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The Directors present their Remuneration Report for the year ended 31 December 2008 in accordance with Schedule 7A of the Companies Act 1985 and the relevant provisions of the Listing Rules of the Financial Services Authority. The Report also describes how the Board has applied the Principles of Good Governance relating to Directors' Remuneration.

The Companies Act 1985 ("the Act") requires the external auditors to report to the Company's members on certain parts of the Remuneration Report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Act.

The Remuneration Report has therefore been divided into separate sections for audited and unaudited information.

#### UNAUDITED INFORMATION

##### COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists entirely of non-executive Directors. Ian Much (Chairman), David Best and Martin Clark were members of the Committee throughout the year. Michael Steel was appointed to the Remuneration Committee on 1 May 2008.

##### ROLE OF THE REMUNERATION COMMITTEE

The primary role of the Committee is to consider and make recommendations to the Board concerning the remuneration packages and conditions of service of the executive Directors and approximately 160 other senior managers. The terms of reference of the Remuneration Committee may be found on the Company's website. During the financial year, the Committee met three times. Details of Directors' attendance at these meetings are disclosed on page 7.

##### ADVISERS TO THE REMUNERATION COMMITTEE

All advisers to the Remuneration Committee are appointed and instructed by the Committee. During the year, the Committee was advised by Hewitt New Bridge Street in relation to the Executive Share Plans.

##### REMUNERATION POLICY

In determining remuneration of the executive Directors, the Committee seeks to maintain a competitive programme, which enables the Company to attract and retain the highest calibre of executive. The performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors, details of which are set out in paragraphs C) and D) below. They are designed to align their interests with those of shareholders and to reward executive Directors for performance at the highest levels.

The non-executive Directors do not participate in any pension, bonus, share incentive or other share option plans. Their remuneration reflects both the time given and the contribution made by them to the Company's affairs, including membership or chairmanship of the Board or its Committees. The remuneration of the non-executive Directors is determined by the Board of Directors. The non-executive Directors do not participate in any discussion or decisions relating to their own remuneration.

Before recommending proposals for Board approval, the Remuneration Committee may seek advice from external remuneration consultants to ensure it is fully aware of comparative external remuneration practice as well as legislative and regulatory developments. The services of remuneration consultants were used in determining the 2008 salaries of executive Directors and senior managers.

##### A) SERVICE AGREEMENTS

Each executive Director has a service agreement providing for a rolling period of notice of one year. In the event of termination, the service agreements provide for payment of salary and applicable benefits, such as use of company car, life cover and healthcare, for the 12 month period, plus a pro-rated performance-related bonus; there are no provisions in the agreements, or otherwise, for additional termination payments. The agreements contain provisions requiring the relevant Director to mitigate his loss in the event of termination.

The non-executive Directors do not have service agreements with the Company. Martin Clark was appointed Chairman with effect from 1 May 2007 for an initial three year term. Ian Much was appointed with effect from 21 December 2005 for an initial three year term. The Board has accepted the Nominations Committee's recommendations to extend the appointment of Ian Much for a further three years. David Best and Michael Steel were appointed with effect from 1 May 2007 and 1 May 2008 respectively for initial three year terms. The Chairman's appointment may be terminated upon the Company or Martin Clark providing 12 months' notice expiring on or after 1 May 2010. The appointments of the other non-executive Directors may be terminated upon the Company or non-executive Director providing one month's notice.

With prior approval of the Board, executive Directors may hold external non-executive directorships and retain any fees paid for these appointments. At the year-end, Mark Rollins held one such position. In 2008, Mark Rollins received and retained non-executive directorship fees of £35,000. Graham Menzies received and retained non-executive directorship fees of £9,000 from 1 January 2008 until his retirement from the Board on 25 April 2008.

##### B) BASE SALARIES

In setting the base salary of each Director, the Committee takes into account the pay practice of other companies and the performance of that Director.

The Committee is also responsible for ratifying the salaries of more than 160 senior managers and therefore is fully cognisant of pay levels throughout the Group when determining the pay of the executive Directors.

In 2008 the executive Directors received the following salaries: Graham Menzies – £115,000 (2007 – £340,000), Mark Rollins – £298,000 (2007 – £210,000) and Mike Sheppard – \$342,500 (2007 – \$325,000).

Mark Rollins' salary increased to £320,000 with effect from 7 March 2008 upon appointment to the role of Group Chief Executive. Simon Nicholls was appointed Group Finance Director on 1 April 2008 and to the Board on 1 May 2008, with an annual salary of £220,000.

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As a result of the review of the executive Directors' remuneration, the Remuneration Committee recommended that the base salaries for the executive Directors for 2009 should be as follows: Mark Rollins – £350,000, Simon Nicholls – £230,000 and Mike Sheppard – \$355,000.

The 2008 fees for the non-executive Directors, which shall remain unchanged in 2009, were Martin Clark – £90,000, Ian Much – £38,000 (including £3,000 for chairing the Remuneration Committee), David Best £45,000 (including £7,000 for chairing the Trustee Board of the Pension Plan, and £3,000 for chairing the Audit Committee). Michael Steel was appointed to the Board on 1 May 2008 and received a fee of £23,333 for the year. His fee for 2009 shall be £35,000.

## C) ANNUAL PERFORMANCE BONUS SCHEME

Under the annual performance bonus scheme, bonuses up to 60% (2007 – up to 60%) of basic salary could be earned by the executive Directors depending on the Group's actual performance compared to the prior year and to internal targets in respect of underlying earnings per share and cash flow.

The 2008 bonus award was maximised by achieving the following targets: Cash flow targets – Interim: £8.3m (up £1.5m on 2007), Full year: £24.5m (up £6.0m on 2007); Earnings per share target – Year-on-year growth: 9.25p (up 20% on 2007), Internal target: 10.25p (up 33% on 2007).

The table below provides details of the maximum possible awards for the executive Directors for 2008, together with details of the bonus paid to Mark Rollins as a percentage of his salary. The 2008 bonus paid to Simon Nicholls was 45.0% of annual salary having been pro rated to reflect the proportion of the 2008 calendar year that he was employed. As Mike Sheppard serves as a Director of the Company, in addition to his role as Chief Executive of the Flexonics Division, his bonus for the year was 80% dependent on the operating profits and cash flow performance of the Flexonics Division and 20% on Group performance. In 2008, he earned a bonus of 60.0% of salary (2007 – 55.9%) consisting of 48.0% for Divisional performance and 12.0% for Group performance.

The structure of the annual performance-related bonus scheme in place for 2009 is broadly similar to that of the 2008 scheme. Given the importance of safeguarding the Group's cash position in the current economic environment, the Committee believes it is appropriate to place a greater emphasis on cash management (with 25% of salary being the maximum bonus achievable for this part of the scheme, instead of 15% in 2008). The maximum bonus achievable for the EPS element of the bonus

scheme has been reduced by 5% in order to partially offset the increase to the Cash Flow Target. Overall, the 2009 scheme provides a maximum bonus potential of 65% of salary (2008 – 60%). The Committee believes this modest increase is appropriate, and that the maximum bonus payout limit remains towards the lower end of the limits found in bonus schemes offered to executive Directors in comparable businesses.

## D) SHARE PLANS

The Company's policy regarding the granting of share options is to encourage participating Directors and other employees to build and retain a long-term stake in the Group, and to align their interests with those of the shareholders.

The Company complies with the dilution guidelines contained within "Executive Remuneration – ABI Guidelines on Policies and Practices". At 31 December 2008, awards outstanding and shares issued in the previous 10 years under all share plans (the 1999 Executive Share Option ("the 1999 Plan"), the 2005 Long Term Incentive Plan ("the 2005 LTIP") and the 2006 Savings-Related Share Option Plan (the "Sharesave Plan")) amounted to 4.34% of the issued ordinary share capital of the Company. At 31 December 2008, awards outstanding and shares issued in the previous 10 years under executive (discretionary) plans (the 1999 Plan and the 2005 LTIP) amounted to 2.92% of the issued ordinary share capital of the Company.

The Remuneration Committee monitors the flow rates of the Company's share plans, in particular before new share awards are made, to ensure the flow rates remain within the ABI dilution guidelines.

All executive Directors are, or were, eligible to participate in the following share plans:

- i) 1999 Executive Share Option Plan ("the 1999 Plan") (closed for new awards from 2005)

No more options have been granted under the 1999 Plan since the introduction of the Senior plc 2005 Long Term Incentive Plan.

All options held by executive Directors were exercised during the year and they held no options under the 1999 Plan at the end of the year.

The 1999 Plan was open to executive Directors and other senior managers, with the performance target determined by the Remuneration Committee to be challenging in the light of the Company's performance and prevailing financial circumstances at the time.

	Cash flow target		Earnings per share target		Total %
	Interim %	Full year %	Internal target %	Year-on-year growth %	
Maximum possible award for 2008 and 2007	6.0	9.0	20.0	25.0	60.0
2007 bonus paid	4.8	9.0	20.0	25.0	58.8
2008 bonus paid	6.0	9.0	20.0	25.0	60.0
Maximum possible award for 2009	16.0	15.0	20.0	20.0	65.0

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The maximum number of shares over which options were awarded to a participant was subject to their value at the time of grant not exceeding:

- a. 100% of the Director's basic salary at the time of the award;
- b. 125% of the Director's basic salary taking into account the combined notional current value of all awards under the 1996 Long Term Share Incentive Plan (this plan has now lapsed) and awards under the 1999 Plan in any year; and
- c. the £30,000 statutory limit for the Approved Option element of the 1999 Plan.

The total value of options under the 1999 Plan and any earlier executive share option schemes, to subscribe for new issue shares granted in any 10 year period could not exceed 4 x current annual basic salary or, if higher, remuneration excluding benefits in kind over the previous 12 months. Where options had already been exercised, further "replacement" options could be granted provided that the market value of all outstanding options did not exceed 4 x current annual basic salary or, if higher, remuneration (excluding benefits in kind) over the previous 12 months.

All options granted under this 1999 Plan, in normal circumstances, only became exercisable if the Group's underlying earnings per share grew by not less than 4% p.a. compound above the growth in the UK Retail Prices Index over a period of three or more financial years. If not exercised within six years of the date of grant, the options will lapse.

Options exercised by the Directors in 2008 are shown under Directors' Interests, together with the base underlying earnings per share figure used to determine whether the performance target had been met.

#### ii) Senior plc 2005 Long Term Incentive Plan ("the 2005 LTIP")

The 2005 LTIP, a long-term share incentive plan, was introduced to replace the existing 1999 Plan, and the lapsed Long Term Share Incentive Plan.

The Remuneration Committee considers that the 2005 LTIP (the main details of which are set out below) is in line with current practice and the evolving views of investors, and provides an effective link between senior management performance and reward.

Each year, an individual can receive an award worth up to 100% of annual salary (or 200% of salary in the case of recruitment). The awards made to the executive Directors in 2008 under the 2005 LTIP were limited to 75% of salary, except for the award to Simon Nicholls, upon his appointment, which was 100% of salary. No award was made to Graham Menzies in 2008. The awards are conditional allocations, where the executives will receive free ordinary shares in the Company automatically on the vesting of their award. Awards will normally vest on, or shortly following, the third anniversary of grant, once the Committee has determined the extent to which the applicable performance conditions (see below) have been satisfied, and provided that the participant is still employed within the Group.

All awards are subject to performance conditions set by the Remuneration Committee. The 2005 LTIP is designed to reward senior

executives partly for delivering superior total shareholder return ("TSR") performance and partly for achieving challenging earnings per share ("EPS") growth targets. In each case, performance will be measured over a three year performance period beginning on the first day of the financial year in which the award is made. The vesting of one half of each of the awards granted in 2005, 2006 and 2007 will depend on the Company's TSR performance compared to that of the members of the FTSE Small Cap Index (excluding investment trusts), while the vesting of the other half of each award will depend on the growth of the Company's adjusted EPS relative to RPI.

Following the Company's promotion to the FTSE250 Index in February 2008, the Remuneration Committee, based on advice from Hewitt New Bridge Street, determined that the comparator group for assessing the Company's TSR performance for future LTIP awards should be changed. The TSR comparator group applicable to the 2008, and future LTIP awards, consists of certain manufacturing companies within the following FTSE All Share sectors: Aerospace & Defence; Automobiles & Parts; Electronic & Electrical Equipment; and Industrial Engineering. The Company was no longer in the FTSE250 Index at the year-end.

The vesting of the TSR-related half of the awards will be determined on the following basis:

Ranking of Company's TSR compared with the FTSE Small Cap Index (excluding investment trusts)	Percentage of TSR half over the performance period of an award which vests
Below Median	0%
Median	25%
Upper Quintile (top 20%)	100%
Between Median and Upper Quintile	Pro rata on a straight-line basis between 25% and 100%

TSR will be averaged over three months prior to the start and end of the performance period.

The vesting of the EPS-related half of LTIP awards granted between 2005 and 2008 have been, or will be, determined on the following basis:

Company's average annual adjusted EPS performance in excess of RPI	Vesting percentage – EPS half of an award
Less than 5% p.a.	0%
5% p.a.	25%
12% p.a.	100%
Between 5% and 12% p.a.	Pro rata on a straight-line basis between 25% and 100%

The Remuneration Committee is currently considering making 2009 LTIP awards. It has concluded that, in the current economic environment, the adoption of the EPS performance condition of the LTIP to be unrealistic and potentially demotivating to the recipients of the LTIP awards. The Committee is therefore considering alternative performance conditions.

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The Remuneration Committee has received independent advice from Hewitt New Bridge Street and has had regard to current best practice, and how best to retain and motivate senior executives.

Under the Rules of the LTIP, the Committee has the flexibility to set different conditions for future awards provided that "they are not substantially different and, in the reasonable opinion of the Committee, the new targets are at least as challenging in the circumstances" as the original conditions were in the circumstances prevailing when the LTIP was introduced.

In the current economic environment, the Remuneration Committee regards the current EPS growth targets (RPI + 5%–12% p.a.) above the 2008 EPS as unrealistic. It has therefore concluded that the 2009 LTIP awards should be subject solely to the TSR condition, whereby the TSR performance is compared to TSR of the comparator group of manufacturing companies, as described above.

Awards of up to 100% of salary are allowed under the 2005 LTIP, but in light of the fact that the EPS element is not proposed to be implemented, the Committee has determined to restrict the maximum award to half the level. Having given due consideration to all the facts, the Committee has decided to make the 2009 LTIP awards to the executive Directors based on 40% of their salary.

The Remuneration Committee believes that this mixture of conditions provides an effective balance so that executives are encouraged to enhance underlying financial performance whilst retaining focus on the need to deliver superior returns for the Company's shareholders.

## AUDITED INFORMATION

The information presented in the remainder of this Report has been audited, with the exception of the Directors' Interests in shares and the Total Shareholder Return graph.

## DIRECTORS' EMOLUMENTS

	Salary or fees £000's	Bonus £000's	Taxable benefits £000's	2008 Total £000's	2007 Total £000's
<b>Executive</b>					
Mark Rollins	298	192	15	505	348
Simon Nicholls (from 1 April 2008)	165	94	1	260	–
Mike Sheppard	185	111	14	310	265
Graham Menzies (to 25 April 2008)	115	64	12	191	577
<b>Non-executive</b>					
Martin Clark	90	–	–	90	78
David Best (from 1 May 2007)	45	–	–	45	22
Ian Much	38	–	–	38	33
Michael Steel (from 1 May 2008)	23	–	–	23	–
	959	461	42	1,462	1,323

Bonuses as shown above are payable to the executive Directors under the annual performance bonus scheme. The above figures for emoluments do not include any amount for the value of share options or awards granted to, or held by, Directors.

The Remuneration Committee encourages Directors to own shares in the Company and, in support of this policy, it expects Directors to retain at least 50% of the shares they acquire under the 2005 LTIP, after allowing for tax liabilities, until a holding of 100% of base salary is built up.

### iii) Savings-Related Share Option Plan ("the Sharesave Plan")

The Company's Sharesave Plan was first launched in 1996 to eligible employees across the Group, and was updated and renewed for a further 10 years in 2006. There are no performance criteria for this arrangement and options are issued to all participants in accordance with the HM Revenue & Customs ("HMRC") rules for savings-related plans.

### E) RETIREMENT BENEFITS

Mark Rollins' and Simon Nicholls' pension arrangements are provided by the Group's UK pension plan and are based upon their pensionable salaries up to the HMRC's "cap". Mark Rollins and Simon Nicholls contribute 9% of salary to "cap". From 6 April 2006 (A-Day), the Group's UK pension plan adopted its own earnings "cap", which as been calculated on the same basis as the HMRC's pre-A-Day "cap". Mike Sheppard participates in a defined benefit plan that has now been closed to new entrants, and a defined contribution plan that remains available to the Group's US employees. His base salary is pensionable up to a "cap" of \$230,000 p.a.

### F) OTHER BENEFITS

The executive Directors also receive non-cash benefits including the provision of a fully expensed car and medical insurance.

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## AGGREGATE REMUNERATION

	2008 £000's	2007 £000's
Emoluments	1,462	1,323
Gains on exercise of share options and incentives (see Options and other share incentives table below)	3,203	–
Money purchase pension contributions	8	7
<b>Total</b>	<b>4,673</b>	<b>1,330</b>

In addition to setting the remuneration of the executive Directors, the Remuneration Committee oversees the remuneration of more than 160 other senior managers. The table below shows the cumulative benefits of the five other Divisional Directors (of which two Divisional Director roles were newly created with effect from 1 September 2008) and the three most senior Corporate managers.

For the purposes of comparison, the benefits of the two people appointed to the newly created Divisional Director roles have been included in full for both 2007 and 2008.

## SENIOR MANAGERS' EMOLUMENTS

	2008 £000's	2007 £000's
Short-term employee benefits	1,501	1,207
Post-employment benefits	99	71
Share-based payments	192	327
<b>Total</b>	<b>1,792</b>	<b>1,605</b>

## DIRECTORS' INTERESTS

At 31 December 2008 the Directors who had interests (which are all beneficial), including family interests, in the 10p ordinary shares of the Company were as follows:

SHARES	Shares 2008	Shares 2007
Mark Rollins	450,000	120,000
Simon Nicholls (from 1 April 2008)	20,000	–
Mike Sheppard	150,000	–
Martin Clark	90,000	60,000
David Best (from 1 May 2007)	40,195	20,000
Ian Much	20,000	20,000
Michael Steel (from 1 May 2008)	20,000	–

There were no changes to the Directors' shareholdings between the end of the year and the date of this Report.

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## OPTIONS AND OTHER SHARE INCENTIVES

Date of grant/award	At 31.12.07	Granted 2008	Exercised 2008	Option price Pence	Date of exercise/ vesting	Market price on exercise/ vesting 2008	Gains on exercise/ vesting 2008	Forfeited 2008	Lapsed 2008	At 31.12.08	Exercise period/ maturity date
<b>Mark Rollins</b>											
1999 Executive Share Option Plan											
12.03.03	547,122	–	547,122	21.97	11.03.08	£0.9500	£399,563	–	–	0	3 years to 11.03.09
2005 Long Term Incentive Plan											
20.05.05	394,115	–	394,115	–	23.05.08	£1.1624	£458,119	–	–	0	May 08
15.03.06	146,706	–	–	–	–	–	–	–	–	146,706	March 09
08.03.07	130,435	–	–	–	–	–	–	–	–	130,435	March 10
13.03.08	–	252,631	–	–	–	–	–	–	–	252,631	March 11
<b>Simon Nicholls</b>											
2005 Long Term Incentive Plan											
02.04.08	–	217,821	–	–	–	–	–	–	–	217,821	April 11
<b>Mike Sheppard</b>											
1999 Executive Share Option Plan											
12.03.03	524,789	–	524,789	21.97	08.04.08	£1.0200	£419,989	–	–	0	3 years to 11.03.09
2005 Long Term Incentive Plan											
20.05.05	332,563	–	332,563	–	23.05.08	£1.1624	£386,571	–	–	0	May 08
15.03.06	134,572	–	–	–	–	–	–	–	–	134,572	March 09
08.03.07	104,571	–	–	–	–	–	–	–	–	104,571	March 10
13.03.08	–	133,785	–	–	–	–	–	–	–	133,785	March 11
<b>Graham Menzies (retired 25.04.08)</b>											
1999 Executive Share Option Plan											
12.03.03	1,070,643	–	1,070,643	21.97	11.03.08	£0.9500	£781,891	–	–	0	3 years to 11.03.09
2005 Long Term Incentive Plan											
20.05.05	650,810	–	650,810	–	23.05.08	£1.1624	£756,502	–	–	0	May 08
09.08.07	310,502	–	–	–	–	–	–	–	–	310,502	August 10

No share awards were exercised or vested in 2007.

Details of the share schemes referred to in the above table may be found on pages 29 and 31.

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The market price (adjusted where applicable, for the effect of the rights issue) of the Company's shares on the dates of the awards made under the 2005 LTIP are as follows:

Year of grant	20.05.05	15.03.06	08.03.07	09.08.07	13.03.08	02.04.08
Market price of Company's shares (on date of award)	38.28p	65.86p	80.75p	104.00p	99.75p	103.50p

All outstanding options and awards become exercisable only when certain performance targets have been met. The base underlying earnings per share figures used to determine whether the target has been met are as follows:

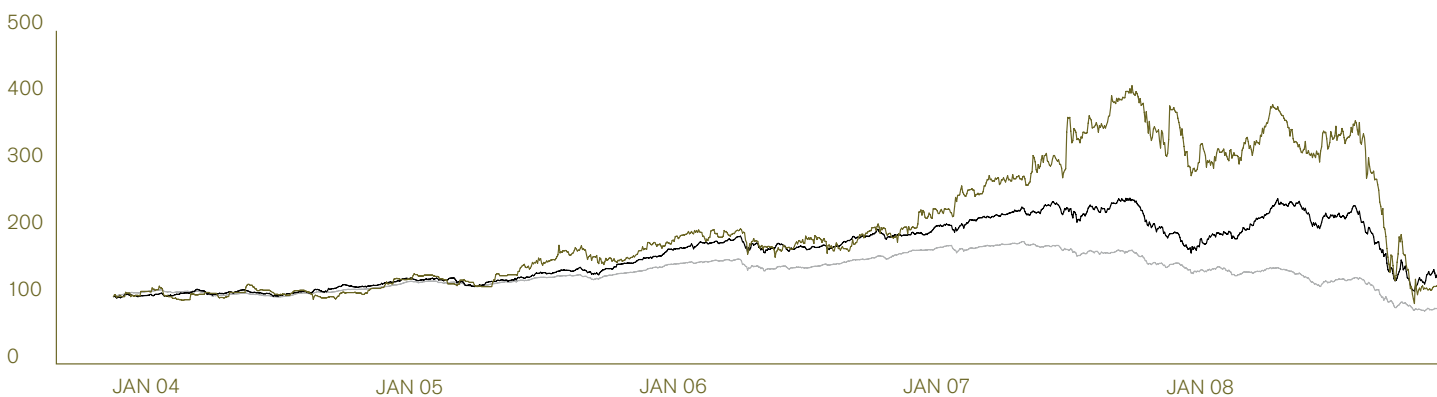
Year of grant	2003	2005	2006	2007	2008
Base underlying EPS (adjusted for the effect of the rights issue)	4.26p	3.42p	3.82p	4.65p	7.71p

At 31 December 2008, 1,044,859 ordinary shares (2007 – 1,044,859 ordinary shares) were held by the Senior plc Employee Benefit Trust, a discretionary trust resident in Jersey. The market value of these shares at 31 December 2008 was £407,495 (2007 – £1,230,321). The Trust has materially waived its rights to dividends on these shares. The executive Directors are not collectively interested in these shares.

Dividends do not accrue on shares that vest under the 2005 LTIP arrangements, and were not credited to share option awards under the 1999 Plan. The Remuneration Committee notes the International Accounting Standard 33 "Earnings per Share", and confirms that any change to the presentation of the EPS performance targets for the Company's share schemes will not result in any less stringent performance targets than those applying to the existing share awards.

The closing middle market price of the shares at 31 December 2008 was 39.00p (2007 – 117.75p). During 2008, the shares traded in the range of 27.00p to 119.50p.

SENIOR – (TSR)  
 FTSE All Share Industrial Eng. (TSR)  
 FTSE Small Cap (TSR)



This graph compares the Total Shareholder Return of the Company's shares against the FTSE Industrial Engineering Index and the FTSE Small Cap Index over a five year period (where dividends are included gross of tax). This graph allows a comparison to be made against organisations facing broadly similar economic and market conditions as the Company.

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## DIRECTORS' PENSION ENTITLEMENTS

At 31 December 2008 the Directors had accrued entitlements under defined benefit plans as follows:

	Gross increase in accrued pension (A) £000's	Increase/ (decrease) in accrued pension net of inflation (B) £000's	Total accrued pension at 31.12.08 (C) £000's	Value of net increase/ (decrease) in accrual over period (D) £000's	Change in transfer value during period (E) £000's	Transfer value of accrued pension at 31.12.08 (F) £000's	Transfer value of accrued pension at 31.12.07 (G) £000's
Mark Rollins	4	3	32	29	97	413	306
Simon Nicholls	3	3	3	25	25	33	n/a
Mike Sheppard	22	7	55	25	25	143	80
Total	29	13	90	79	147	589	386

- The pension entitlement shown is that which would be paid annually on retirement based on service to, and final pensionable salary at, 31 December 2008. Mike Sheppard's pension benefit will be payable in US dollars. A significant proportion of the gross increase in accrued pension during the year was attributable to the strengthening of the US dollar relative to Sterling. In dollar terms, the gross increase in his accrued pension was approximately \$13,000.
- The gross increase in accrued pension during the year (A) includes an increase for inflation; the net increase in accrued pension (B) excludes any such increase.
- The transfer values as at 31 December 2008 have been calculated in accordance with the assumptions used by the Trustees to calculate cash equivalent values in accordance with the legislation which came into force with effect from 1 October 2008. Where applicable, the transfer values as at 31 December 2007 were calculated in accordance with version 9.2 of Guidance Note GN11 issued by the actuarial profession.
- Any Additional Voluntary Contributions paid by the Directors and the resulting benefits are not shown.
- The figures quoted above for Mike Sheppard are in respect of the defined benefit element of his pension only. In addition, he participated in the defined contribution plan, to which he paid \$15,500 and the Company paid \$14,960 during the year.
- The value of net increase (D) represents the incremental value to the Director of his service during the year, calculated assuming service terminated at the year-end. It is based on the increase in accrued pension net of inflation (B) and is quoted after deducting the Director's contribution.
- The change in the transfer value (E) is quoted after deducting the Director's contribution.
- The calculations reflect the change in Mark Rollins' and Simon Nicholls' member contributions from April 2008 from 7.5% to 9.0%.
- Transfer values are rounded to the thousand pounds.
- For the disclosures in respect of Mike Sheppard, an exchange rate of £1:\$1.85 has been used for figures relating to increases in accrued pension over 2008 and £1:\$1.44 for year-end figures, and US consumer price inflation, where relevant, of 0.1% over 2008.

## SHAREHOLDER APPROVAL FOR THE REMUNERATION REPORT

The Company is proposing an ordinary resolution for its shareholders to approve this Remuneration Report at the AGM on 24 April 2009.

This Report was approved by the Board on 27 February 2009 and signed on its behalf by:

IAN MUCH

Chairman of the Remuneration Committee