of expenses) which may be paid for such shares is £1 and the maximum price (exclusive of expenses but inclusive of accrued dividend) shall be the market price, provided the market price does not exceed the higher of 5% above the average of the middle market quotations for preference shares (based on the Daily Official List of the London Stock Exchange) during the period of five business days immediately prior to the date the shares are purchased and the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (c) this authority will expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on 1 August 2011, provided that any contract for the purchase of such preference shares which was concluded before the expiry of this authority may be executed wholly or partly after this authority expires; and
- (d) all existing authorities for the Company to make market purchases of its preference shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

It is proposed that, in common with many other listed companies, the Company be given authority to make market purchases of its own shares. In the case of the ordinary shares, the number of shares the Company can buy is limited to a maximum of 10% of the ordinary shares, calculated by reference to the number of ordinary shares in issue at 12 April 2010, which is the latest date it was practicable to calculate this figure before sending out this Notice. The resolutions set out the lowest and the highest price we can pay for shares. The authorities expire at the end of the next Annual General Meeting or, if earlier, on 1 August 2011.

These resolutions follow investor protection guidelines which are more restrictive than the Companies Act 2006. The Board will continue to monitor the capital requirements of the Company carefully and, although there are no plans to buy-back shares (ordinary or preference) at the moment, the Directors consider it prudent to be able to act at short notice if the circumstances warrant it. The Board will only make use of these authorities if it is satisfied that it would promote the success of the Company to do so and would result in an increase in earnings per share. During the Company's financial year 2009/10, the Board did not use the equivalent authorities granted at the 2009 Annual General Meeting to purchase ordinary or preference shares. During 2008/09 the Company purchased and cancelled 1.8 million preference shares. The price at which these shares became available meant that their purchase improved the Company's earnings per share as the interest cost of funding the purchases was less than the dividend payable on such shares. There were no purchases of ordinary shares by the Company during the year 2008/09.

As at 12 April 2010 (the latest date practicable to do this calculation before sending out this Notice), options over a total number of 5,812,110 ordinary shares were outstanding and not exercised. That represents 1.59% of the issued ordinary share capital at that date. It would represent 1.76% of the Company's issued ordinary share capital if the proposed level of authority to buy the Company's own shares had been used in full at that date.

If the Company buys back shares they will be cancelled or held as treasury shares. The Companies Act 2006 permits the Company to hold shares purchased as treasury shares rather than treat them as cancelled. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under an employees' share scheme. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or distribution of the Company's assets may be made to the Company in respect of the treasury shares. The Board will only hold shares in treasury where it believes this course of action would promote the success of the Company.

Notice of general meetings

15 That, in accordance with the Company's Articles of Association, a general meeting (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations") with effect from 3 August 2009 increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (AGMs will continue to be held on at least 21 clear days' notice.) Before the coming into force of the Shareholders' Rights Regulations, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 15 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is considered by the Board to be to the advantage of shareholders as a whole.

Articles of association

16 That, with effect from the conclusion of the Annual General Meeting:

(A) the Articles of Association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(B) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

It is proposed in resolution 16 to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles"), primarily to take account of the coming into force of (the Shareholders' Rights Regulations and the implementation of the last parts of the Companies Act 2006 ("CA 2006"). The principal changes introduced in the New Articles are summarised in Appendix I. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the CA 2006 or the Shareholders' Rights Regulations have not been noted.

Items 17 to 19 will be proposed as ordinary resolutions. For these resolutions to be passed more than 50% of the votes cast must be in favour.

Share plans

17 That the rules of the Premier Farnell Deferred Share Bonus Plan 2010 (the "DSBP") and amendments to the rules of the DSBP authorising the Company to grant and satisfy awards using new issue shares and treasury shares as described and summarised in Appendix II and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

(a) make such modifications to the DSBP as they may consider appropriate to take account of the requirements of best practice and for the adoption of the amendments as so modified; and

(b) establish further plans based on the DSBP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the DSBP.

On 19 January 2010, the Board adopted the rules of the DSBP, which is a new incentive arrangement for main Board Directors and below-Board executives. It is currently intended that the first awards to be made under the DSBP will relate to performance during the financial year commencing on 1 February 2010 and ending 30 January 2011 (the "2010/11" Year) and shall be granted shortly following the date of announcement of the Company's results for the 2010/11 Year.

The rules of the DSBP currently permit the Board to grant and satisfy awards only using shares purchased in the market by the Company's employee benefit trust. The Board considers that it would be advantageous to have the flexibility to also operate the DSBP over new issue shares and treasury shares; for example, this makes it possible to use the plan in certain non-UK jurisdictions. This resolution seeks approval for the DSBP to be amended so that the Board may grant and satisfy awards over new issue shares and treasury shares. The proposed amendments and the principal terms of the DSBP are set out in more detail in Appendix II.

18 That the rules of the Premier Farnell Executive Share Option Plan 2010 (the “**ESOP**”) as described and summarised in Appendix III and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the ESOP as they may consider appropriate to take account of the requirements of HM Revenue & Customs (“**HMRC**”), the U.S. Internal Revenue Code of 1986 (as amended) and best practice, and for the implementation of the ESOP and to adopt the ESOP as so modified and to do all such other acts and things as they may consider appropriate to implement the ESOP including, without limitation, seeking HMRC approval of Part A of the ESOP; and
- (b) establish further plans based on the ESOP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the ESOP.

The Company is seeking to introduce a new Executive Share Option Plan for main Board Directors and below-Board executives. Under the ESOP, the Company may grant HM Revenue & Customs approved market-value options and non-tax favoured market-value options. The main terms of the ESOP are summarised in Appendix III to this Notice.

19 That the rules of the Premier Farnell Performance Share Plan 2010 (the “**PSP**”) as described and summarised in Appendix III and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the PSP as they may consider appropriate to take account of best practice and for the implementation of the PSP and to adopt the PSP as so modified and to do all such other acts and things as they may consider appropriate to implement the PSP; and
- (b) establish further plans based on the PSP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the PSP.

The Premier Farnell Performance Share Plan 2000, which is coming to the end of its ten-year life this year, has been valuable in incentivising the performance of participants. This resolution seeks approval to introduce a new performance share plan to replace the previous plan. The new PSP is similar to the previous plan, although it has been updated to reflect current market practice. The main terms of the new PSP are summarised in Appendix III to this Notice.

By order of the Board

Steven Webb
Secretary
6 May 2010

Registered office
Farnell House
Forge Lane
Leeds LS12 2NE

Appendix I

Summary of the principal changes to the Company's articles of association

1. The Company's objects

Prior to 1 October 2009, the provisions regulating the operations of the Company were set out in the Company's memorandum and Articles of Association. The Company's memorandum contained, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The Companies Act 2006 ("**CA 2006**") significantly reduces the constitutional significance of a company's memorandum, providing that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the CA 2006, the objects clause and all other provisions which are contained in a company's memorandum are deemed to be contained in the Company's Articles of Association, but the company can remove these provisions by special resolution.

Further, the CA 2006 states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause, together with all other provisions of its memorandum which, by virtue of the CA 2006, are now treated as forming part of its Articles of Association. Resolution 16 (A) confirms the removal of these provisions although, where appropriate, to preserve the status quo, certain Directors' powers that were previously dealt with in the memorandum have been added back in to the New Articles. As the effect of Resolution 16 (A) will also be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Authorised share capital and unissued shares

The CA 2006 abolishes the requirement for a company to have an authorised share capital, and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the CA 2006, save in respect of employees' share schemes.

3. Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption, whereas the CA 2006 enables Directors to determine such matters themselves, provided that they are authorised to do so by the articles. The New Articles contain such an authorisation for the Directors. The Company has no plans to issue redeemable shares but, if it did so, the Directors would need shareholders' authority to issue new shares in the usual way.

4. Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of share transfers. This power has been removed in the New Articles because it is inconsistent with the CA 2006, which requires share transfers to be registered as soon as practicable.

5. Notice of general meetings

The Shareholders' Rights Regulations amend the CA 2006 to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual General Meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

6. Adjournments for lack of quorum

Under the CA 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles amend the provisions of the Current Articles to reflect this requirement.

7. Chairman's casting vote

The New Articles remove the provision in the Current Articles giving the Chairman a casting vote in the event of an equality of votes, as this is no longer permitted under the CA 2006.

8. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the CA 2006 so that it now provides that, subject to a company's articles, each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles amend the provisions of the Current Articles to reflect these changes, and to clarify the procedure to be followed if a proxy is appointed by more than one member and is given discretion as to how to vote by one or more of those members.

9. Voting record date and proxy appointment deadline

Under the CA 2006, as amended by the Shareholders' Rights Regulations, the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The CA 2006 also allows companies to set a time limit for the receipt of proxy appointments and related documents that is not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The New Articles amend the Current Articles to reflect these provisions.

10. Voting in accordance with instructions

Under the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. For the avoidance of doubt, the New Articles contain a provision stating that the Company is not obliged to check whether a proxy or corporate representative has voted in accordance with the members' instructions.

11. Change of name

Prior to 1 October 2009, a company could only change its name by special resolution, but now, under the CA 2006, a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

12. Scrip dividends

In line with market practice, the New Articles update the Current Articles to provide that the value of shares issued in connection with a scrip dividend may be determined by ordinary resolution, or by reference to the average middle-market quotation for shares of the same class on the London Stock Exchange Daily Official List for the day on which the shares are first quoted "ex" dividend, and the four subsequent dealing days. The New Articles also allow the Directors the flexibility at any time before the further shares are allotted to decide that the dividend will be paid in cash instead.

13. General

Generally, the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles to the language used in the CA 2006.

Appendix II

Summary of the principal terms of, and proposed amendments to, the Premier Farnell Deferred Share Bonus Plan 2010 (the “DSBP”)

This Appendix describes both the existing terms of the DSBP and the draft amendments.

Operation

The remuneration committee of the Board of Directors of the Company (the “Committee”) will supervise the operation of the DSBP.

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the DSBP at the discretion of the Committee, provided that they are also eligible to receive a bonus (in cash and/or shares).

Grant and structure of awards

The Committee may grant awards to acquire ordinary shares in the Company (“Shares”) under the DSBP:

- within the period of six weeks following the Company’s announcement of its results for any period; or
- under the proposed amendments, within six weeks following approval of the amendments to the DSBP by shareholders; or
- within six weeks beginning with the date on which an eligible employee is paid a discretionary bonus (“Bonus”) by the Company or its subsidiaries; or
- at any other time if it considers there are exceptional circumstances which justify the granting of awards.

The Committee may structure awards either as:

- a conditional allocation of shares; or
- a nil (or nominal) cost option, that will be capable of exercise up until the tenth anniversary of grant; or
- forfeitable shares.

No payment is required from employees for the grant of an award. Awards will normally be satisfied in Shares but the Committee may also decide to satisfy awards in cash, although it does not currently intend to do so.

An award may not be granted more than 10 years after the date on which the DSBP was adopted by the Board of Directors of the Company.

Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

The total number of Shares subject to an award will be determined by the Committee, although an employee may not receive awards under the DSBP over Shares with a market value exceeding 100% of the total value of his or her Bonus for the relevant financial year.

The current intention is that in relation to performance during the 2010/11 financial year the Chief Executive and the other Executive Directors shall be granted deferred share awards over Shares with a market value not exceeding 60% and 50% of salary respectively and that the Chief Executive and the other Executive Directors will be entitled to be considered for a maximum annual cash bonus worth up to 100% and 90% of salary respectively. Accordingly, the current maximum total bonus value (comprising both cash and deferred shares) for the Chief Executive and the other Executive Directors is equal to 160% and 140% of salary respectively.

Reduction of awards

The Committee has the power to reduce the size of an award in the event that: (i) the results or accounts used to determine the relevant employee’s Bonus for the relevant financial year are incorrect or are required to be restated; and/or (ii) the Committee or Board (as the case may be) relied on assumptions or facts when determining a Bonus which it subsequently discovers to be incorrect or misrepresented.

In exceptional circumstances the Committee may, in its discretion, decide to reduce the size of a participant’s award on such basis as it decides, for example, to take account of any act of misconduct performed by the participant.

Vesting of awards

Awards will normally vest two years after grant, provided the participant is still employed in the Company's group. Alternatively, the Committee may determine before the grant of an award that it will vest on a date before or after the second anniversary of grant.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a Director within the Company's group.

However, if a participant ceases to be an employee or a Director because of his or her ill-health, injury, disability, redundancy, his employing company or the business for which he or she works being sold or transferred out of the Company's group or in other circumstances at the discretion of the Committee, then his or her award will vest on the date of cessation of his or her employment. In these circumstances, an award will normally be reduced to reflect the reduced period of time between its grant and vesting, although the Committee can decide not to reduce an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of the death of a participant, his or her award will vest on the date of cessation of his or her employment without reduction.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early in full.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in the new holding company of the Group unless the Committee decides that awards should vest on the basis that would apply in the case of a takeover as described above.

If a demerger, special dividend or other similar event is proposed, which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that some or all awards will vest on the basis that would apply in the case of a takeover as described above.

Participants' rights

Awards of conditional shares and options will not confer any shareholder rights until the awards have vested and the participants have received their Shares. Holders of awards of forfeitable shares under the DSBP will have shareholder rights from when the awards are made although they may be required to waive their rights to receive dividends.

Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly after receiving any Shares under the DSBP of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest.

Rights attaching to Shares

Under the proposed amendments, any Shares allotted to participants under the DSBP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation in the Company's share capital, a demerger, special dividend or other similar event which affects the market price of Shares to a material extent, the Committee may make such adjustment as it considers appropriate to the number of Shares held under an award and/or the exercise price payable (if any).

Overall plan limits

The DSBP currently may only operate over Shares purchased in the market. Subject to the approval of shareholders at the AGM, the rules of the DSBP will be amended to provide that awards may be granted over and satisfied using new issue Shares and treasury Shares as well as Shares purchased in the market. As a result, the following overall plan limits will apply:

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

- (a) 10% of the issued ordinary share capital of the Company under the DSBP and any other employee share plan adopted by the Company; and
- (b) 5% of the issued ordinary share capital of the Company under the DSBP and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

Alterations to the DSBP

As a general rule, the Committee may, at any time, amend the provisions of the DSBP in any respect. However, subject to the shareholders of the Company approving amendments at the AGM to permit the use of new issue Shares and treasury Shares, the Board will amend the rules of the DSBP to provide that if the Committee wishes to make any amendments that are to the advantage of participants in respect of the rules governing eligibility, the individual limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards, it may only do so with the prior approval of shareholders.

The requirement to obtain the prior approval of shareholders will not apply to any minor alteration made to benefit the administration of the DSBP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Overseas plans

The shareholder resolution to approve the amendments to the DSBP will allow the Board, without further shareholder approval, to establish further plans for overseas territories, any such plan to be similar to the DSBP, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the DSBP.

Appendix III

Summary of the principal terms of the Premier Farnell Executive Share Option Plan 2010 (the “ESOP”) and the Premier Farnell Performance Share Plan 2010 (the “PSP”) (together, the “Plans”)

This Appendix describes the unique features of each of the Plans and then describes those features which are common to both Plans.

Principal terms of the ESOP

General

Subject to the approval of the Company’s shareholders at the Annual General Meeting the ESOP will replace the Premier Farnell Executive Share Option Scheme 2003 (the “2003 ESOS”) following which no further options may be granted under the 2003 ESOS.

The ESOP is divided into two parts, both of which are identical in all material respects unless otherwise indicated in this summary. Part A is intended to be approved by HM Revenue & Customs (“HMRC”) so that options granted under it may qualify for beneficial tax treatment in the UK. Part B will be used to grant non-tax favoured options and tax-advantaged options to employees in the U.S. (otherwise known as “incentive stock options” or “ISOs”).

Grant of options

The remuneration committee of the Board of Directors of the Company (the “Committee”) may grant options to acquire ordinary shares in the Company (“Shares”) within six weeks of shareholder approval of the ESOP, or during the period of six weeks following the date that the ESOP is formally approved by HMRC. The Committee may also grant options within six weeks following the Company’s announcement of its results for any period or at any other time if the Committee considers there are exceptional circumstances which justify the granting of options.

Individual limits

An employee may not normally receive options in any financial year over Shares with a market value exceeding 100% of his or her annual base salary in that financial year. However, in exceptional circumstances this limit is increased to 150% of an employee’s annual base salary. The current intention is that the Chief Executive and the other Executive Directors shall be granted options in a financial year over Shares with a market value not exceeding 100% and 75% of salary respectively.

Under Part A of the ESOP, the total market value of Shares subject to unexercised HMRC approved options granted by the Company shall not exceed £30,000 (or such other limit as may from time to time apply under the relevant legislation) per employee (measured by reference to the market price of Shares at the date of grant).

Reduction of options

The Committee has the power to reduce the size of outstanding options (other than options under Part A of the ESOP, as this is not allowed by HMRC) in the event that: (i) the results or accounts used to measure the performance conditions applying to those options are subsequently discovered to be incorrect or are required to be restated; and/or (ii) the Committee relied on assumptions or facts which it subsequently discovers to be incorrect or misrepresented in determining the number of Shares over which such options were granted or the basis on which the performance conditions are measured.

In exceptional circumstances the Committee may, in its discretion, decide to reduce the size of a participant’s options on such basis as it decides, for example, to take account of any act of misconduct performed by the participant.

Option price

The price per Share payable upon the exercise of an option will not be less than:

- (a) the middle market price of a Share on the London Stock Exchange on the dealing day immediately before the date of grant (or the average price over such other number of dealing days as the Committee may decide and, in the case of HMRC-approved options, agree with HMRC); and
- (b) in the case where options are to be satisfied using newly issued shares, the nominal value of a Share.

Performance condition

The Committee will impose a performance condition on the exercise of all options granted to main Board Directors and Executive Committee members.

For the first grant of options to be made to main Board Directors and Executive Committee members in 2010, the performance condition will be based on a Return on Sales ("**RoS**") target (the ratio of adjusted operating profit to revenue, expressed as a percentage) to be measured over three financial years of the Company commencing with the financial year in which the option is granted. Such options will not normally vest and become exercisable unless RoS for the 2012/13 financial year is 11.7% or more, with full vesting for RoS of 13% or more, as follows:

RoS for the 2012/13 financial year	Percentage of the total number of Shares subject to an option on the date of grant that will become capable of exercise
13% or more	100%
From 11.7% to 13%	Between 20% and 100% on a straight-line basis
Less than 11.7%	0%

The Committee can set different performance conditions from those described above for future options granted to main Board Directors and Executive Committee members provided that, in the reasonable opinion of the Committee, the new performance conditions are not materially less challenging in the circumstances than those described above.

The Committee may, in its discretion, grant options that have no performance conditions, or are subject to different performance conditions than the RoS conditions described above, to eligible employees who (on grant) are neither main Board Directors nor Executive Committee members.

The Committee may amend the performance conditions applying to existing options if an event has occurred (for example, an acquisition or disposal) which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are, in its opinion, fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Exercise of options

Options will normally become capable of exercise three years after grant to the extent that any performance condition applying to the option has been satisfied and provided the participant remains a Director or employee within the Company's group.

Options that have not been exercised will normally lapse 10 years after grant.

The Committee can decide to satisfy options which are not tax-advantaged by delivering Shares equal in value to the gross gain (before tax) made on the exercise of the option. In this case no payment will be required from the participant on exercise. It is the Company's current intention to use this facility as it reduces the number of Shares that are required to be issued or transferred on exercise of options. In exceptional circumstances, options which are not tax-advantaged can be cash-settled.

Leaving employment

As a general rule, where a participant ceases to hold employment or be a Director within the Company's group before the third anniversary of the grant date any options that are not already exercisable at the date of cessation will lapse.

However, if a participant ceases to be an employee or Director in the Company's group by reason of his or her ill-health, injury, disability, redundancy, his or her employing company or the business for which he or she works being sold or transferred out of the Company's group or in other circumstances at the discretion of the Committee ("good leaver" reasons), then his or her option will become capable of exercise either during a short period commencing on the date when it would have become exercisable if he or she had not ceased such office or employment or, at the discretion of the Committee, on or shortly following the date of cessation. For those options that are subject to a performance condition, an option shall only become capable of exercise in these circumstances, to the extent that the performance condition has, in the opinion of the Committee, been satisfied (or would have been satisfied were it not for the event in question) at the relevant time. In addition, there shall be a reduction in the option to reflect the fact that the individual was not employed for the full three year vesting period unless the Committee decides that it would be inappropriate to reduce the award in the circumstances.

In the event of the death of a participant, his or her option will become exercisable and remain exercisable for a period of 12 months thereafter. The extent to which an option will become exercisable in these situations will depend upon the extent to which any performance condition has, in the opinion of the Committee, been satisfied at that time (or would have been satisfied) and the option will also normally be reduced to reflect the reduced period of time between its grant and the date it becomes exercisable unless the Committee decides that it would be inappropriate to reduce the award in the circumstances.

If a participant ceases to hold employment or be a Director within the Company's group for any reason after the third anniversary of the date of grant outstanding options will not lapse and will remain, or become, exercisable for a short period thereafter to the extent that the performance condition (if applicable) has been satisfied.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all options will become exercisable early and remain exercisable for a limited period. For those options which are subject to a performance condition, the extent to which they will become exercisable will depend upon the extent to which the performance condition has, in the opinion of the Committee, been satisfied at the date of the corporate event (taking into account the shortened performance period). In addition, options will be reduced to reflect the reduced period of time between their grant and the date they become exercisable, unless the Committee regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, options will be replaced by equivalent new options over shares in the new holding company of the Group unless the Committee decides that options should become exercisable on the basis which would apply in the case of a takeover as described above.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that options will become exercisable on the basis which would apply in the case of a takeover as described above.

Variation of capital

In the event of any variation in the Company's share capital, the Committee may make such adjustment as it considers appropriate to the number of Shares under option and the price payable on the exercise of an option. However, no adjustment may be made to a tax-advantaged option without the prior approval of HMRC. Options under the ESOP which are not tax-advantaged may also be adjusted in the event of a demerger, special dividend or other similar event which materially affects the market price of Shares.

ISOs

Part B of the ESOP includes a schedule under which the Company may grant US tax qualified incentive stock options that satisfy the applicable provisions of the U.S. Internal Revenue Code of 1986 (as amended) (the "**Code**"). The principal terms of the ISO schedule are substantially the same as Part B of the ESOP, save as described below.

In addition to the individual participation limits described above, the ISO schedule provides that the aggregate market value of shares (such value being determined on grant) with respect to which ISOs first become exercisable by a participant in any calendar year may not exceed US\$100,000 (or such other limit permitted by the Code). Furthermore, in addition to the overall plan limits described in the section headed 'Principal terms common to the Plans' below regarding the use of new issue and treasury shares (i.e. the 5% and 10% calendar year limits) the ISO schedule also provides that ISOs may only be granted over a total of fifteen (15) million shares during the 10 year life of the ESOP. This limit may be adjusted following any variation in the Company's share capital.

Principal terms of the PSP

Grant and structure of awards

The Committee may grant awards under the PSP within the period of six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of shareholder approval of the PSP or at any other time if the Committee considers there are exceptional circumstances which justify the granting of awards.

The Committee may structure awards either as:

- a conditional allocation of shares; or
- a nil (or nominal) cost option, that will be capable of exercise up until the tenth anniversary of grant; or
- forfeitable shares.

The Committee may also decide to grant cash-settled awards, or to satisfy share-based awards in cash, although it does not currently intend to do so.

Individual limits

An employee may not normally receive awards in any financial year over Shares with a market value exceeding 100% of his or her salary. However, in exceptional circumstances this limit is increased to 150% of an employee's annual base salary. The current intention is that the Chief Executive and the other Executive Directors shall be granted awards in a financial year over Shares with a market value not exceeding 60% and 50% of salary respectively.

Reduction of awards

The Committee has the power to reduce the size of outstanding awards in the event that: (i) the results or accounts used to measure the performance conditions applying to those awards are subsequently discovered to be incorrect or are required to be restated; and/or (ii) the Committee relied on assumptions or facts which it subsequently discovers to be incorrect or misrepresented in determining the number of Shares over which such awards were granted or the basis on which the performance conditions are measured.

In exceptional circumstances the Committee may, in its discretion, decide to reduce the size of a participant's awards on such basis as it decides, for example, to take account of any act of misconduct performed by the participant.

Performance conditions

The vesting of awards will be subject to performance conditions set by the Committee.

For the grant of awards to be made in 2010, the performance condition will be based on the absolute earnings per share of the Company ("**EPS**") for the financial year ending 3 February 2013. Such awards will not normally vest and become exercisable unless EPS for the financial year ending 3 February 2013 is at least equal to 15p, with full vesting for EPS of 20p or more, as follows:

EPS for the 2012/13 financial year	Percentage of the total number of Shares subject to an award on the date of grant that will become capable of exercise
20 pence or more	100%
From 15 pence to 20 pence	Between 20% and 100% on a straight-line basis
Less than 15 pence	0%

For the purposes of the above conditions EPS will be equal to the adjusted earnings per share of the Company as shown in the Notes to the Consolidated Financial Statements of the Company as further adjusted and determined by the Committee from time to time.

For future awards (i.e. awards granted after the initial awards in 2010) the Committee currently intends to apply a condition based on annual EPS growth in excess of inflation (measured by reference to the Retail Price Index "RPI") measured over three financial years commencing with the year in which the award is granted.

The Committee can set different performance conditions from those described above for future awards provided that, in the reasonable opinion of the Committee, the new targets are not materially less challenging in the circumstances than those described above.

The Committee may also amend the performance conditions applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions to be fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question. In particular, the Committee will have the discretion to rebase EPS to take account of events such as acquisitions and disposals, to ensure that balance sheet risk is not incentivised and risk management is not penalised.

Vesting of awards

Awards normally vest three years after grant to the extent that the applicable performance conditions have been satisfied and provided the participant is still employed in the Company's group.

Vested awards that have been structured as options will lapse 10 years from grant to the extent that they remain unexercised.

Leaving employment

As a general rule, where a participant ceases to hold employment or be a Director within the Company's group before the third anniversary of the grant date any awards that have not already vested by the date of cessation will lapse.

However, if a participant ceases to be an employee or Director in the Company's group by reason of his or her death, ill-health, injury, disability, redundancy, his or her employing company or the business for which he or she works being sold or transferred out of the Company's group or in other circumstances at the discretion of the Committee, then his or her award will vest either on the date when it would have vested if he or she had not ceased such office or employment or, at the discretion of the Committee, on or shortly following the date of cessation. An award shall only vest in these circumstances to the extent that the performance conditions have, in the opinion of the Committee, been satisfied (or would have been satisfied were it not for the event in question) at the relevant time. In addition, there shall be a reduction in the award to reflect the fact that the individual was not employed for the full three year vesting period unless the Committee decides that it would be inappropriate to reduce the award in the circumstances.

If a participant ceases to hold employment or be a Director within the Company's group for any reason after the third anniversary of the date of grant outstanding awards will not lapse and will either remain vested, or vest for a short period thereafter to the extent that the performance conditions have been satisfied.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early subject to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time (taking into account the shortened performance period) and the reduction of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award for time if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in the new holding company of the Group unless the Committee decides that awards should vest on the basis that would apply in the case of a takeover as described above.

If a demerger, special dividend or other similar event is proposed, which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that some or all awards will vest on the basis that would apply in the case of a takeover as described above.

Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following their receipt of Shares under the plan, of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest.

Variation of capital

In the event of any variation in the Company's share capital, a demerger, special dividend or other similar event which affects the market price of the Shares to a material extent, the Committee may make such adjustment as it considers appropriate to the number of Shares held under an award.

Principal terms common to the Plans

Operation

The Committee will supervise the operation of the Plans.

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the Plans at the discretion of the Committee.

Grant of options/PSP awards

An option/PSP award may not be granted more than 10 years after shareholder approval of the Plans.

No payment is required for the grant of an option/PSP award. Options/PSP awards are not transferable, except on death. Options/PSP awards are not pensionable.

Overall plan limits

The Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

- (a) 10% of the issued ordinary share capital of the Company under the Plans and any other employee share plan adopted by the Company; and
- (b) 5% of the issued ordinary share capital of the Company under the Plans and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

Participants' rights

Options/PSP awards will not confer any shareholder rights until the options have been exercised or the PSP awards have vested and the participants have received their Shares. Holders of awards of forfeitable shares under the PSP will have shareholder rights from when the awards are made although they may be required to waive their rights to receive dividends.

Rights attaching to Shares

Any Shares allotted when an option is exercised or an award vests under the Plans will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Alterations to the Plans

The Committee may, at any time, amend the provisions of the Plans in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of options and awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

No alteration to a key feature of Part A of the ESOP may be made without the approval of HMRC.

Overseas Plans

The shareholder resolutions to approve the Plans will allow the Board, without further shareholder approval, to establish further plans for overseas territories, any such plan to be similar to the relevant Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the relevant Plan.

Notes:

- 1 A member is entitled to appoint a proxy to exercise all or any of his or her rights to attend and to speak and vote instead of him or her at the meeting. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. A proxy need not be a member of the Company.
- 2 The form of proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 48 hours before the time appointed for the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting instead of the proxy, if you wish. In the case of joint holders, any one of them may sign the form of proxy, but the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members. A member must inform the Company's registrars in writing of any termination of the authority of a proxy.
- 3 As an alternative to completing and returning the printed form of proxy, you may submit your proxy electronically by accessing www.eproxyappointment.com. For security purposes, members will need to provide the Control Number, their shareholder reference number (SRN) and personal identification number (PIN) to validate the submission of their proxy online. Members' individual SRN and PIN numbers are shown on the printed form of proxy. For further information, see the instructions printed on the proxy appointment.
- 4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("Euroclear UK & Ireland") and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors and voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 5 Only those shareholders registered in the register of members of the Company at 10:30 am on 13 June 2010 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
- 6 A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

- 7 The statement of the rights of members in relation to the appointment of proxies in paragraphs 1, 2, 3 and 4 above does not apply to a Nominated Person. The rights described in these paragraphs can only be exercised by registered members of the Company. If you are receiving this Notice as such a Nominated Person, you are reminded that your main contact in terms of your investment remains as it was (the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration of it) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters which are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly for a response.
- 8 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 9 Under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006 and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.
- 10 A member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 11 A copy of this notice, and other information required by Section 311A of the Companies Act 2006 can be found at http://www.premierfarnell.com/premier_farnell/investorrelations/AGM

Shareholder notes

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