

# Remuneration Report

The Directors present their Remuneration Report for the year ended 31 December 2010 in accordance with Section 420 of the Companies Act 2006, and Regulation 11 and Schedule 8 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the 2008 Regulations") and the relevant provisions of the Listing Rules of the Financial Services Authority. The Report also describes how the Board has applied the Combined Code's principles in relation to Directors' Remuneration.

The 2008 Regulations require the external auditor 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 2008 Regulations.

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

## Unaudited Information

### Composition of the Remuneration Committee

The Remuneration Committee consists entirely of non-executive Directors. Ian Much (Chairman), David Best, Martin Clark and Michael Steel were members of the Committee throughout the year. Martin Clark, the non-executive Chairman of the Board, was considered to be independent upon appointment. Two members constitute a quorum for the Committee.

### 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 190 other senior managers. The Terms of Reference of the Remuneration Committee may be found on the Company's website. During 2010, the Committee met six times. There was full attendance at all of these meetings.

### 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 Associates Limited, Mercer Limited, and Lane Clark & Peacock LLP in relation to the review of the remuneration packages of the executive Directors and senior managers, and the executive Directors' pension arrangements. No remuneration consultant has any other connection with the Company, although Mercer is appointed by the Trustee ("the Trustee") of the Senior plc Pension Plan ("the Plan") to act as administrator of the Plan, and Lane Clark & Peacock is appointed by the Trustee to be the Plan's Actuary and Investment Advisers.

The Committee does not have a formal policy of subjecting its remuneration consultants to a regular fixed-term rotation, although the Committee remains cognisant of the need to achieve objective advice and good value whilst also benefiting from the consultants' knowledge of the Group. Some remuneration consultancy work was put out to competitive tender during the year.

### Remuneration Policy

In determining remuneration of the executive Directors and other senior managers, the Remuneration 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, a large part of which are long term in nature, form a significant proportion of the total remuneration package of executive Directors, details of which are set out in paragraphs c) and d) below. These performance-related elements, which take into consideration the Company's risk policies and systems, are designed to align the Directors' 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 during the year, 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.

#### a) Service agreements

Both executive Directors have a service agreement providing for a rolling notice period 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 notice 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 and he or the Company may terminate his appointment by providing 12 months' notice. Ian Much's appointment commenced in December 2005 for an initial three-year term which was extended for a further three years in December 2008. David Best was appointed with effect from 1 May 2007 for an initial three-year term which was extended for a further three years in April 2010. Michael Steel was appointed with effect from 1 May 2008. Michael Steel has advised the Company that he wishes to retire from the Board at the conclusion of the Annual General Meeting to be held on 28 April 2011. The appointments of the non-executive Directors, excluding Martin Clark, may be terminated by the Company or non-executive Director on 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, for which he received and retained non-executive directorship fees of £37,557 in 2010.

#### b) Base salaries

In setting the base salary of both executive Directors, the Committee takes into account the pay practice of other companies and the performance of the Director.

The Committee is also responsible for ratifying the salaries of around 190 senior managers and therefore is fully cognisant of pay levels throughout the Group when determining the pay of the executive Directors.

The executive Directors' 2010 salaries remained unchanged compared to 2009, with Mark Rollins' salary being £350,000 and Simon Nicholls' salary being £230,000.

The Remuneration Committee has been concerned for some time about the need for the correct pay arrangements to be in place for the executive Directors so that the pay for the next tiers of management are based on the correct reference point. This is particularly true for the Aerospace operations, where the Committee is eager to retain the strong operational management

through the ongoing Aerospace growth cycle. In order to create the correct reference points for senior management pay throughout the Group, the Committee's policy is to set base salary levels for executive Directors broadly in line with the market median.

As a result of the annual review of the executive Directors' remuneration, the Remuneration Committee recommended an increase in base salary, with effect from 1 January 2011, for Mark Rollins from £350,000 to £425,000 (although he has personally decided to waive £50,000 of the increase and to receive a salary of £375,000 for 2011) and for Simon Nicholls' base salary to increase from £230,000 to £260,000.

The 2010 fees for the non-executive Directors remained unchanged in 2010 compared to 2009, with Martin Clark's fees being £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), and Michael Steel £35,000. No additional fees are payable for Committee membership.

With effect from 1 January 2011, the Chairman's annual fee was increased from £90,000 to £125,000 (although he has personally decided to waive £20,000 of the increase and to receive a fee of £105,000 for 2011). The base annual fee for the non-executive Directors for 2011 increased from £35,000 to £38,000. The fee for chairing the Remuneration Committee and Audit Committee increased from £3,000 to £5,000, and the fee for chairing the Trustee Board of the Pension Plan remained unchanged. Therefore the 2011 annual fees for the non-executive Directors are Ian Much £43,000, David Best £50,000, and Michael Steel £38,000. No additional fees are payable for Committee membership.

### c) Annual performance-related bonus scheme

Under the annual performance-related bonus scheme, bonuses up to 65% (2009 – up to 65%) of basic salary could be earned by the executive Directors in 2010, depending on the Group's actual performance compared to the prior year, and internal targets in respect of underlying earnings per share and cash flow. The following table provides details of the maximum possible awards for the executive Directors, together with details of the bonuses paid as a percentage of their salaries.

	Cash flow target		Earnings per share target		Total %
	Interim %	Full year %	Internal target %	Year-on-year growth %	
Maximum possible award	10.0	15.0	20.0	20.0	65.0
2009 bonus paid	10.0	15.0	0.0	0.0	25.0 <sup>1</sup>
2010 bonus to be paid	10.0	15.0	20.0	20.0	65.0

<sup>1</sup> Mark Rollins chose to waive, in full, his entitlement to his 2009 performance bonus.

The Group attaches significant importance to the Group's cash flow performance and delivering consistent earnings per share growth for shareholders. The Committee believes that it remains appropriate for the performance-related bonus scheme to focus on these two elements.

The 2010 scheme provided a maximum bonus potential of 65% of salary (2009 – 65%). The 2010 bonus award for the executive Directors delivered a bonus of 65% of salary (2009 – 25%) as the Group exceeded both the Interim and Full-year maximum cash flow targets – Interim: £7.73m, Full-year: £27.18m. In the year, the Group reduced net debt by £39m. The Group also exceeded its maximum Earnings per Share targets – Internal Target: 8.76 pence, Year-on-Year Target of 10.69 pence.

The tables below show the Group's free cash flow and adjusted EPS performance over the last five years.

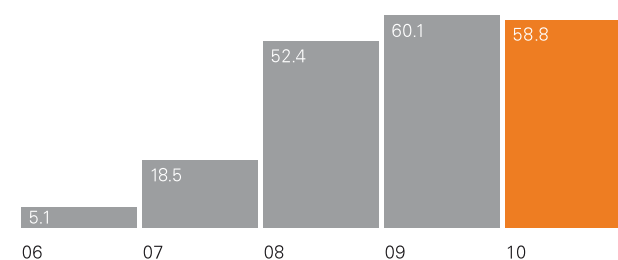
The Committee's policy is for performance-related pay to be a significant proportion of the total pay package. The current bonus

potential of 65% of salary is significantly lower than that offered to executives employed by companies that are considered to be the Group's peers, and it is also uncompetitive in relation to the North American market from which the Group seeks to attract many of its senior executives.

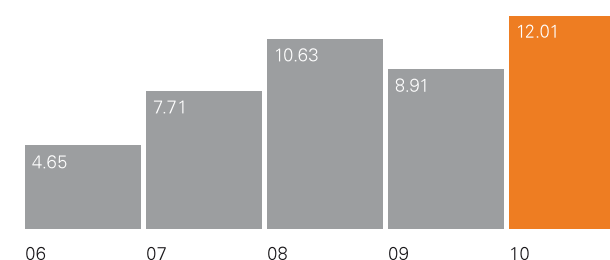
To address these issues, the Committee has proposed, and the Board has accepted following consultation with the Company's major shareholders, that for 2011:

- the annual cash bonus potential be increased from 65% to 70% of salary. This change applies to all participants in the annual performance-related bonus scheme (including executive and divisional Directors, senior operational management teams and corporate employees); and
- a new deferred share bonus worth up to 35% of salary be introduced for the executive Directors and a small number of key executives. Any deferred shares earned would be released three years after the award and would be subject to forfeiture by a "bad leaver" over that deferral period.

### Free cash flow (£m)



### Adjusted EPS (pence)



## Remuneration Report continued

Consistent with recent years, the 2011 bonus will be determined by earnings per share and cash flow performance as set out in the following table.

	Cash flow target		Earnings per share target		Total %
	Interim %	Full year %	Internal target %	Year-on-year growth %	
Maximum possible cash award	10.0	15.0	20.0	25.0	70.0
Deferred share bonus – maximum share award	5.0	7.5	10.0	12.5	35.0

Maximum payouts under each measure require at least 20% out-performance of the target or prior year benchmark.

The Remuneration Committee has, with effect from 2011, adopted provisions relating to the deferred share bonus and LTIP awards that would enable the Company to claw back an element of LTIP awards or deferred bonus in certain circumstances such as misstatement or gross misconduct.

### 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 Company, and to align their interests with those of the Company's shareholders.

The Company complies with the dilution guidelines contained within "Executive Remuneration – ABI Guidelines on Policies and Practices". At 31 December 2010, 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 7.34% of the issued ordinary share capital of the Company. At 31 December 2010, awards outstanding and shares issued in the previous 10 years under executive (discretionary) plans (the 1999 Plan and the 2005 LTIP) amounted to 3.94% of the issued ordinary share capital of the Company.

Typically, share awards are satisfied by the issue of new ordinary shares. 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 eligible to participate in the following share plans:

i) Senior plc 2005 Long Term Incentive Plan ("the 2005 LTIP")  
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 award worth up to 100% of annual salary can be made to executive Directors and other senior managers. An award worth up to 200% of salary in the case of recruitment can be made, although no greater than 100% has been awarded in such circumstances. The awards made to the executive Directors in 2010 under the 2005 LTIP were limited to 75% of salary (2009 – 40% of salary). The awards are conditional allocations, where the executives receive free ordinary shares in the Company automatically on the vesting of their award.

All awards are subject to performance conditions set by the Remuneration Committee. All 2005 LTIP awards, with the exception of the award made in 2009, have two performance conditions: total shareholder return ("TSR") performance and earnings per share

("EPS") growth targets as detailed below. In each case, performance is measured over a three-year performance period beginning on the first day of the financial year in which the award is made.

LTIP awards may vest following the third anniversary of the granting of the award, subject to satisfying the performance conditions attaching to the LTIP award and provided that the participant is still employed within the Group. For the EPS-based element of the award, the Remuneration Committee calculates the EPS growth using the audited adjusted EPS for the financial year prior to the commencement of the LTIP performance period and for the third financial year of the LTIP performance period, in conjunction with the relevant Office of National Statistics inflation data where the EPS-based element is RPI-linked. Hewitt New Bridge Street, advises the Remuneration Committee to the extent that the TSR-based element of the award has been achieved based on market data supplied by Datastream (a Thomson Reuters' product).

The Remuneration Committee encourages Directors to own shares in the Company and, in support of this policy, it expects executive 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. Based on the Company's closing share price on 31 December 2010 of 150.7p and the executive Directors' 2010 base salaries, Mark Rollins had a holding of 258% of base salary and Simon Nicholls had a holding of 13% of base salary. Simon Nicholls joined the Company in 2008 and his first LTIP award is due to vest in April 2011.

### TSR Performance Condition

The vesting of one half of each of the awards granted in 2005, 2006 and 2007 has depended on the Company's TSR performance compared to that of the members of the FTSE Small Cap Index (excluding investment trusts).

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 awards from 2008 consists of certain manufacturing companies within the following FTSE All Share sectors: Aerospace & Defence; Automobiles & Parts; Electronic & Electrical Equipment; and Industrial Engineering.

The vesting of the TSR-related half of the awards for all years including the 2011 award, is determined on the following basis:

Ranking of Company's TSR against comparator group of companies	Vesting percentage – TSR half of an award
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 is averaged over three months prior to the start and end of the performance period.

### EPS Performance Condition

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 performance in excess of RPI	Vesting percentage – EPS half of an award
Less and 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%

### 2009 LTIP award

When making the 2009 LTIP awards the Remuneration Committee concluded that, in the uncertain economic environment prevailing at that time, the adoption of the EPS performance target (RPI + 5% to +12% p.a.) above the 2008 EPS was unrealistic and potentially demotivating to the recipients of the LTIP awards. The Committee therefore considered alternative performance conditions.

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.

The Remuneration Committee received independent advice from Hewitt New Bridge Street, consulted with major investors and shareholder representative bodies, and had regard to current best practice, when considering how best to retain and motivate senior executives. The Remuneration Committee 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 was not to be implemented, the Committee restricted the maximum 2009 LTIP award to half that level. Having given due consideration to all the facts, the Committee made the actual 2009 LTIP awards to the executive Directors based on 40% of their salary.

### 2010 LTIP award

The Remuneration Committee believes that the mixture of EPS- and TSR-related performance conditions provides the best 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. Consequently, the Remuneration Committee reinstated the EPS-related performance condition over one half of the LTIP award, with the TSR-related condition applying to the other half. Given the uncertainty surrounding the outlook for UK inflation, the Remuneration Committee, having taken advice, and consulted major investors and shareholder representative bodies, determined that the RPI element of the EPS performance condition be removed for the 2010 LTIP award. Therefore the Committee determined that the vesting of the EPS-related half of the 2010 LTIP award would be calculated on the following basis:

Growth in adjusted EPS over three-year performance period	Vesting percentage – EPS half of an award
Less than 10%	0%
10%	25%
25%	100%
Between 10% and 25%	Pro rata on a straight-line basis between 25% and 100%

### 2011 LTIP award

The Remuneration Committee has considered the structure of the 2011 LTIP awards. For the half of the LTIP award subject to the EPS-related performance condition, the Committee has concluded that the RPI link will be restored and that for awards granted in 2011 the annual EPS growth target range over the three-year performance period will be RPI + 3% to RPI + 8%, with the vesting percentages for the two thresholds over the EPS half of the award being 25% and 100% respectively.

ii) 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 the Sharesave Plan and share options are issued to all participants in accordance with the HM Revenue & Customs (“HMRC”) rules for savings-related share option plans. The details of Simon Nicholls' participation in the Sharesave Plan are set out on page 43.

### e) Retirement benefits

Mark Rollins' and Simon Nicholls' pension arrangements are provided by the Senior plc Pension Plan (“the Plan”), the Group's UK final salary pension plan, but are based upon their pensionable salaries only up to the HMRC “cap”. Mark Rollins and Simon Nicholls both contribute 9% of salary up to the “cap”. From 6 April 2006 (A-Day) the Plan adopted its own earnings “cap”, which has been calculated on the same basis as the HMRC pre-A-Day “cap”. The pensionable salary “cap” for the 2010/11 Plan year is £123,600.

In the light of recent Treasury announcements regarding the restriction of pensions tax relief, the Remuneration Committee has reviewed the executive Directors' pension benefits. It is expected that the executive Directors will continue to be members of the Plan in 2011 but only to the extent that their annual pension accrual is at or below the Government-imposed Annual Allowance (currently £50,000). In lieu of accrual above this Annual Allowance, the intention is that the Directors will receive a salary supplement equal to the pension benefit accrual foregone.

If the executive Directors and other senior UK managers do not wish to continue in the final salary section of the Plan, they are able to participate in the Senior plc Group Flexible Retirement Plan (“Senior GFRP”), a contract-based GPP arrangement with Standard Life. No salary cap would be applied in the calculation of Senior GFRP contribution rates for executive Directors. As an alternative to the provision of final salary or Senior GFRP pension benefits, executive Directors would be able to choose a salary supplement of 15% of uncapped salary.

### f) Other benefits

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

## Remuneration Report continued

### 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	2010 Total £000's	2009 Total £000's
<b>Executive Directors</b>					
Mark Rollins	350	228	16	594	366 <sup>1</sup>
Simon Nicholls	240 <sup>2</sup>	150	1	391	299
Mike Sheppard (to 31 July 2009)	–	–	–	–	177
<b>Non-executive Directors</b>					
Martin Clark	90	–	–	90	90
David Best	45	–	–	45	45
Ian Much	38	–	–	38	38
Michael Steel	35	–	–	35	35
Total	798	378	17	1,193	1,050

<sup>1</sup> Mark Rollins chose to waive, in full, his entitlement to his 2009 performance bonus.

<sup>2</sup> Figure includes base salary of £230,000 and car allowance of £10,500.

Bonuses as shown above are payable to the executive Directors under the annual performance-related 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. Mike Sheppard's 2009 emoluments have been stated on a time pro-rated basis for the period to 31 July 2009, when he retired from the Board. The balance of his 2009 emoluments and his full 2010 emoluments are included within the senior managers' emoluments table below as he remains Chief Executive of the Flexonics Division.

### Aggregate Directors' remuneration

	2010 £000's	2009 £000's
Emoluments	1,193	1,050
Gains on exercise of share options and incentives (see Awards under the Senior plc 2005 LTIP)	118	79
Money purchase pension contributions	–	9
Total	1,311	1,138

In addition to setting the remuneration of the executive Directors, the Remuneration Committee oversees the remuneration of approximately 190 other senior managers. The table below shows the cumulative benefits of Mike Sheppard (from 1 August 2009) together with the five other Divisional Directors and the four most senior corporate managers. Only three senior corporate managers were included in the 2009 figures.

### Senior managers' emoluments

	2010 £000's	2009 £000's
Short-term employee benefits	2,393	1,513
Post-employment benefits	148	137
Share-based payments	366	142
Total	2,907	1,792

## Directors' Interests

At 31 December 2010, the Directors who had interests (which are all beneficial), including family interests, in the 10 pence ordinary shares of the Company were as follows:

### Shares

	2010 Shares	2009 Shares
Mark Rollins	600,000	550,000
Simon Nicholls	20,000	20,000
Martin Clark	110,000	90,000
David Best	40,195	40,195
Ian Much	20,000	20,000
Michael Steel	20,000	20,000

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

### Awards under the Senior plc 2005 LTIP

	Date of award	At 31.12.09	Awarded 2010	Vested 2010	Date of vesting	Market price on vesting 2010	Gains on vesting 2010	Forfeited 2010	Lapsed 2010	At 31.12.10	Maturity date	Potential gain at 31.12.10 <sup>1</sup>
Mark Rollins	08.03.07	130,435		130,435	09.03.10	£0.901	£117,522			–	Mar 10	–
	13.03.08	252,631								252,631	Mar 11	£380,715
	12.03.09	491,228								491,228	Mar 12	£740,281
	15.03.10		275,590							275,590	Mar 13	£415,314
Simon Nicholls	02.04.08	217,821								217,821	Mar 11	£328,256
	12.03.09	322,807								322,807	Mar 12	£486,470
	15.03.10		181,102							181,102	Mar 13	£272,921

<sup>1</sup> Potential gain is calculated using the closing share price on 31 December 2010 of 150.7p assuming the LTIP award vests in full.

### Awards under the Senior plc Savings-Related Share Option Plan

	Date of grant	At 31.12.09	Granted 2010	Exercised 2010	Forfeited 2010	Lapsed 2010	At 31.12.10	Exercise period/maturity date	Option price pence	Potential gain at 31.12.10 <sup>1</sup>
Simon Nicholls	08.04.09	27,376					27,376	6 months to 31.12.12	25.00p	£34,412

<sup>1</sup> Potential gain is calculated using the closing share price on 31 December 2010 of 150.7p.

Details of the share schemes referred to in the above tables may be found on pages 40 and 41.

The Company's share price on the dates of the awards made under the 2005 LTIP are as follows:

Year of grant	08.03.07	13.03.08	02.04.08	12.03.09	15.03.10
Market price of Company's shares (on date of award)	80.75p	99.75p	103.50p	28.50p	95.25p

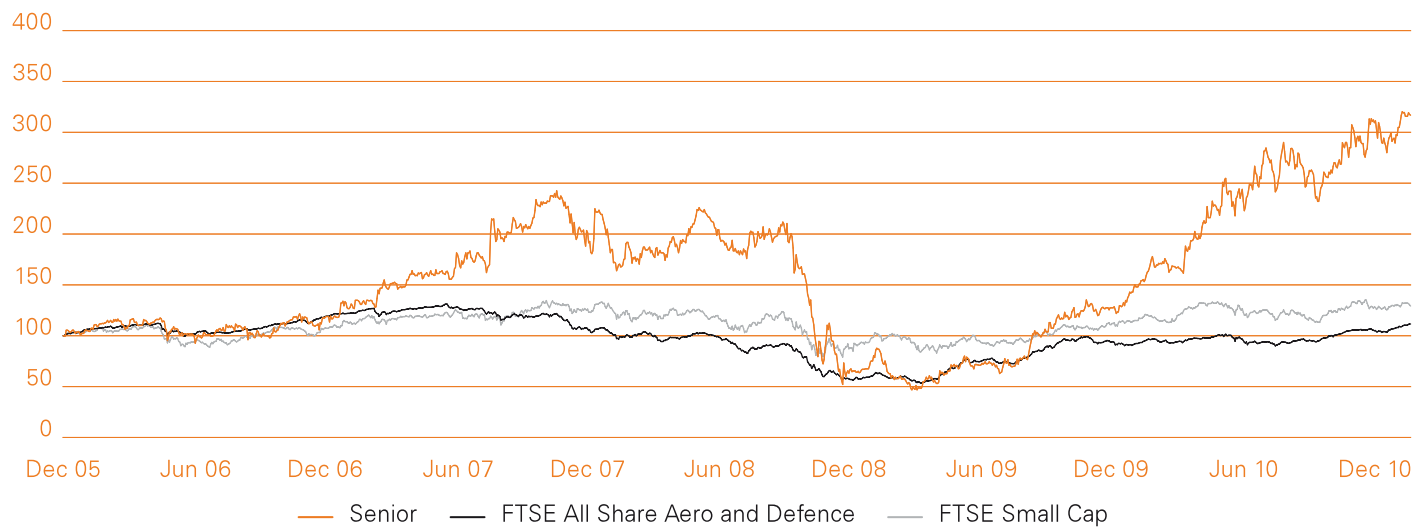
At 31 December 2010, no ordinary shares (2009 – 1,044,859 ordinary shares) were held by the Senior plc Employee Benefit Trust, a discretionary trust resident in Jersey. The market value of these shares at 31 December 2010 was £nil (2009 – £783,644). The Trustee had materially waived its rights to dividends on the shares held in the Senior plc Employee Benefit Trust. The executive Directors were not collectively interested in these shares. On 20 October 2010, the Trustee of the Trust completed the sale of all the shares held in the Trust and used the net proceeds of sale to repay an outstanding loan owed to the Company.

Dividends do not accrue on shares that are yet to vest under the 2005 LTIP.

The closing middle market price of the shares at 31 December 2010 was 150.7p (2009 – 75.0p). During 2010, the shares traded in the range of 74.5p to 152.4p.

## Remuneration Report continued

Senior plc Total Shareholder Return



This graph compares the Total Shareholder Return of the Company's shares against the FTSE Aero and Defence 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.

## Directors' Pension Entitlements

At 31 December 2010, the Directors had accrued entitlements under defined benefit plans as follows:

	Gross increase in pension (A) £000's	Increase in accrued pension net of inflation (B) £000's	Total accrued pension at 31.12.10 (C) £000's	Value of net increase in accrual over period (D) £000's	Change in transfer value during period (E) £000's	Transfer value of accrued pension at 31.12.10 (F) £000's	Transfer value of accrued pension at 31.12.09 (G) £000's
Mark Rollins	4	2	41	13	61	560	488
Simon Nicholls	4	4	11	33	42	133	80
Total	8	6	52	46	103	693	568

1. The pension entitlement shown is that which would be paid annually on retirement based on service to, and final pensionable salary at, 31 December 2010.
2. 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.
3. The transfer values have been calculated in accordance with Regulations 7 to 7E of the Occupational Pension Schemes (Transfer Values) Regulations 1996.
4. Any Additional Voluntary Contributions paid by the Directors and the resulting benefits are not shown.
5. 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.
6. The change in the transfer value (E) is quoted after deducting the Director's contribution.
7. Transfer values are rounded to the thousand pounds.
8. Mike Sheppard ceased to be a member of the Board from 31 July 2009. His accrued benefit at 31 December 2009 was £149,000 in respect of the defined benefit element of his pension only. In addition, he had a defined contribution arrangement to which he paid US\$7,900 and the Company paid US\$13,600 during the period to 31 July 2009.

## Shareholder Approval for the Remuneration Report

The Company is proposing an ordinary resolution for its shareholders to approve this Remuneration Report at the Annual General Meeting to be held on 28 April 2011.

This Report was approved by the Board on 25 February 2011 and signed on its behalf by:

Ian Much

Chairman of the Remuneration Committee