

Remuneration report

Remuneration Committee

The Remuneration Committee of the Board ("RemCo") is primarily responsible for determining the remuneration policy and conditions of service for executive Directors and the Chairman of the Company. It also reviews and monitors the level and structure of remuneration for senior management immediately below the level of the Board. The terms of reference of the RemCo can be found on the Company's website.

The RemCo consists entirely of independent non-executive Directors and has been chaired by Robert Walvis since November 2003. Its other members are Stephen Howard, Steven Marshall, Gordon Sage and Christoph von Rohr. Sir David John attends meetings by invitation. No member of the RemCo has any personal financial interest, other than as a shareholder, in the matters to be decided by the RemCo, nor potential conflicts of interest arising from cross-directorships, and no member of the RemCo has any day-to-day involvement in the executive management of the Group.

During 2007 the Chief Executive, Ian Tyler, was invited to join meetings of the RemCo when appropriate. Paul Raby, the human resources director, has acted as secretary of the RemCo during the year. No Director has any involvement in discussions relating to his own remuneration.

The RemCo is responsible for appointing external independent consultants to advise on executive remuneration matters. This advice and assistance has been provided to the RemCo throughout the year by New Bridge Street Consultants LLP ("NBSC") and PricewaterhouseCoopers LLP ("PwC"). The human resources director has also provided advice to the RemCo. The terms of reference of the independent consultants are available on the Company's website. During the year PwC also provided other tax and consultancy services to the Company. The RemCo is satisfied that no conflict of interest arises from the provision of this advice.

Executive Directors' remuneration

General policy

It is the policy of the RemCo to provide an overall remuneration package that is competitive and which facilitates the recruitment and retention of high calibre management. The annual and long-term incentive plans make up an important part of each executive Director's remuneration and are structured so as to motivate senior managers to deliver high standards of performance, without encouraging excessive risk taking. It is intended that the share-based elements of the package will not only drive performance over the long term but will also assist in aligning the interests of senior management with those of shareholders.

The structure of executive Directors' remuneration was similar in 2007 to that in 2006 and no significant changes to the existing policy are currently envisaged for 2008. Under the current arrangements, if target performance is achieved, basic salary will represent around one-half of total earnings. If maximum is achieved, which would involve a superior level of performance substantially in excess of business plan, basic salary will represent around one-third of total earnings.

Executive Directors are eligible to be members of the Balfour Beatty Pension Fund and the general pensions policy is described below.

Basic salaries

It is the policy of the RemCo to set basic salaries at levels which it believes are competitive given the size and complexity of the Company, as well as the broad business sectors in which it operates. To assist in this, NBSC and PwC provide data and independent advice on remuneration levels in companies considered to be comparable in terms of annual sales, market capitalisation and industry sector. The RemCo looks to set basic salaries at around the median of the market, but also takes into account its own judgement of the performance of the Group's businesses and the performance of individual Directors. The RemCo intends to continue to use this approach in the foreseeable future.

The basic salaries of executive Directors are reviewed annually at 1 July and the basic salaries following the review at 1 July 2007 are shown in the table below. The average increase was 8.8%.

Name of Director	Salary at 1 July 2007
A L P Rabin	£380,000
I P Tyler	£580,000
P J L Zinkin	£380,000

Annual incentive plan

Each executive Director participates in an annual incentive plan, under which predetermined financial targets must be achieved before any payment is earned. The maximum potential bonus which could have been earned by executive Directors for 2007 was 80% of basic salary and the performance indicator chosen was profit before tax and exceptional items ("profit"). A bonus of 40% of basic salary would have been earned for the achievement of performance in line with target. Two-thirds of these bonuses are payable in cash, while the remaining one-third is deferred in the form of ordinary shares in the Company under the Deferred Bonus Plan (the "DBP"). These shares, along with shares awarded in lieu of dividends paid during the deferral period, will be released to the Directors after three years, providing they are still employed by the Company at that time (unless specified leaver conditions are met in which case early vesting may be permitted under the rules of the DBP). Bonuses are non-pensionable. The actual profit for the year ended 31 December 2007 resulted in a bonus of 80% of basic salary for each executive Director. Details are shown in the table on page 19.

Shares awarded under the DBP in respect of the annual incentive plan are shown in the table on page 21.

It is currently intended that the annual incentive plan for 2008 will operate in the same way as for 2007 and the RemCo will continue to review the competitiveness and structure of the annual incentive plan in future years.

Long-term incentive scheme

The RemCo believes that performance related long-term incentives which align executives with both business strategy and shareholders' interests are an important component of overall executive remuneration arrangements.

The Company operates a Performance Share Plan (the "Plan") under which conditional awards of shares in the Company are made to executive Directors and other selected operational and functional senior managers. The maximum market value of any award, at the award date, will be 150% of basic salary, other than in exceptional circumstances, where the limit is 200% of basic salary. It is currently the intention of the RemCo that an award of 150% of salary will only be made to the Chief Executive, with the other executive Directors receiving conditional awards over shares with a market value of 125% of basic salary.

The awards will vest, subject to the achievement of performance conditions, three years after the date of grant. It is the intention of the RemCo to make awards under the Plan in 2008 and that the performance conditions will follow a similar format to those which apply to the award made in 2007. For this award there are two performance conditions each applying to separate parts of the award.

50% of an award is linked to an adjusted earnings per share ("EPS") growth target, and will vest as shown in the table below. The RemCo will review these targets when setting the performance conditions for the 2008 award to ensure they remain appropriately stretching given the business outlook.

EPS growth over three years	Proportion of award vesting
Less than RPI + 15%	Zero
RPI + 15%	25%
RPI + 45%	100%
Between RPI + 15% and RPI + 45%	Between 25% and 100% pro-rata

Growth in EPS will be determined following independent verification of the calculations made internally.

The performance condition attached to the other 50% of an award is based on total shareholder return ("TSR") performance, measured against a group of UK listed companies operating in comparable markets to the Company. The companies used for the 2007 award were as follows: Aggreko, AMEC, Atkins (WS), Babcock International, Capita, Carillion, Costain, Hanson, Interserve, Keller, Kier, Alfred McAlpine, MITIE, Morgan Sindall, Serco, SIG, Travis Perkins and Wolseley. It is currently anticipated that a similar peer group will be used for the awards to be made in 2008.

The TSR performance of all companies will be measured over the three year performance period, with the TSR of Balfour Beatty compared to the TSR of the other companies. This part of an award will vest (in part) if Balfour Beatty's TSR is equivalent to the company whose TSR performance is at the median, with full vesting if Balfour Beatty's TSR is equivalent to, or above, that of the company whose TSR performance is at the upper quartile. The precise scale of vesting is shown in the table below:

Total shareholder return	Proportion of award vesting
Below median	Zero
Median	25%
Upper quartile	100%
Between median and upper quartile	Between 25% and 100% pro-rata

TSR will be independently calculated and verified by the RemCo. There is no provision for the re-testing of these performance conditions.

The RemCo considers that the EPS and TSR performance conditions provide a good blend of performance metrics, with EPS growth rewarding strong financial performance and TSR rewarding stock market performance, providing a strong and direct alignment with investors.

Pensions

The Company's pension policy was reviewed in the light of the changes to the taxation of pensions which were introduced in April 2006. The Company is not compensating any member of the Balfour Beatty Pension Fund (the "Fund") (or any other pension scheme operated by the Company) for any additional tax which is payable as a result of the new legislation. If members choose to opt out of the Fund as a result of their benefits reaching or exceeding the Lifetime Allowance, a cash supplement will be payable to them. A Fund specific earnings cap has been maintained in the Fund for those members who were subject to the HMRC earnings cap and, in line with previous policy, a discretionary cash supplement will be paid in lieu of pension provision above the Fund specific earnings cap.

Share ownership guidelines

To further align the interests of senior management with those of shareholders, executive Directors and other key senior managers are subject to share ownership guidelines. Executive Directors are required to build up a holding in ordinary shares in the Company to the value of 100% of their basic salary at a reference date. In order to achieve this, they will be expected to retain at least half of the shares (after payment of any taxes due) which vest from awards made under the Plan and the DBP. At 31 December 2007, each executive Director's shareholding in the Company exceeded this guideline.

Share options

No grants of options have been made under the Executive Share Option Scheme 2001 since 31 December 2004 and it remains the intention of the RemCo that no further grants will be made under this plan to any level of management, other than in exceptional circumstances.

Executive Directors are eligible to participate in a HMRC approved savings-related share option scheme.

Service contracts

It remains the Company's policy and practice to include in executive Directors' contracts a 12 months' rolling notice period from the Company and six months' notice on the part of the Director. This policy will continue in the future.

Details of the service contracts of the executive Directors are shown in the table below.

Name of Director	Date of contract	Notice period from Company (months)
A L P Rabin	28 August 2002	12
I P Tyler	22 December 2004	12
P J L Zinkin	10 December 1991	12

Service contracts of executive Directors do not include provision for specific payment in the event of early termination, nor do they provide for extended notice periods or compensation in the event of a change of control. It is not the RemCo's intention to introduce such provisions. If any existing contract of employment is breached by the Company in the event of termination, the Company would be liable to pay, as damages, an amount approximating to the net loss of salary and contractual benefits for the unexpired notice period. The RemCo would seek to ensure that the Director fulfils his obligation to mitigate his losses and would also give consideration to phased payments where appropriate.

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External appointments

The RemCo recognises that benefits can arise from allowing executive Directors to take a non-executive role elsewhere. With approval of the Board in each case, executive Directors may therefore accept one external appointment and retain any related fees. Jim Cohen was appointed as a non-executive director of office2office plc on 29 June 2004 and fees of £4,711 were paid to him for his services from 1 January 2007 to his retirement from the Company on 18 February 2007.

Non-executive Directors

Non-executive Directors are appointed by the full Board following recommendations from the Nomination Committee. The Chairman's remuneration falls within the remit of the RemCo and the Board determines the terms on which the services of other non-executive Directors are provided. All non-executive Directors are elected for a term of three years and must retire and, if eligible, seek re-election at the AGM in the third calendar year following the year in which they were elected (or last re-elected). They are not eligible to join any pension scheme operated by the Company and cannot participate in any of the Company's share option, annual incentive or long-term incentive schemes. None of the appointment letters for non-executive Directors contain provision for specific payment in the event of termination for whatever cause.

The dates of the letters of appointment or last election (or last re-election) of the non-executive Directors are shown in the table below.

Name of Director	Date of appointment or last election	Unexpired period at 31 December 2007 (months)
M J Donovan	10 May 2007	29
S L Howard	10 May 2007	29
Sir David John	10 May 2007	29
S Marshall	11 May 2006	17
G H Sage	10 May 2007	29
Dr H C von Rohr	10 May 2007	29
R J W Walvis	10 May 2007	29

The fees of the non-executive Directors are reviewed from time to time with the last review having taken effect from 1 July 2006, when the Board increased annual fees for the non-executive Directors (excluding the Chairman) to £42,000 and for the Chairman to £190,000.

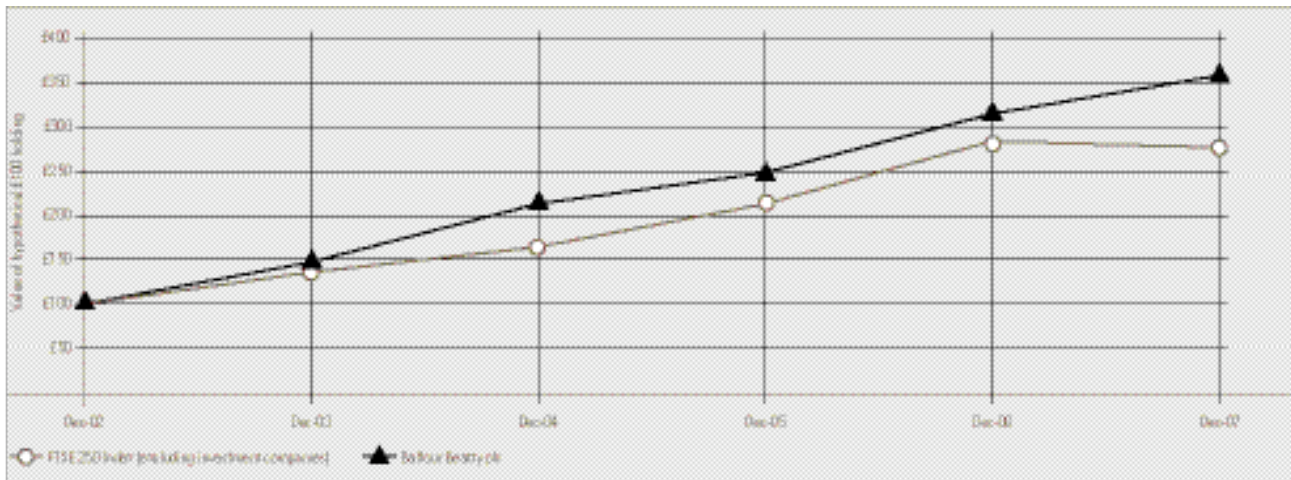
Additional fees of £7,000 per annum are payable to Robert Walvis and Steven Marshall for their chairmanship of the RemCo and Audit Committees respectively. A fee of €30,000 per annum is payable to Christoph von Rohr for his chairmanship of the supervisory board of Balfour Beatty Rail GmbH during 2007.

Performance graph

The graph below shows Balfour Beatty's Total Shareholder Return ("TSR") performance compared to the FTSE 250 Index (excluding investment companies) TSR over the five financial years ended 31 December 2007.

The values indicated in the graph show the share price growth plus reinvested dividends from a £100 hypothetical holding of ordinary shares in Balfour Beatty plc and in the index at the start of the period and have been calculated using 30 trading day average values.

As in previous reports, the RemCo has elected to compare the TSR on the Company's ordinary shares against the FTSE 250 Index (excluding investment companies) principally because this is a broad index of which the Company is a constituent member.



Directors' remuneration earned in 2007

The detailed information about the Directors' remuneration, set out on pages 19 to 22, has been audited by the Company's independent auditors, Deloitte & Touche LLP.

Name of Director	Basic salary £	Fees £	Pension supplement £	Benefits in kind £	Annual cash bonus £	Total remuneration 2007 £	Total remuneration 2006 £
J L Cohen	42,731	–	5,000	2,477	–	50,208	587,023
M J Donovan	–	42,000	–	–	–	42,000	22,500
S L Howard	–	42,000	–	–	–	42,000	21,000
Sir David John	–	190,000	–	–	–	190,000	181,500
S Marshall	–	49,000	–	–	–	49,000	44,000
A L P Rabin	367,500	–	64,129	19,655	202,667	653,951	561,928
G H Sage	–	42,000	–	–	–	42,000	37,500
I P Tyler	548,500	–	65,217	26,378	309,333	949,428	793,287
Dr H C von Rohr	–	62,548	–	–	–	62,548	58,048
R J W Walvis	–	49,000	–	–	–	49,000	44,000
P J L Zinkin	367,500	–	–	17,123	202,667	587,290	521,301
Former Directors	–	–	–	–	–	–	23,500
Total	1,326,231	476,548	134,346	65,633	714,667	2,717,425	2,895,587

Notes:

- Basic salary and fees were those paid in respect of the period of the year during which individuals were Directors. Jim Cohen retired from the Company on 18 February 2007.
- Jim Cohen, Anthony Rabin and Ian Tyler received taxable cash supplements in lieu of pension provision on their salary above the Balfour Beatty Pension Fund specific earnings cap.
- The performance target for annual bonus was profit before tax and exceptional items ("profit"). The profit for the year ended 31 December 2007 resulted in a bonus of 80% of basic salary for each executive Director. Two-thirds of this bonus is payable in cash and these are the amounts shown in the table above. The remaining one-third will be deferred in the form of ordinary shares in the Company which will be released to the Director on 31 March 2011, providing he is still employed by the Company at that time. The number of shares comprising the deferred element will be determined based on the share price at the award date of 31 March 2008.
- Christoph von Rohr received a fee of €30,000 for his chairmanship of the supervisory board of Balfour Beatty Rail GmbH.
- Benefits in kind are calculated in terms of UK taxable values. For the executive Directors they comprise: a fully expensed car, a fuel card and private medical insurance for the Director and his immediate family.
- No Director receives any expense allowance.
- Awards made under the Performance Share Plan in 2004 to Jim Cohen, Anthony Rabin, Ian Tyler and Peter Zinkin vested during the year. At the date of vesting the closing market price was 476p and the value of the shares which vested was £280,516, £275,594, £324,813 and £305,126 respectively.
- Jim Cohen, Anthony Rabin and Peter Zinkin exercised savings-related share options during the year. The closing market prices on the dates of exercise ranged between 438.5p and 462.75p and the values realisable on exercise were £2,525, £1,603 and £2,888 respectively.

Directors' interests

The interests of the Directors and their immediate families in the share capital of Balfour Beatty plc and its subsidiary undertakings during the year are set out below.

Name of Director	Number of ordinary shares	
	At 1 January 2007	At 31 December 2007
M J Donovan	–	5,000
S L Howard	–	5,000
Sir David John	5,000	5,000
S Marshall	5,000	5,000
A L P Rabin	101,153	101,728
G H Sage	5,000	5,000
I P Tyler	113,005	133,005
R J W Walvis	10,000	10,000
P J L Zinkin	102,110	122,171

Notes:

- In common with other employees of the Balfour Beatty Group, the executive Directors have an interest, as potential beneficiaries, in the entire shareholding of the Balfour Beatty Employee Share Ownership Trust, which at 31 December 2007 amounted to 1.8m ordinary shares in Balfour Beatty plc.
- All interests at the dates shown are beneficial and are in respect of 50p ordinary shares in Balfour Beatty plc. There were no changes between 31 December 2007 and 4 March 2008.

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(iii) Peter Zinkin was also interested at 1 January 2007 and 31 December 2007 in 325 cumulative convertible redeemable preference shares of 1p each in Balfour Beatty plc.

Directors' long-term incentives: the Performance Share Plan

Name of Director	Date awarded	Maximum number of shares subject to award				At 31 December 2007	Exercisable from
		At 1 January 2007	Awarded during the year	Lapsed during the year	Vested during the year		
J L Cohen	19 April 2004	109,439	—	50,507	58,932	—	
	18 April 2005	98,226	—	30,014	—	68,212	April 2008
A L P Rabin	19 April 2004	107,519	—	49,621	57,898	—	
	18 April 2005	99,863	—	—	—	99,863	April 2008
	13 June 2006	131,721	—	—	—	131,721	June 2009
	17 April 2007	—	90,269	—	—	90,269	April 2010
I P Tyler	19 April 2004	126,719	—	58,481	68,238	—	
	18 April 2005	144,065	—	—	—	144,065	April 2008
	13 June 2006	228,586	—	—	—	228,586	June 2009
	17 April 2007	—	157,755	—	—	157,755	April 2010
P J L Zinkin	19 April 2004	119,039	—	54,937	64,102	—	
	18 April 2005	106,411	—	—	—	106,411	April 2008
	13 June 2006	136,989	—	—	—	136,989	June 2009
	17 April 2007	—	90,269	—	—	90,269	April 2010

Notes:

- (i) All awards are granted for nil consideration and are in respect of 50p ordinary shares in Balfour Beatty plc.
- (ii) For the awards made in April 2005, the performance period is the three years ended 31 December 2007. The maximum award of shares shown in the table above will vest only if earnings per share before exceptional items and amortisation of intangible assets ("EPS") grows by at least 70% over the performance period. If EPS growth is 25%, the Directors will be entitled to 30% of the maximum award of shares. If EPS growth is between 25% and 70%, the number of shares vesting will be pro-rata to actual growth. No shares will vest if EPS growth is less than 25%, and there is no provision for re-testing.
- (iii) For the awards made in June 2006 and April 2007, the performance periods are the three years ending 31 December 2008 and 31 December 2009 respectively. 50% of each award is subject to an EPS growth target. The maximum number of shares subject to this performance condition will only vest if EPS growth exceeds the retail prices index ("RPI") by 45% over the performance period. If EPS growth exceeds RPI by 15% then 25% of this part of the award will vest. For growth in EPS between these points, vesting will be on a pro-rata basis. No shares will vest from this part of the award if EPS growth exceeds RPI by less than 15%. The other 50% of each award is subject to a total shareholder return ("TSR") target under which the TSR of the Company is compared to that of a comparator group of 18 companies listed in the UK, at the start of the performance period. The maximum number of shares subject to this performance condition will only vest if the Company's TSR is at the upper quartile of the comparator group. If the Company's TSR is equal to that of the median of the comparator group then 25% of this part of the award will vest. No shares from this part of the award will vest if the Company's TSR is below that of the median of the comparator group. For TSR performance between median and upper quartile, vesting will be on a pro-rata basis. There is no provision for re-testing of either of the performance conditions.
- (iv) The average middle market price of ordinary shares in the Company for the three dealing dates before the award dates which was used for calculating the number of awards granted, was 260.417p for the 2004 award, 305.417p for the 2005 award, 308.417p for the 2006 award and 491.583p for the 2007 award. The closing middle market price of ordinary shares on the date of the awards was 260p, 290p, 301.25p and 490.75p respectively.
- (v) Jim Cohen retired from the Company on 18 February 2007. At this time a proportion of his 2005 award lapsed reflecting the proportion of the performance period for this award which had not been completed at the date of retirement. The remainder of this award will vest in the same proportion, and at the same time, as the awards made to other participants in 2005.
- (vi) The performance period for the awards made in April 2005 was completed on 31 December 2007. The growth in EPS for this period was 58.37% and as a result, 81.91% of each participant's conditional award will vest on 18 April 2008.
- (vii) The performance period for the awards made in April 2004 was completed on 31 December 2006. The growth in EPS for this period was 40.33% and as a result, 53.85% of each participant's conditional award vested on 19 April 2007. The closing middle market price of ordinary shares on the vesting date was 476p.

Directors' Deferred Bonus Plan awards

Name of Director	Date of initial award	Number of shares awarded							At 31 December 2007	Vesting date
		At 1 January 2007	Awarded during the year	Awarded during the year in respect of dividends		Lapsed during the year	Vested during the year			
				2 July 2007	12 December 2007					
J L Cohen	31 March 2006	13,448	—	—	—	—	—	13,448	—	
A L P Rabin	31 March 2006	13,874	—	164	130	—	—	—	14,168	
	30 March 2007	—	16,427	195	153	—	—	—	16,775	
I P Tyler	31 March 2006	20,066	—	238	187	—	—	—	20,491	
	30 March 2007	—	23,924	283	223	—	—	—	24,430	
P J L Zinkin	31 March 2006	14,430	—	171	135	—	—	—	14,736	
	30 March 2007	—	16,427	194	153	—	—	—	16,774	

Notes:

- All awards are granted for nil consideration and are in respect of 50p ordinary shares in Balfour Beatty plc.
- The awards made in 2006 will vest on 31 March 2009 and the awards made in 2007 will vest on 30 March 2010, providing the Director is still employed by the Company at the vesting date (unless specified leaver conditions are met in which case early vesting may be permitted).
- The shares awarded on 31 March 2006 and 30 March 2007 were purchased at average prices of 374.641p and 474.989p respectively.
- The shares awarded on 2 July 2007 and 12 December 2007 in lieu of dividends payable were purchased at average prices of 438.75p and 498.188p respectively.
- Jim Cohen retired from the Company on 18 February 2007. Under the rules of the Deferred Bonus Plan, the award made to him in March 2006, along with the subsequent awards in respect of dividends, vested on 18 February 2007.

Directors' share options

Name of Director	Date granted	Number of options					Exercise price	Exercisable from	Exercisable to
		At 1 January 2007	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2007			
J L Cohen	5 May 2004	646	—	646	—	—	210.0p		
	4 May 2005	803	—	541	262	—	250.0p		
A L P Rabin	8 May 2002	575	—	575	—	—	184.0p		
	7 May 2003	444	—	—	—	444	133.0p	July 2008	December 2008
	5 May 2004	903	—	—	—	903	210.0p	July 2009	December 2009
	4 May 2005	1,031	—	—	—	1,031	250.0p	July 2010	December 2010
	3 May 2006	971	—	—	—	971	305.0p	July 2011	December 2011
	2 May 2007	—	993	—	—	993	389.0p	July 2012	December 2012
I P Tyler	4 May 2005	1,046	—	—	—	1,046	250.0p	July 2008	December 2008
	2 May 2007	—	825	—	—	825	389.0p	July 2010	December 2010
P J L Zinkin	8 May 2002	1,151	—	1,151	—	—	184.0p		
	7 May 2003	839	—	—	—	839	133.0p	July 2008	December 2008
	5 May 2004	716	—	—	—	716	210.0p	July 2009	December 2009
	4 May 2005	687	—	—	—	687	250.0p	July 2010	December 2010
	3 May 2006	717	—	—	—	717	305.0p	July 2011	December 2011
	2 May 2007	—	1,178	—	—	1,178	389.0p	July 2012	December 2012

Notes:

- All options are granted under the savings-related share option scheme, for nil consideration on grant and are in respect of 50p ordinary shares in Balfour Beatty plc.
- The closing market price of the Company's ordinary shares on 31 December 2007 was 497.25p. During the year the highest and lowest closing market prices were 516.5p and 402.5p respectively.
- Jim Cohen retired from the Company on 18 February 2007. Under the rules of the savings-related share option scheme, he was able to exercise his 2004 grant in full and also an element of his 2005 grant.

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Directors' pensions

Executive Directors participate in the Balfour Beatty Pension Fund (the "Fund"). The scheme provides for a pension at a normal retirement age of 62 (under the Fund's rules) and each Director pays an annual contribution equal to 5% of pensionable salary. The pension for a Director who can complete 20 or more years' pensionable service at normal retirement age is targeted at two-thirds of final pensionable salary, subject to HMRC limits. With effect from 6 April 2006, HMRC limits were changed, and as a result the HMRC earnings cap is no longer in force. However, a Fund-specific earnings cap has been retained in the Fund. The salaries of Jim Cohen, Anthony Rabin and Ian Tyler were subject to the Fund earnings cap for pension purposes. Details of the taxable cash supplements paid to them by the Company, in lieu of pension provision above the Fund earnings cap are shown in the table on page 19. Directors may be paying additional voluntary contributions, but neither the contributions nor the resulting benefits are included in the tables below.

The table below sets out the accrued deferred pension which would be paid annually from the scheme at normal retirement age based on each executive Director's service to 31 December 2007 as well as the additional pension benefit secured in respect of service during the year.

Name of Director	Age at 31 December 2007 years	Pensionable service at 31 December 2007 years	Accrued deferred pension at 31 December 2006 £ pa	Increase in accrued deferred pension during the year		Accrued deferred pension at 31 December 2007 £ pa	Transfer value corresponding to increase in excess of inflation at 31 December 2007 less Director's contributions (Note i) £
				Inflation £ pa	Increase in excess of inflation £ pa		
J L Cohen (note iii)	65	13	40,480	—	908	41,388	15,727
A L P Rabin	52	14	48,748	1,755	3,691	54,194	41,515
I P Tyler	47	11	28,620	1,030	2,780	32,430	21,409
P J L Zinkin	54	26	166,191	5,983	11,295	183,469	144,121

Notes:

- The transfer value of the increase in accrued deferred pension is the present value of the increase in excess of inflation in the deferred pension and associated benefits during the period, less the Director's contributions, calculated using the transfer basis in force at 31 December 2007 and on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.
- Anthony Rabin's pensionable service includes nine years of transferred-in service from previous pensions arrangements.
- Jim Cohen retired from the Company on 18 February 2007 and started to draw his pension from 6 April 2007. The year end figure shown above is the annual pension receivable from 6 April 2007. The figure shown at 31 December 2006 is the pension Mr Cohen would have received had he drawn his pension from that date.

The table below sets out the transfer value at 31 December 2007 of each executive Director's accrued deferred pension at that date as well as the movement in that transfer value over the period. The transfer values represent the cash equivalent values that would have been payable from the scheme had the Directors left service on the dates shown, and reflect the age of the Director, his period of membership of the scheme and his pensionable salary.

Name of Director	Age at 31 December 2007 years	Pensionable service at 31 December 2007 years	Transfer value at 31 December 2006 (Note i) £	Contributions made by Director during the year £	Increase in transfer value during the year less Director's contributions (Note ii) £	Transfer value at 31 December 2007 (Note i) £
A L P Rabin	52	14	598,658	5,657	73,539	677,854
I P Tyler	47	11	273,235	5,657	32,438	311,330
P J L Zinkin	54	26	2,280,644	19,123	290,517	2,590,284

Notes:

- The transfer value is the present value of the accrued deferred pension and associated benefits at the relevant date, calculated using the transfer basis then in force and on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.
- The figure is the difference between the transfer value of the accrued benefits at the start and end of the period, less the Director's contributions during the period.
- Jim Cohen retired on 18 February 2007. Despite the additional pension benefit secured in respect of service during the year, the transfer value has decreased during the year ended 31 December 2007 reflecting the shorter expected payment period and changing market conditions which reduce the transfer value of the pension benefits.

No past Director of the Company has received or become entitled to receive retirement benefits in excess of his entitlements on the date on which those benefits first became payable, or 31 March 1997 if later.

Remuneration report

Signed by order of the Board

R J W Walvis Director
Chairman of the Remuneration Committee
4 March 2008