

# Directors' remuneration report

## Remuneration Committee and advisers

The Remuneration Committee has received advice from Linklaters and Mercer Human Resource Consulting in respect of the proposed Performance Share Plan. In addition, general remuneration information has been provided by Towers Perrin.

Other Directors and employees of the Company who were invited to attend some or all of the Committee meetings during the year and who provided material advice or services to the Committee were:

Ron Sandler	Chairman
Mike Norris	Chief Executive
Alan Pottinger	Group Company Secretary
Tim Way	Group HR Director
Phil Hulme	Non-Executive Director
Peter Ogden	Non-Executive Director

The Committee takes into account comparative practice in both the European technology sector and FTSE mid-250 companies.

## Remuneration policy

The Committee makes recommendations and determines remuneration policy on the Board's behalf. No Director is involved in deciding his own remuneration. In implementing its policy, the Committee has given full consideration to the Principles of the Code with regard to Directors' remuneration, and is satisfied that it has complied with best practice provisions in this matter. In particular, the following objectives have been addressed:

- to attract, retain and motivate Executive Directors of the quality required to run the Company successfully;
- to reward Executive Directors through remuneration arrangements that are competitive but not excessive;
- to provide Executive Directors with an incentive for the development and performance of the Group in the best interests of shareholders;
- to ensure that a significant proportion of Executive Directors' remuneration is structured such that rewards are linked to corporate and individual performance.

The Board as a whole determines fees for Non-Executive Directors that reflect the time commitment and responsibilities of their roles. The Committee is responsible for determining the appropriate policy for rewarding the Group's Executive Directors and senior management.

The various elements of Executive Directors' Remuneration during 2004, are shown below:

Element:	Fixed basic salary	Performance based bonus	Share options
Maximum Award:		50% of base salary	125% of base salary
Purpose:	Reflects competitive salary levels and takes account of personal contribution and performance	Rewards the delivery of Group operational performance and achievement of personal objectives	Directly linked to the achievement of significant and sustained improvements in the Company's financial performance and to the creation of value through increased share price
Performance Standard:	Individual contribution	Specific individual targets approved by the Remuneration Committee each year	EPS growth

Note: The Chairman is ineligible for a bonus award.

The policy is designed to ensure that a significant proportion of the total remuneration is dependent upon performance and aligns the interests of executives and shareholders. This is achieved through a combination of fixed and variable payments, benefits and share option plans.

## Basic salary and benefits

In seeking to ensure that the basic salary and benefits for each Executive Director are appropriate and competitive, relevant external market data, as well as pay and conditions in the Group generally, are taken into consideration. The Chairman makes recommendations to the Committee in respect of the two other Executive Directors based upon this information, together with an assessment of their individual performance against specific financial and non-financial goals, and the performance of the Group as a whole. Cliff Preddy, as Committee Chairman, is responsible for an equivalent process in respect of Ron Sandler's remuneration.

## Performance-related bonus scheme

Mike Norris and Tony Conophy participate in annual performance-related bonus schemes that are linked to the overall performance of the Group and the achievement of personal objectives agreed with them for the year by the Chairman, and approved by the Committee. Performance conditions are relevant, challenging and designed to enhance shareholder value. For 2004, the maximum levels of bonus were 50% of base salary and Mike Norris earned £73,100 (2003: £157,700) and Tony Conophy £54,000 (2003: £91,000). Following a review by the Remuneration Committee, the maximum levels of bonus for 2005 will be 75% of base salary.

## Share options

The Executive Directors are awarded executive share options under the Company's share option schemes. Since 1998, these awards have ordinarily been subject to certain performance conditions that are challenging and designed to produce significant and sustained improvements in the Group's underlying financial performance. The details of the various performance conditions relating to grants are set out in the table of Directors' interests in share options on page 31. Should the conditions not be met, options will lapse. The actual award is dependent upon individual performance assessed against agreed personal targets and grants are normally limited to a maximum of 1.25 times an individual's base salary. Adjusted Earnings Per Share (EPS) has been chosen as a performance measure on the basis that this is a widely used and transparent yardstick. Adjusted EPS in relation to share options, is calculated on a pre-exceptional, post-investment in the Biomni joint venture, fully diluted basis.

During 2004, the Remuneration Committee reviewed the effectiveness of the Company's incentive arrangements and is intending to introduce a new performance share plan (PSP) scheme in 2005, subject to shareholder approval at the Annual General Meeting in April 2005. This new plan will operate as the main long-term incentive scheme for senior employees in place of the existing executive option schemes. In appropriate circumstances, grants of options under the current executive option schemes may still be considered, particularly in those countries where there are associated tax advantages, such as France.

The Remuneration Committee believes that the PSP scheme will generate improved motivation for senior employees to contribute to growth and profitability, and better align the Company's incentive arrangements with shareholders' interests.

For 2005, the PSP plan performance target will be based on the Company's annual adjusted EPS growth in relation to the retail price index (RPI) and measured over a three-year period. No shares subject to awards will vest if cumulative annual growth is less than RPI plus 3%. One quarter of the shares will vest at RPI plus 3%. Awards will vest in full if the Company's cumulative annual growth is at or above RPI plus 7.5%. If the Company's EPS growth over the period is between 3% and 7.5% above RPI, awards will vest on a straight line basis. There will be no retesting of the performance target.

The Remuneration Committee has chosen an EPS-based performance target because it believes that there are not sufficient comparable organisations to create a meaningful total shareholder return (TSR) comparator group. In addition, it believes that an EPS-based target will create a more effective incentive for participants, given the lower volatility of the Company's EPS performance when compared to the Company's relative TSR.

The maximum value of shares that can be awarded under the plan to an employee in a financial year is 1 times base salary. This limit can be exceeded in exceptional circumstances up to an absolute maximum of 2 times base salary. It is intended that awards for the Executive Directors will be in the range of 0.75 to 1 times base salary.

### Pension

Past and present Executive Directors are entitled to participate in the Computacenter Pension Scheme, a defined contribution salary sacrifice scheme available to all employees under which a maximum annual Company contribution of £3,500 per employee is payable. The maximum Company contribution is automatically reviewed each July in line with the average increase in national earnings. The scheme also allows employees to make additional salary sacrifices, which the Company may contribute to the scheme on their behalf. The amounts of such salary sacrifices are shown as Company contributions in excess of the £3,500 limit in the table of Directors' emoluments. Mike Norris, Tony Conophy and Peter Ogden participate in the scheme.

### Directors' contracts

Director	Contract/letter of appointment start date	Expiry date	Unexpired term (months) as at 14 March 2005	Notice period (months)
<b>Executive:</b>				
Ron Sandler	15.03.2001	n/a*	see below*	12
Mike Norris	23.04.1998	n/a	none specified	12
Tony Conophy	23.04.1998	n/a	none specified	12
<b>Non-Executive:</b>				
Nick Cosh	08.01.2002	2005 AGM	1**	12
Phil Hulme	09.05.2003	2006 AGM	14**	12
Ghislain Lescuyer	19.01.2004	2007 AGM	26**	12
Peter Ogden	09.05.2003	2006 AGM	14**	12
Cliff Preddy	08.01.2002	2005 AGM	1**	12

\* Ron Sandler's service contract automatically terminates on his 65th birthday, on 5 March 2017.

\*\* Calculated as at 14 March 2005 and assuming that future AGMs will be held in May each year (with the exception of the 2005 AGM which will be held in April) and assumes re-election where required to retire at earlier AGMs in accordance with the Company's Articles of Association.

All Executive Directors have a rolling 12 month service contract with the Company, which is subject to 12 months' notice by either the Company or the Director.

No contractual arrangements are in place that guarantee additional payments upon termination of employment by the Company. All service contracts provide for summary termination in the event of gross misconduct.

The Non-Executive Directors do not have service contracts with the Company. They each operate under a letter of appointment that sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term which runs to the conclusion of the first Annual General Meeting to be held following the third anniversary of appointment and may be renewed at that point for a further three-year term.

All Directors must offer themselves for re-election by shareholders in general meeting at least every three years.

# Directors' remuneration report

## continued

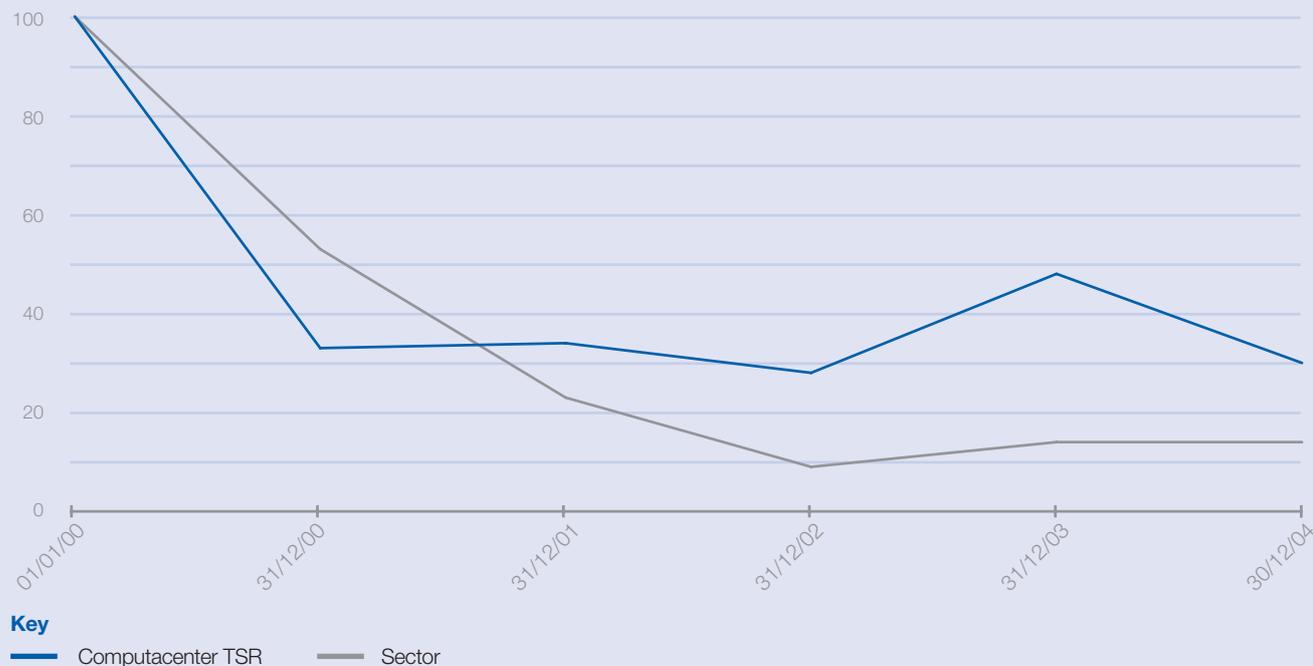
### Performance graph

The performance of the Company over the last five financial years in relation to other relevant UK-quoted shares is shown in the performance graph below.

Computacenter's shares are quoted on the London Stock Exchange and the Committee has selected the FTSE Software & Computer Services share index as the comparator against which to assess Total Shareholder Return performance.

### Total Shareholder Return performance

#### Computacenter versus FTSE Software & Computer Services sector



Index rebased to 100 at 01/01/00.

The Directors' remuneration and Directors' interests in share options tables below, and their associated notes, are subject to audit.

### Directors' remuneration

	Basic salary and fees £	Performance related bonuses £	Pension contributions £	Total 2004 £	Total 2003 £
<b>Executive Directors</b>					
RA Sandler	257,952	–	–	257,952	246,929
MJ Norris	430,000	73,100	3,500	506,600	572,617
FA Conophy	278,500	54,000	3,500	336,000	379,573
<b>Non-Executive Directors</b>					
NJ Cosh	42,500*	–	–	42,500	38,750
PW Hulme	30,000	–	–	30,000	30,000
GM Lescuyer	34,667	–	–	34,667	–
PJ Ogden	30,000	–	375	30,375	31,500
CSF Preddy	35,000**	–	–	35,000	32,500
	1,138,619	127,100	7,375	1,273,094	1,331,869

\* Nick Cosh receives an annual fee of £12,500 for his services as Chairman of the Audit Committee.

\*\* Cliff Preddy receives an annual fee of £5,000 for his services as Chairman of the Remuneration Committee.

## Interests in share options

	Exercise price (p)	Exercise dates	Note	At 1 January 2004 (or date of appointment)	Granted during the year	Exercised during the year (or since appointment)	Lapsed	At 31 December 2004
<b>Executive Directors</b>								
RA Sandler	333.50p	20/03/2004 – 19/03/2011	(1)	150,000	–	–	–	150,000
	333.50p	20/03/2005 – 19/03/2011	(1)	150,000	–	–	–	150,000
	333.50p	20/03/2006 – 19/03/2011	(1)	200,000	–	–	–	200,000
	322.00p	10/04/2005 – 09/04/2012	(6)	91,226	–	–	–	91,226
	266.50p	21/03/2006 – 20/03/2013	(8)	117,260	–	–	–	117,260
	266.50p	21/03/2007 – 20/03/2013	(8)	200,000	–	–	–	200,000
	424.00p	02/04/2007 – 01/04/2014	(10)	–	76,650	–	–	76,650
		Total		908,486	76,650	–	–	985,136
MJ Norris	160.00p	31/07/2000 – 30/07/2007	(2)	250,000	–	–	–	250,000
	670.00p	01/09/2003 – 28/02/2004	(3,9)	2,574	–	–	2,574	–
	333.50p	20/03/2004 – 19/03/2011	(1,4)	8,995	–	–	–	8,995
	333.50p	20/03/2004 – 19/03/2011	(5)	48,726	–	–	–	48,726
	322.00p	10/04/2005 – 09/04/2012	(6)	122,670	–	–	–	122,670
	266.50p	21/03/2006 – 20/03/2013	(8)	194,652	–	–	–	194,652
	395.00p	01/12/2008 – 31/05/2009	(3)	4,012	–	–	–	4,012
	424.00p	02/04/2007 – 01/04/2014	(10)	–	126,768	–	–	126,768
		Total		631,629	126,768	–	2,574	755,823
FA Conophy	670.00p	01/09/2003 – 28/02/2004	(3,9)	2,574	–	–	2,574	–
	333.50p	20/03/2004 – 19/03/2011	(5)	35,982	–	–	–	35,982
	322.00p	10/04/2005 – 09/04/2012	(1,7)	9,316	–	–	–	9,316
	322.00p	10/04/2005 – 09/04/2012	(6)	66,770	–	–	–	66,770
	266.50p	21/03/2006 – 20/03/2013	(8)	121,951	–	–	–	121,951
	395.00p	01/12/2006 – 31/05/2007	(3)	2,335	–	–	–	2,335
	424.00p	02/04/2007 – 01/04/2014	(10)	–	79,599	–	–	79,599
		Total		238,928	79,599	–	2,574	315,953

The Company's Non-Executive Directors are not permitted to participate in any of the Company's Employee Share Schemes and none of the Non-Executive Directors hold any outstanding share options over Computacenter ordinary shares.

### Notes:

- 1 Issued under the terms of the Computacenter Employee Share Option Scheme 1998.
- 2 Issued under the terms of the Computacenter Services Group plc Unapproved Executive Share Option Scheme.
- 3 Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to all employees and full time Executive Directors of the Computacenter Group.
- 4 Exercisable on the condition that the average annual compound growth in the Computacenter Group's fully diluted earnings per share, compared to the base year of 2000, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2003, 2004 and 2005 respectively.
- 5 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average compound growth in the Computacenter Group's fully diluted earnings per share, compared to the base year of 2000, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2003, 2004 or 2005 respectively.
- 6 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Company's earnings per share (on a pre-exceptional, post-investment in the Biomni joint venture fully diluted basis) compared to the base year of 2001, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2004, 2005 or 2006 respectively.
- 7 Exercisable on the condition that the average annual compound growth in the Company's earnings per share (on a pre-exceptional, post-investment in the Biomni joint venture, fully diluted basis) compared to the base year of 2001, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2004, 2005 or 2006 respectively.
- 8 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Company's earnings per share (on a pre-exceptional, post-investment in the Biomni joint venture, fully diluted basis) compared to the base year of 2002, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2005, 2006 or 2007 respectively.
- 9 Options lapsed on 29 February 2004.
- 10 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Company's earnings per share (on a pre-exceptional, post-investment in the Biomni joint venture, fully diluted basis) compared to the base year of 2003, is at least equal to the RPI plus 5% in any of the three four or five year periods up to and including 2006, 2007 or 2008 respectively.

The market price of the ordinary shares at 31 December 2004 was 291.0p. The highest price during the year was 500.5p and the lowest was 253.0p.

### AJ Pottinger

Secretary  
14 March 2005