

## Directors' Remuneration Report

Introduction	42
Changes to reward arrangements for 2006 onwards	42
Remuneration Committee members and advisers	42
Remuneration policy principles	44
Balance between fixed and variable pay	44
Share based awards and dilution	44
Performance graph	45
Service contracts	45
Salaries and benefits in kind for Executive Directors	45
Annual Incentive Plan (AIP)	45
Bonus Share Retention Plan (BSRP)	46
Long Term Incentive Plan (LTIP)	46
Discretionary Share Option Plans	48
Other Share Option Plans	49
Effect of IFRS on performance measures	49
Retirement benefits	49
Executive Directors – outside appointments	50
Chairman and Non-Executive Directors	50
Directors' remuneration tables	51
Changes in the Directors' share interests since the year-end	56

Contents	Inside Front Cover
Index	182
Glossary	Inside Back Cover

# Directors' Remuneration Report

## Unaudited Information

### Introduction

This report describes the current arrangements for the remuneration of Executive Directors and, where relevant, other Board members and senior executives, as agreed by the Remuneration Committee (the "Committee") in 2005. Except as detailed below, these arrangements are likely to continue to apply in future years, unless there are specific reasons for change, in which case shareowners will be informed appropriately.

This report complies with the requirements of the Companies Act 1985 (in particular Schedule 7A – Directors' Remuneration Report) and of the Combined Code.

The Board has delegated to the Committee authority to review and approve the annual salaries, incentive arrangements, service agreements and other employment conditions for the Executive Directors, and to approve awards under our share based plans (see page 43). The Committee also oversees remuneration arrangements for our senior executives to ensure they are in alignment with remuneration for the Executive Directors. The terms of reference of the Committee are available for inspection on our website.

### Changes to reward arrangements for 2006 onwards

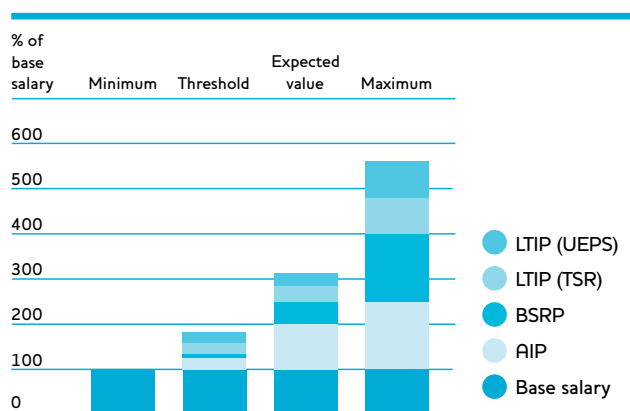
Reward arrangements for Executive Directors and other senior executives need to remain in line with prevailing practices among other UK-parented companies and be competitive for an international, fast moving consumer goods company. The Committee has reviewed arrangements and incentives since the policy was last amended in 2004 to ensure that they remain effective and appropriate to the Company's circumstances and prospects and to monitor the level of potential awards. In the light of the introduction of IFRS and the evolving views of investors opposed to the re-testing of performance conditions applicable to share options, the Committee is proposing to make the following changes to the policy to take effect from 1 January 2006:

- No more discretionary share options will be granted unless general market conditions change or if there are particular circumstances that arise where an option grant would be appropriate;
- As a consequence, for Executive Directors, the target and maximum levels of award under the AIP will increase from 80% and 120% to 100% and 150% of salary respectively, and the annual LTIP award will increase from 120% to 160% of salary. The percentage of the LTIP award which vests for threshold performance will reduce from 40% to 30% and this will reduce the percentage of shares vesting for all levels of performance below the 80th percentile. We will seek shareowner approval to provide for LTIP awards up to a maximum value of 200% of salary, but any award significantly higher than the proposed 160% level will only be made in exceptional circumstances;
- The BSRP performance related scale will be changed from step vesting to a straight line sliding scale;
- Also, in setting performance ranges for future cycles for all our long term plans, the economic profit and earnings per share ranges will be expressed in absolute rather than real (post inflation) terms. This is partly because there is no one satisfactory inflation index against which to measure our

performance, and secondly because an absolute measure is simpler and in line with the way in which we communicate our results.

Similar changes will be made to AIP, BSRP and LTIP for executives below Board level. For those who are not eligible for LTIP awards, a share plan will be introduced which gives conditional share awards if performance targets are met, so that the expected value of remuneration for these employees is maintained at broadly the same level as previously.

The chart below shows the fixed and variable elements of an Executive Director's remuneration for 2006, and a range of outcomes for each component. Expected value is the present value of the sum of all the various possible outcomes at vesting or exercise of awards, and was calculated using industry accepted methodologies.



### Remuneration Committee members and advisers

The Committee consists of:

Rick Braddock (Chairman of the Committee)  
 Roger Carr  
 Wolfgang Berndt (appointed 2 December 2005)  
 David Thompson  
 Rosemary Thorne

All are independent Non-Executive Directors, and all were members of the Board and Committee at the year-end. No other person was a member of the Committee at a time when any matter relating to the Executive Directors' remuneration for 2005 was considered.

The Committee met four times and passed two written resolutions in 2005 to consider and approve, amongst other things:

- the Directors' Remuneration Report for 2004;
- proposed salary increases and changes to other compensation elements of the Executive Directors' remuneration;
- AIP and share based grants to the Executive Directors and members of the Chief Executive's Committee;
- a review of our share plans and pension arrangements; and
- performance measures, weights, targets and allocation guidelines for share based remuneration.

No Committee member has any personal financial interest (other than as a shareowner), conflicts of interest arising from cross-directorships, or day-to-day involvement in running the business. Other Directors and employees who attended some

or all of the meetings and who provided material advice or services to the Committee during the year were:

John Sunderland	Chairman
Todd Stitzer	Chief Executive Officer
Bob Stack	Chief Human Resources Officer
Ken Hanna	Chief Financial Officer
Mike Clark	Group Secretary and Chief Legal Officer (until 30 June 2005)
Hester Blanks	Group Secretary (from 1 July 2005)
Don Mackinlay	Group Remuneration and Benefits Director
John Mills	Director of Group Secretariat and Secretary to the Committee

legal and regulatory issues. The Company appointed, and the Committee sought advice from, Slaughter and May and the Committee appointed and sought advice from Towers, Perrin, Forster & Crosby, Inc. Representatives from the latter have attended meetings of the Committee and in addition have provided advice, primarily in the area of remuneration matters, to the Group's operations in Europe and North America. This advice included information on the remuneration practices of consumer products companies of a size and standing similar to those of the Company, including competitors and other businesses which trade on a worldwide basis. Slaughter and May have advised the Committee on legal and regulatory issues and have also provided advice on a broad range of legal issues for the Group during 2005.

Mike Clark, Hester Blanks, Don Mackinlay and John Mills were appointed by the Company and have the appropriate qualifications and experience to advise the Committee on relevant aspects of our policies and practices, and on relevant

#### Overview of current remuneration elements for executives including Executive Directors

Element	Objective	Performance Period	Performance Conditions
<b>Base Salary</b> (see page 45)	Reflects market value of role and individual's skills and experience	Not applicable	Reviewed annually, following external benchmarking and taking into account individual performance and the increases awarded to other employees
<b>Annual Incentive Plan (AIP)</b> (see page 45)	Incentivises delivery of performance goals for the year	One year	Award subject to achievement of Revenue and underlying economic profit (UEP) targets for the year
<b>Bonus Share Retention Plan (BSRP)</b> Note: This is a voluntary investment programme (see page 46)	Incentivises sustained annual growth  Supports and encourages share ownership	Three years	Basic award (subject to continued employment) and an additional match subject to achievement of compound annual growth in aggregate underlying economic profit
<b>Long Term Incentive Plan (LTIP)</b> (see page 46)	Incentivises long-term value creation	Three years	Half of award subject to total shareholder return (TSR) ranking relative to an international peer group (see page 48)  Half of award subject to achievement of compound annual growth in aggregate Underlying Earnings per Share (UEPS)
<b>Discretionary Share Option Plans</b> (to be discontinued with effect from 2006) (see page 48)	Incentivises earnings growth	Three to five years	Vesting subject to achievement of compound annual growth in (point to point) UEPS. First test at end of three years, further test available at end of five years
	Incentivises increasing share price	Three to ten years	Value of award comes from share price growth at time of exercise

Whether particular performance conditions are met is assessed with reference to our annual accounts or to external data which is widely available. These methods have been chosen as they are or can be independently audited. Remuneration received in respect of each of these elements by the Executive Directors is shown on pages 51 to 55.

## Remuneration policy principles

Our remuneration policy for executives, including Executive Directors, is based on the following core principles:

- Basic salary is targeted generally between median and upper quartile of the Company's comparator group and at upper quartile for consistently strong or outstanding individual performance. This, combined with performance related variable elements, is designed to result in upper quartile total remuneration against delivery of superior business results and returns to shareowners;
- A portfolio of incentives and rewards balance the achievement of short and long-term business objectives;
- The performance conditions for our incentive plans (including the BSRP, LTIP and discretionary share options) are based on the measurable delivery of strong financial performance at constant currency (and on superior shareowner returns for the LTIP) and are widely understood by shareowners;
- Total remuneration potential is designed to be competitive in the relevant market, thereby enabling us to attract and retain high calibre executives;
- The total remuneration programme includes significant opportunities to acquire Cadbury Schweppes shares, consistent with building a strong ownership culture;
- Executive Directors are expected to meet a share ownership requirement set at four times base salary, which is at the top end of such requirements in the FTSE 100. For new appointments, the Director is given a period of three to five years in which to satisfy this requirement. The share ownership policy applies to all senior executives in the business with a range from one to three times salary, depending on their level of seniority.

## Competitive positioning of remuneration

The Committee carefully considers on a regular basis the market positioning of all executives for whose remuneration it is responsible against the most recent and relevant market data available. For example, for the Chief Executive Officer, market data for the CEO position in companies of comparable size, complexity and international spread in the UK FTSE 100 index is used, with relevant US company details referenced for broader context.

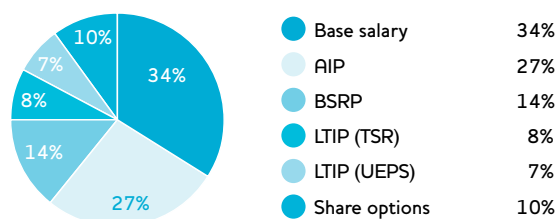
A similar approach is taken for other senior executives. We benchmark against similar positions in companies of comparable size, complexity and international spread and also participate in several of the leading global surveys of executive remuneration in the Fast Moving Consumer Goods sector.

In making assessments, the Committee takes into account the overall value of the potential remuneration that packages represent, including salary, short and long-term incentives and share ownership requirements. It focuses, in particular, on the 'on-target' level and expected value of remuneration. The Committee also takes into account the proportions of total compensation that are fixed and those which are variable because they are subject to various conditions, including performance and, in the case of share-based incentives, future share price performance.

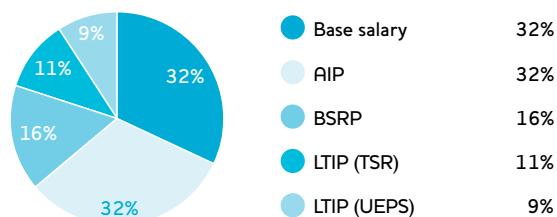
## Balance between fixed and variable pay

Around two-thirds of each Executive Director's remuneration is variable and is linked to performance. The performance conditions for each variable element are the same for each Executive Director. The following two charts show the fixed (base salary only) and variable elements of the remuneration package for Executive Directors for 2005 and 2006 assuming the target (AIP only) and expected value levels of remuneration are achieved.

### Fixed and variable elements 2005



### Fixed and variable elements 2006



## Share based awards and dilution

We ensure that the aggregate of all share based awards does not exceed the guidelines laid down by the Association of British Insurers. These suggest that the number of awards granted in respect of all share based schemes should not exceed 10% of the current issued share capital in any rolling ten-year period. The number of awards granted in respect of discretionary schemes should not exceed 5% of the current issued share capital in the same period. Many of the share option plans we operate use shares purchased in the market to satisfy awards at maturity, thereby ensuring that shareowner value is not unduly diminished or diluted.

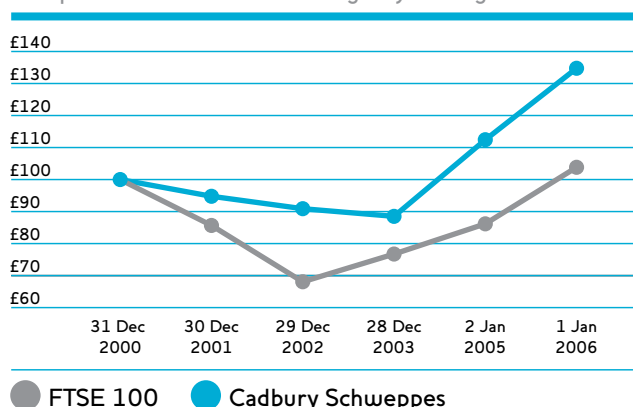
The available dilution capacity on this basis expressed as a percentage of the Company's total issued ordinary 12.5p share capital on the last day of each of the last five financial years was as follows:

	2001	2002	2003	2004	2005
Outstanding capacity for all employee schemes	4.74%	5.16%	4.66%	4.53%	4.58%
Outstanding capacity for discretionary schemes	2.21%	2.55%	1.97%	1.75%	1.74%

## Performance graph

The following graph shows the Company's performance measured by total shareholder return (TSR) for the five years to 1 January 2006 compared with the TSR performance of the FTSE 100 companies over the same period. TSR is share price plus reinvested dividends. The FTSE 100 has been selected for this comparison because this is the principal index in which the Company's shares are quoted. The graph has been prepared in accordance with the Companies Act 1985 (as amended) and is not an indication of the likely vesting of awards granted under any of the Company's incentive plans.

Historical TSR Performance Growth in the Value of a Hypothetical £100 Holding Over Five Years. FTSE 100 Comparison Based on 30 Trading Day Average Values



## Service contracts

All Executive Directors have contracts which are terminable by the Company giving one year's notice, or by the Executive Director giving six months' notice, and expire in the year in which the Executive Director reaches their normal retirement age. The contracts include provisions on non-competition and non-solicitation. These provisions state that if the Executive Director leaves voluntarily he will not, for a period of one year after leaving, be engaged in or concerned directly or indirectly with a predetermined list of companies which are in competition with us. Also, the Executive Director agrees for a period of two years after termination of employment not to solicit or attempt to entice away any employee or Director of the Company. If any Executive Director's employment is terminated without cause, or if the Executive Director resigns for good reason, payment of twelve months' worth of base salary and target AIP will be made, together with benefits for up to twelve months, or for a shorter period if the Executive Director secures new employment with equivalent benefits. If it is not possible or practical to continue benefits for one year they will be paid in cash. There would be no special payments made after a change in control. For the BSRP/LTIP provisions which apply on a change of control or termination of employment refer to pages 46 and 48 respectively.

Under their secondment arrangements, Bob Stack and Todd Stitzer are entitled to six months' employment with their employing company in the USA if there are no suitable opportunities for them when their secondments end.

All the contracts are 12 month rolling contracts, and accordingly, no contract has a fixed or unexpired term. All the Executive Directors' contracts are dated 1 July 2004 except for Ken Hanna's, which is dated 1 March 2004. John Sunderland's contract expired on 24 August 2005 in accordance with its terms.

## Salaries and benefits in kind for Executive Directors

In setting the base salary of each Executive Director, the Committee takes into account market competitiveness and the performance of each individual Executive Director, any changes in position or responsibility and pay and conditions throughout the Group. This structure is consistent with the reward structure in place for executives below Board level, and that used by comparable companies. In addition to base salary, the Executive Directors also receive benefits in kind. In 2005, the rate of base salary increases for Executive Directors were between 5% and 18%. These included adjustments related to changing circumstances. As advised in the 2004 report, Todd Stitzer received a salary increase of \$100,000 following John Sunderland ceasing to be an executive, in recognition of his increased responsibilities. Bob Stack received an increase of \$82,500 in September 2005 reflecting the elimination of expatriate allowances from that date. Salaries received by the Executive Directors in the 2005 financial year are shown on page 51.

## Annual Incentive Plan (AIP)

Annual incentive targets are set each year to take account of current business plans and conditions, and there is a threshold performance below which no award is paid. AIP awards are based on financial tests, subject to appropriate adjustments, as determined by the Committee. In 2005, awards were based on the delivery of underlying economic profit (UEP), defined as underlying profit from operations less a charge for the weighted average cost of capital, and growth in Revenue, both key elements of the annual contract. The award is weighted 60% on the delivery of UEP and 40% on the growth in Revenue, and these weightings will remain the same for 2006. However, if our trading margin is below the contracted level, the Revenue element of the award will be reduced at all levels of performance except at the threshold level.

The target incentive award for an Executive Director is 80% of base salary, with the maximum award being at 120% for exceptional performance. From 2006, we propose that as part of the changes to reward arrangements these percentages be increased to 100% and 150% respectively. AIP awards to Executive Directors for 2004 and 2005 averaged 88% and 91%, respectively of base salary, and in 2005, this represented 44% on the delivery of UEP and 47% on the growth in Revenue. AIP received by the Executive Directors in the 2005 financial year is shown on page 51.

## Bonus Share Retention Plan (BSRP)

The BSRP is an essential element of our total reward programme and has been a key factor in helping and encouraging executives to meet the share ownership guidelines that we apply (see page 44). The BSRP is available to a group of approximately 155 senior executives including the Executive Directors and aims to encourage participants to reinvest a cash award into the Company's shares.

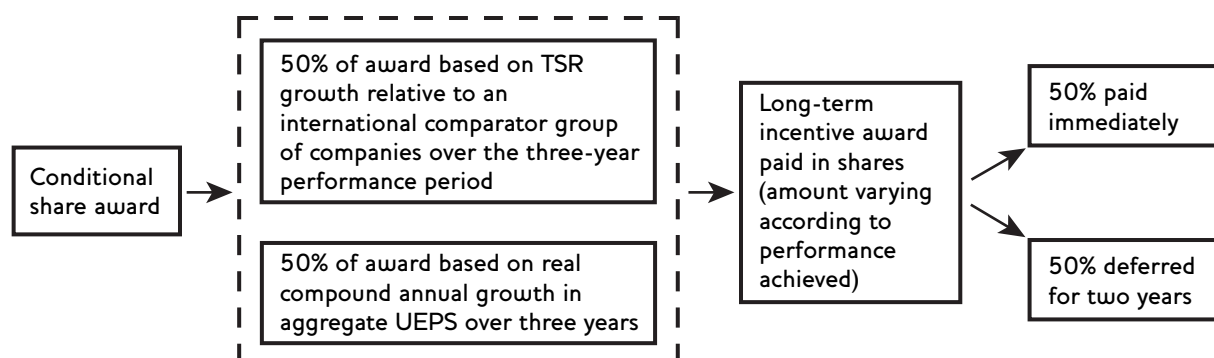
The BSRP enables participants to invest all or part of their AIP award in, or take their AIP Award as an award over, our shares ("deferred shares") together with a Company match of additional shares after three years. During the three year period, the shares are held in trust. If a participant leaves the Group during the three year period, they forfeit some of the additional shares and in certain cases it is possible that all of the deferred shares and the additional shares may be forfeited. Each year the Executive Directors (if eligible) have chosen to invest all their AIP awards into the BSRP.

The number of matching shares that will be provided for grants in 2005 is as follows:

Real compound annual growth in aggregate UEP over the three-year deferral period equivalent to:	Number of additional shares awarded at the end of the period (for every five acquired by the executive)
below 4%	2 (Threshold)
4%	3
7%	4
10% or more	5 (Maximum)

UEP is measured on both an aggregate basis and a 'real' basis (i.e. after allowing for inflation), and the levels of growth required to achieve the highest levels of share match are demanding. From 2006, it is proposed that UEP performance will be measured on an absolute basis, and there will be straight line sliding scale vesting between the threshold and maximum. Awards under the BSRP will vest in full following a change in control but only to the extent that performance targets have been met at the time of the change in control unless the Committee decides that the awards would have vested to a greater or lesser extent had the performance targets been measured over the normal period. In 2005, real annual compound growth in UEP was 7.3%. AIP received by the Executive Directors in respect of the 2005 financial year and reinvested into the BSRP is shown on pages 51 and 55.

## How the LTIP operates



## Long Term Incentive Plan (LTIP)

Around 100 senior executives (including the Executive Directors) are granted a conditional award of shares under the LTIP. This award recognises the significant contribution they make to shareholder value and is designed to incentivise them to strive for sustainable long-term performance.

In 2005, awards for the 2005 – 2007 performance cycles were made to senior executives, including the Executive Directors. Details of the Directors' LTIP interests are set out in the table on page 52.

One half of the conditional shares that vest are transferred immediately. The transfer of the remaining half is deferred for two years and is contingent on the participant's employment with us not being terminated for cause during that period. Participants accumulate dividend equivalent payments both on the conditional share awards (which will only be paid to the extent that the performance targets are achieved) and during the deferral period.

The current LTIP has been in place since 1997. In 2004, the Committee made a number of changes to the Plan, and the table opposite sets out the key features of the LTIP. As explained above, from 2006, performance ranges for the growth in Underlying Earnings Per Share (UEPS) will be expressed in absolute rather than post-inflation terms.

The TSR measure is a widely accepted and understood benchmark of a company's performance. The TSR is measured according to the return index calculated by Datastream on the basis that a company's dividends are invested in the shares of that company. The return is the percentage increase in each company's index over the performance period. UEPS is a key indicator of corporate performance. It is measured on a real basis (absolute from 2006) after allowing for inflation, based on a weighted average inflation index computed using the published annual Consumer Price Index inflation rates for the UK, USA, Euro Zone and Australia. The real growth rates are aggregate per annum compound and sustained performance is therefore required over the performance cycle as each year counts in the calculation.

The following companies were selected as comparator companies (the “Comparator Group”) to reflect the global nature of our business:

	Awards made prior to 2004	Awards made for 2004 and 2005
Face value of conditional share award made to Executive Directors	80% of base salary	120% of base salary
Performance conditions	Award is based on TSR relative to the Comparator Group with a UEPS hurdle (see below)	Half of the award is based on growth in UEPS over the three year performance period. The other half of the award is based on TSR relative to the Comparator Group
UEPS vesting requirement	For the award to vest at all UEPS must have grown by at least the rate of inflation as measured by the Retail Price Index plus 2% per annum (over three years)	The extent to which some, all or none of the award vests depends upon annual compound growth in aggregate UEPS over the performance period: <ul style="list-style-type: none"> <li>• 40% of this half of the award (equivalent, at grant, to 24% of base salary) will vest if the real compound annual growth rate achieved is 6% or more</li> <li>• 100% of this half of the award (60%, at grant, of base salary) will vest if the real compound annual growth rate achieved is 10% or more</li> <li>• Between 6% and 10%, the award will vest proportionately</li> </ul>
TSR vesting requirement	The extent to which some, all or none of the award vests depends on our TSR relative to the Comparator Group: <ul style="list-style-type: none"> <li>• The minimum award of 50% of the shares conditionally granted will vest at the 50th percentile ranking</li> <li>• 100% of the award will vest at the 80th percentile ranking or above</li> <li>• Between the 50th and 80th percentiles, the award will vest proportionately</li> </ul>	The extent to which some, all or none of the award vests depends upon our TSR relative to the Comparator Group: <ul style="list-style-type: none"> <li>• 40% of this half of the award (equivalent, at grant, to 24% of base salary) will vest at the 50th percentile ranking</li> <li>• 100% of this half of the award (60%, at grant, of base salary) will vest at the 80th percentile ranking or above</li> <li>• Between the 50th and 80th percentiles, the award will vest proportionately</li> </ul>
Re-tests	If the TSR performance criteria is not satisfied in the initial three year performance period, the award will be deferred on an annual basis for up to three years until the performance is achieved over the extended period (i.e. either four, five or six years). If the award does not vest after six years, then it will lapse	There are no re-tests and the award will lapse if the minimum requirements are not met in the initial three year performance period
Comparator Group	A weighting of 75% is applied to the UK companies in the Comparator Group, and 25% to the non-UK based companies	The Comparator Group has been simplified and amended to include companies more relevant to the Company, and there will be no weighting as between UK and non-UK companies

As explained above, it is proposed that from 2006 the annual LTIP award for Executive Directors will increase from 120% to 160% of salary, but the percentage which vests for threshold performance will reduce from 40% to 30%, and performance ranges for the growth in Underlying Earnings Per Share (UEPS) will be expressed in absolute rather than post-inflation terms.

# Directors' Remuneration Report

UK Based Companies	Non-UK Based Companies	Head Office Location
Allied Domecq#	Campbell Soup	US
Associated British Foods	Coca-Cola	US
Diageo	Coca-Cola Enterprises+	US
Northern Foods	Colgate-Palmolive	US
Reckitt Benckiser	Conagra+	US
Scottish & Newcastle+	CSM+	Netherlands
Six Continents*	Danone	France
Tate & Lyle	General Mills	US
Unilever	Heinz	US
Uniq*	Hershey Foods	US
Whitbread*	Kellogg	US
	Kraft Foods+	US
	Lindt & Sprungli+	Switzerland
	Nestlé	Switzerland
	Pepsi Bottling Group+	US
	PepsiCo	US
	Pernod Ricard	France
	Procter & Gamble	US
	Sara Lee Corp	US
	Suedzucker*	Germany
	Wrigley+	US

\*indicates a company dropped from the Comparator Group in 2004

+indicates a company added to the Comparator Group for 2004 onwards

#indicates a company dropped from the Comparator Group in 2005, due to its no longer being a publicly quoted company

Awards under the LTIP (both before and after 2004) will vest in full following a change in control, but only to the extent that performance targets have been met at the time of the change in control. The status as at 1 January 2006 of each LTIP cycle in respect of which awards could vest is shown to the right, showing our performance against the measures explained above. The actual vesting of awards will be based on performance over the full vesting period and future results will be reflected in the outcome. LTIP awards received by Executive Directors are shown on page 52.

Cycle	Real compound annual growth in UEPS since grant	TSR percentile ranking as at 1 January 2006	Current status (% of maximum award)
2000 – 2002	6.8%	41	Lapsed
2001 – 2003	6.3%	22	Extended
2002 – 2004	4.7%	43	Extended
2003 – 2005	3.7%	49	Extended
2004 – 2006	6.2%	81	Would pay 71.5%
2005 – 2007	6.4%	81	Would pay 73%

## Discretionary Share Option Plans

Option grants made to Executive Directors in 2005 are shown on page 54. No rights to subscribe for shares or debentures of any Group company were granted to or exercised by any

member of any of the Director's immediate families during 2005. All our discretionary share option plans which apply to Executive Directors use the following criteria:

	Annual grants made prior to 2004 AGM	Annual grants made after 2004 AGM
Market value of option grant made to Executive Directors	Customary grant was 300% of base salary and the maximum was 400% of base salary	Maximum of 200% of base salary. From 2006 onwards, we propose that no such grants are made other than in exceptional circumstances
Performance condition	Exercise is subject to UEPS growth of at least the rate of inflation plus 2% per annum over three years	Exercise is subject to real compound annual growth in UEPS of 4% for half the award to vest and 6% real growth for the entire award to vest over three years, measured by comparison to the UEPS in the year immediately preceding grant
Re-tests	If required, re-testing has been on an annual basis on a rolling three-year base for the life of the option	If the performance condition is not met within the first three years, the option will be re-tested in year five with actual UEPS growth in year five measured in relation to the original base year

The growth in UEPS for these purposes is calculated on a 'point to point' basis, using a formula which incorporates the UEPS for the year prior to the start of the first performance period and for the last year of the performance period based on a weighted average inflation index (as for the LTIP). The UEPS is measured on a real basis after allowing for inflation. The following table shows our performance against the measures explained above. The actual vesting of awards will be based on performance over the full vesting period and future results will be reflected in the outcome.

Year of option grant	Real compound annual growth in UEPS since grant	Current status
2002	3.9%	Vested
2003	3.7%	Vested
2004	6.3%	Would vest 100%
2005	6.4%	Would vest 100%

All outstanding options granted prior to 2002 have achieved their UEPS targets.

### Other Share Option Plans

Each Executive Director also has the opportunity to participate in the savings-related share option scheme operated in the country in which his contract of employment is based. Further details on these share plans are provided in Note 26 to the Financial Statements.

### Effect of IFRS on performance measures

The Group adopted International Financial Reporting Standards ("IFRS") as its primary generally accepted accounting principles ("GAAP") with effect from 3 January 2005. Performance measures for the 2005 financial year onwards will be based upon the underlying IFRS performance measures. Where past performance measures continue to be applicable or are retested, these will either be restated on a consistent basis with IFRS or the comparable current measure will be restated on a consistent basis with the past performance measure.

### Retirement benefits

We operate a number of retirement benefit programmes throughout the world. Such benefits reflect local competitive conditions and legal requirements.

In the UK, all new employees (from 2001) are offered membership of a revalued career average defined benefit pension plan which provides benefits based on total earnings but limited to the earnings cap (currently £105,600). An additional unapproved defined contribution plan is provided for earnings above this cap. From 1 April 2006, the effective date of the Government's pensions review, the earnings cap will be removed for future benefits. Senior Managers will be provided with a cash allowance from which the cost of providing the pension benefit will be deducted. Employees entitled to final salary benefits (calculated on basic earnings plus annual incentive awards limited to a further 20% of basic salary) before this change will continue to receive benefits in line with those arrangements. Both of these arrangements are contributory and Senior Managers pay between 4% and 5% of pensioned earnings. No current Executive Director participates in the UK plans. Pension arrangements in the US provide that all of any incentive awards under the AIP for all employees are pensionable, in line with normal practice in that country.

John Sunderland was a member of the final salary pension arrangements from which he retired on his 60th birthday. Under the rules of the arrangements he received a pension of 2/3rds of his pensioned earnings (basic salary plus annual incentive bonus payment, limited to 20% of basic salary and averaged over three years). Ken Hanna is not a member of the Group's pension schemes and receives a cash allowance of 30% of his base salary in lieu of a pension contribution.

Bob Stack and Todd Stitzer are members of the US Supplemental Executive Retirement Plan (SERP) as well as the US cash balance pension plan and excess plan. The SERP is a defined benefit retirement plan with a pension paid on retirement based on salary and length of service. Combined benefits are 50% of a three year average of final pensionable earnings after 15 years' service and 60% after 25 or more years' service. Bob Stack and Todd Stitzer are required under their service contracts to retire at age 60 without a reduction factor applied to accrued benefits. The SERP has a ten year vesting period and the benefits of these Executive Directors are fully vested. Further details of these arrangements are set out on page 53.

# Directors' Remuneration Report

## Executive Directors – outside appointments

We recognise the benefits to the individual and to the Company of involvement by Executive Directors as non-executive directors in companies outside the Group. Subject to certain conditions, and with the approval of the Board, each Executive Director is permitted to accept only one appointment as a

non-executive director in another company. For a brief time in 2005, John Sunderland held two such appointments just prior to his retirement as an Executive Director. The Executive Director is permitted to retain any fees paid for such service. Details of fees received by Executive Directors are as follows:

Ken Hanna	£48,000	(Inchcape plc)	
Todd Stitzer	£61,250	(Diageo plc)	
John Sunderland	£16,250 £30,000	(Barclays PLC) (Rank plc)	(1 June to 24 August 2005 only) (1 January to 24 August 2005 only)
Bob Stack	£55,000	(J Sainsbury plc)	

## Chairman and Non-Executive Directors

For part of the year John Sunderland was Executive Chairman and participated in the incentive plans as described in this report. On 24 August 2005, he retired from the Company and became Non-Executive Chairman. His remuneration reduced accordingly to an annual rate of £375,000, and he did not participate in any bonus or incentive plans from that date. He was provided with a car and driver, office and secretarial support for the whole year. With effect from June 2006, this support will be reduced to three days per week.

year only and expires on 24 August 2006. Unless otherwise determined by the Board the maximum term for a Non-Executive Director is nine years. Fees for Non-Executive Directors are determined by the Board as a whole within the limits set by the Articles of Association. To ensure that the interests of the Non-Executive Directors are aligned with those of the shareowners, all Non-Executive Directors (except John Sunderland) have chosen to utilise a percentage of their fees (between 50% and 60%) to purchase shares in the Company, which are bought within five business days of each relevant payment. Each Non-Executive Director has undertaken to hold such shares during the term of his or her appointment.

The Non-Executive Directors do not have service contracts with the Company. We normally appoint Non-Executive Directors for an initial period of three years but John Sunderland's initial term as Non-Executive Chairman is for one

Non-Executive	Date of initial appointment to Board	Commencement date of current term	Expiry date of current term
Wolfgang Berndt	17 January 2002	18 February 2005	18 February 2008
Rick Braddock	27 June 1997	9 May 2003	9 May 2006
Roger Carr	22 January 2001	26 November 2003	26 November 2006
Lord Patten	1 July 2005	1 July 2005	1 July 2008
John Sunderland	5 May 1993	25 August 2005	24 August 2006
David Thompson	9 March 1998	13 February 2004	13 February 2007
Rosemary Thorne	6 September 2004	6 September 2004	6 September 2007
Baroness Wilcox	5 March 1997	20 February 2006	4 March 2007

Fees for the independent Non-Executive Directors were reviewed in 2005 and the following table sets out the new rates of fee payable with effect from 1 October 2005:

Annual fees payable with effect from 1 October 2005	
Deputy Chairman	£100,000
Other Non-Executive Directors:	
– non-US based	£50,000
– US based	\$140,000
Fee supplement for Committee Chairmen	
– Audit	£15,000
– Remuneration	\$15,000
– Corporate & Social Responsibility	£10,000

## Audited Information

### Directors' remuneration tables

All the Executive Directors (other than John Sunderland who was not eligible to do so) invested their total AIP award in the Company's shares through the Bonus Share Retention Plan rather than taking it as cash.

In the following tables, references to CEC members mean the individuals who are members of the Chief Executive's

Committee (our senior management) but who are not Executive Directors. Three CEC members left the Group in 2005 and three new members were appointed. Remuneration shown for the CEC includes remuneration paid to one CEC member as part of his termination package after he left the CEC but does not include remuneration paid to any individual prior to their joining the CEC. In 2005, there were a maximum of nine individuals at any one time who were members of the CEC but who were not Executive Directors.

#### Directors' remuneration summary (table one)

	2005 £000	2004 £000
<b>Total remuneration:</b>		
Fees as Directors (a)	534	309
Salaries and other benefits	3,493	3,611
Annual Incentive Plan/Bonus Share Retention Plan awards (b)	2,994	2,725
Gains made on exercise of share options	2,734	612
Payments made to former Executive Directors or their dependants (c)	–	249
Pensions paid to former Executive Directors	32	31

#### Notes

- (a) The highest paid Director was John Sunderland: £3,513,000 (2004: John Sunderland: £2,200,000). Most of this remuneration is notional or actual gains on the exercise of share options. All of John Sunderland's share options must be exercised by 24 August 2006.
- (b) These amounts relate to the Annual Incentive Plan awards for each year. The total shown includes the service related match to be awarded under the Bonus Share Retention Plan to each Director based on the AIP award which they have invested and which will vest (normally) in three years' time. The performance related matching award is shown in table six.
- (c) David Kappler resigned as a Director on 13 April 2004. From 14 April to 18 June 2004, he continued to be employed by the Company, and during this time he was paid £249,231. This included benefits and AIP earned in respect of that period.

#### Executive Directors' and CEC members' remuneration (table two)

	Base Salary £000	Allowances (a) £000	Other Benefits (b) £000	AIP/BSRP (c) £000	2005 total £000	2004 total £000
Ken Hanna	519	180	8	671	1,378	1,037
Bob Stack (d)	419	257	87	623	1,386	1,145
Todd Stitzer (d)	783	284	187	1,127	2,381	2,148
John Sunderland (e)	614	146	9	573	1,342	1,721
CEC members (f)	2,996	1,471	1,360	3,387	9,214	7,234

#### Executive Directors' and CEC members' gains on share plans (table three)

	LTIP awards earned in 2005 £000	Gains on exercise of share options £000	2005 total £000	2004 total £000
Ken Hanna	–	–	–	–
Bob Stack	–	429	429	132
Todd Stitzer	–	266	266	–
John Sunderland	–	2,039	2,039	479
CEC members (f)	–	660	660	389

#### Notes to tables two and three above

- (a) The majority of the amount shown as Allowances for expatriate Directors (Bob Stack and Todd Stitzer) and expatriate CEC members relates to income tax payments. As taxation rates in the US are lower than in the UK, US tax payers are protected from a higher tax burden by means of a tax equalisation programme funded by the Company. Under this programme, we pay an amount equal to the incremental tax resulting from the assignment of individuals to the UK. This ensures that they are not penalised financially by accepting roles of an international nature which would result in higher taxation costs than would have been the case if they had remained in their home country. Due to the nature of taxation payments, some of the amounts shown are in respect of previous financial years. For all Directors and CEC members, Allowances include flexible benefits and pension allowances. Ken Hanna's Allowances include an amount equal to 30% of his base salary in lieu of a pension contribution.
- (b) Other Benefits include car allowances and, for expatriates, housing support and other allowances necessary to ensure that they are not penalised financially by accepting roles of an international nature which result in higher costs than would have been the case if they had remained in their home country.

## Directors' Remuneration Report

- (c) The total Annual Incentive Plan award shown was awarded in respect of 2005 performance and invested in the Bonus Share Retention Plan on 4 March 2006 by each eligible Director. The AIP and BSRP are described on page 43. The amount shown includes the service related matching award to be awarded under the Bonus Share Retention Plan to each Director and the aggregate for CEC members. The performance related conditional matching awards are shown in table six.
- (d) Todd Stitzer's and Bob Stack's base salaries are calculated in US dollars as follows: Todd Stitzer – salary US\$1,426,923; Bob Stack – salary US\$763,654.
- (e) John Sunderland was an Executive Director until 24 August 2005 when he became a Non-Executive. His remuneration prior to that date is shown in table two, and since that date is shown on table four. Gains on share plans for the whole year are shown in table three. His total remuneration for the year (including notional gains on share plans) is shown below table one.
- (f) During the year, three CEC members resigned or retired and three new members were appointed. For all remuneration except AIP/BSRP, the aggregate amounts shown for the CEC are only those amounts paid to individuals whilst they were CEC members. AIP/BSRP amounts are shown in full and reflect payments made to a total of 11 individuals. Other Benefits for CEC members includes payments made in connection with the cessation of employment.

### Non-Executive Directors' fees (table four)

	Board fee £000	Fee for chairing a committee £000	2005 total £000	2004 total £000
Wolfgang Berndt	46	–	46	41
Rick Braddock	74	8	82	71
Roger Carr	93	–	93	83
David Thompson	46	11	57	51
Lord Patten (a)	24	–	24	–
John Sunderland (b)	132	–	132	–
Rosemary Thorne	46	–	46	14
Baroness Wilcox	46	8	54	49

#### Notes

- (a) Lord Patten was appointed as a Non-Executive Director on 1 July 2005.
- (b) John Sunderland was appointed as Non-Executive Chairman on 25 August 2005. Tables two and three show his remuneration prior to that date, and other benefits he received in the year.
- (c) None of the Non-Executives (other than John Sunderland) received any other emoluments during the 2005 financial year.

### Executive Directors' and CEC members' interests in the Long Term Incentive Plan (table five)

	Interest in shares at 2 January 2005 (or date of appointment if later) (a)	Interest in shares awarded in 2005 (b)	Shares vested in 2005 (c)	Interest in shares lapsed in 2005 (c)	Interest in shares as at 1 January 2006 (or date of resignation if earlier) (d)
Ken Hanna	198,979	129,896	–	–	328,875
Bob Stack	410,023	102,132	–	64,949	447,206
Todd Stitzer	634,330	191,414	–	84,844	740,900
John Sunderland (e)	875,972	51,692	–	309,491	618,173
CEC members	2,266,015	562,810	–	630,717	2,198,108

#### Notes

- (a) Interests as at 2 January 2005 are potential interests shown at their maximum number in respect of the extended 2000–2002, 2001–2003 and the 2002–2004 cycles, and the 2003–2005, and 2004–2006 cycles.
- (b) The interests in shares awarded in 2005 relate to the 2005–2007 cycle. The mid-market price on 8 April 2005 when these awards were made was £4.85.
- (c) The criteria under which these awards would vest in full are explained on page 47. All interests in shares in respect of the 2000–2002 cycle lapsed at the end of the financial year.
- (d) Interests as at 1 January 2006 are potential interests shown at their maximum number in respect of the extended 2001–2003, 2002–2004 and 2003–2005 cycles, and the 2004–2006 and 2005–2007 cycles. The current status of each cycle is shown on page 48. At the present time it is anticipated that no cycle will vest at maximum.
- (e) John Sunderland's employment ceased on 24 August 2005 and a proportion of his outstanding LTIP awards lapsed in accordance with the rules of the plan.
- (f) All awards are in shares. Qualifying conditions for the awards shown above have to be fulfilled by 31 December 2008 at the latest.

### Executive Directors' and CEC members' performance related interests in the Bonus Share Retention Plan (table six)

This table shows the maximum performance related matching award granted to each Director in respect of the investment made by the Director of his AIP award in the BSRP in 2005 and 2006.

	Maximum performance related award in respect of 2004 (a)	Maximum performance related award in respect of 2005 (b)	Shares vested in 2005	Interest in shares lapsed in 2005	Total of maximum performance related awards in respect of 2004 and 2005 (c)
Ken Hanna	54,680	51,759	–	–	106,439
Bob Stack	42,451	45,297	–	–	87,748
Todd Stitzer	78,626	81,940	–	–	160,566
CEC members	177,132	133,273	–	–	310,405

#### Notes

- (a) The monetary value of the service-related awards for 2004 and 2005 is included in the AIP/BSRP awards shown in tables one and two. The interests shown in this table are performance related awards shown at their maximum number in respect of the 2004–2006 and 2005–2007 cycles. Performance related matching awards are made in March in respect of the previous year's AIP investment (i.e. in March 2006 for 2005 AIP).
- (b) The mid-market price on 4 March 2006 when these awards were made was £5.87. Qualifying conditions for these awards are set out on page 46.
- (c) All awards are in shares. Qualifying conditions for the awards shown above have to be fulfilled by 31 December 2007 at the latest.

### Executive Directors' pensions and retirement benefit arrangements (table seven)

	Accrued pension at 1 January 2006 (or date of retirement if earlier) £000	Increase in accrued pension during the year £000	Transfer value of accrued pension at 1 January 2006 (or date of retirement if earlier) £000	Transfer value of accrued pension at 2 January 2005 £000	Increase in transfer value over the year, (or to the date of retirement if earlier) less Directors' contributions £000	Increase in accrued pension during the year (or to the date of retirement if earlier) (net of inflation) £000	Transfer value of the increase in accrued pension (net of inflation) less Directors' contributions £000
<b>UK Pension Arrangements (a)</b>							
John Sunderland (b)	762	57	15,265	13,832	1,395	57	1,117
<b>US Pension Arrangements</b>							
Bob Stack (c)	331	50	2,957	2,368	589	41	364
Todd Stitzer (c)	623	172	5,132	3,502	1,629	156	1,283

#### Notes

- (a) As noted on page 49, Ken Hanna receives an amount equal to 30% of his base salary in lieu of a pension contribution.
- (b) John Sunderland retired on his normal retirement date as an executive on 24 August 2005 but remained as Chairman on the Board of Directors and no further pension accrued from that date.
- (c) The pension arrangements for Bob Stack and Todd Stitzer are made in US dollars and converted, for the purpose of this table only, at the rate of US\$1.72 = £1.
- (d) The accrued pensions represent the amount of the deferred pension that would be payable from the member's normal retirement date on the basis of leaving service at the relevant date.
- (e) The transfer values have been calculated in accordance with the guidance note GN11: Retirement Benefit Schemes – Transfer Values published by the Institute of Actuaries and Faculty of Actuaries, and by reference to investment market conditions at the relevant date. Under the Stock Exchange Listing Rules, the transfer value of the increase in accrued pension has been calculated using investment conditions at the date of retirement. Where appropriate, allowance has been made for the fact that the pension has been put into payment.
- (f) The aggregate amount set aside in 2005 to provide for pensions and post retirement medical benefits for the Executive Directors and CEC members was £1.323m. This consists of approved pension arrangements of £0.787m, unapproved pension arrangements of £0.525m and post medical retirement benefits of £11,000. Arrangements made in euros were converted, for the purposes of this table, at the rate of €1.46 = £1 and arrangements made in US dollars were converted at a rate of US\$1.72 = £1.

# Directors' Remuneration Report

## Executive Directors' and CEC members' options over ordinary shares of 12.5p each (table eight)

Name of Director and Scheme	As at 2 Jan 2005 (or date of appointment if later)		As at 1 Jan 2006 (or date of resignation if earlier)		Exercise price £	Market price at exercise date £	Gain made on exercise £ (i)	Exercisable	
	Granted	Exercised	Granted	Exercised				From	To
Ken Hanna									
SOP94 (a)	125,000	–	–	125,000	4.2475			27 Mar 2007	26 Mar 2014
SOP04 (b)	205,000	–	–	205,000	4.395			28 Aug 2007	27 Aug 2014
SOP04 (b)	–	200,000	–	200,000	5.255			2 Apr 2008	1 Apr 2015
SAYE (c)	4,699	–	–	4,699	3.5160			1 Feb 2010	31 Jul 2010
	334,699	200,000	–	534,699					
Bob Stack									
SOP94 (a)	250,000	–	–	250,000	4.09			2 Sep 2003	1 Sep 2010
SOP94 (a)	250,000	–	–	250,000	4.77			1 Sep 2004	31 Aug 2011
SOP94 (a)	250,000	–	–	250,000	4.825			24 Aug 2005	23 Aug 2012
SOP94 (a)	350,000	–	–	350,000	3.515			10 May 2006	9 May 2013
SOP94 (a)	54,000	–	54,000	–	2.425	5.12	145,427	28 Sep 1998	27 Sep 2005
SOP94 (a)	90,000	–	90,000	–	2.595	5.68	277,830	28 Sep 1999	27 Sep 2006
SOP04 (b)	177,000	–	–	177,000	4.395			28 Aug 2007	27 Aug 2014
SOP04 (b)	–	151,500	–	151,500	5.255			2 Apr 2008	1 Apr 2015
ESPP (d)	2,140	28	2,168	–	\$4.665	5.25	6,065	18 Apr 2005	29 Apr 2005
ESPP (d)	1,512	–	–	1,512	\$6.613			17 Apr 2006	28 Apr 2006
	1,424,652	151,528	146,168	1,430,012			429,322		
Todd Stitzer									
SOP94 (a)	275,000	–	275,000	–	4.09	5.06	265,705	2 Sep 2003	2 Sep 2010
SOP94 (a)	275,000	–	–	275,000	4.77			1 Sep 2004	31 Aug 2011
SOP94 (a)	300,000	–	–	300,000	4.825			24 Aug 2005	23 Aug 2012
SOP94 (a)	500,000	–	–	500,000	3.515			10 May 2006	9 May 2013
SOP04 (b)	327,000	–	–	327,000	4.395			28 Aug 2007	27 Aug 2014
SOP04 (b)	–	284,000	–	284,000	5.255			2 Apr 2008	1 Apr 2015
	1,677,000	284,000	275,000	1,686,000			265,705		
John Sunderland (g)									
SOP94 (a)	500,000	–	500,000	–	4.09	5.43	672,480	2 Sep 2003	1 Sep 2010
SOP94 (a)	500,000	–	300,000	200,000	4.77	5.51	221,220	1 Sep 2004	31 Aug 2011
SOP94 (a)	500,000	–	–	500,000	4.825			24 Aug 2005	23 Aug 2012
SOP94 (a)(e)	500,000	–	381,410	–	3.515	5.66	819,471	10 May 2006	9 May 2013
SOP94 (a)	125,000	–	125,000	–	2.595	5.20	325,560	28 Sep 1999	27 Sep 2006
SAYE (c)	3,117	–	–	3,117	3.248			1 Feb 2006	31 July 2006
(e)	2,128,117	–	1,306,410	703,117			2,038,731		
CEC members	6,646,287	921,246	374,000	7,193,533	4.32	5.21	660,365	28 Sep 1999	25 Nov 2015

### Notes

(a) Share Option Plan 1994.

(b) Share Option Plan 2004.

(c) Savings-Related Share Option Scheme 1982.

(d) US and Canada Employee Stock Purchase Plan 1994.

(e) 118,590 options granted to John Sunderland lapsed during the year on his retirement as an Executive Director at which time all his options became immediately exercisable. No other options lapsed during the year.

(f) No payment was made on the granting of any of these options.

(g) Non-Executive Directors are not granted share options. John Sunderland has until 24 August 2006 to exercise his remaining share options following his retirement as an employee.

(h) The market price of an ordinary share on 30 December 2005 (the last dealing day in the financial year) was £5.50. The highest and lowest market prices of an ordinary share in the year were £4.66 and £5.95 respectively.

(i) Where some or all of the shares were sold immediately after the exercise of an option, the gain shown is the actual gain made by the Director or CEC member. If some or all of the shares were retained, the gain is a notional gain calculated using the market price on the date of exercise. When an option was exercised or shares were sold in parts on a number of different days in the year, the gain shown is the aggregate gain from all those exercises.

## Share ownership (table nine)

	As at 2 January 2005 (or date of appointment if later)	As at 1 January 2006 (or date of resignation if earlier)	As at 13 March 2006 (unaudited)
Wolfgang Berndt	70,972	76,072	77,403
Rick Braddock	40,296	47,528	49,496
Roger Carr	29,923	38,423	40,642
Ken Hanna (a)(c)	250,212	378,143	498,988
Lord Patten (b)	–	1,021	2,108
Bob Stack (c)	699,451	764,725	837,038
Todd Stitzer (c)	417,557	551,835	647,244
John Sunderland (c)	1,304,056	938,658	941,775
David Thompson	34,656	39,825	41,267
Rosemary Thorne	315	4,564	5,673
Baroness Wilcox	21,967	27,343	28,674
	2,869,405	2,868,137	3,170,308
CEC members (d)	2,141,929	2,391,990	1,167,540

### Notes

- (a) Ken Hanna's shareholding includes an award of 225,000 restricted shares, vesting in three tranches of 75,000 shares each if he remains with the Company for three, four and five years respectively after his joining the Company.
- (b) Lord Patten was appointed as a Director on 1 July 2005.
- (c) Holdings of ordinary shares include shares awarded under the BSRP and the all-employee share incentive plan.
- (d) Shareholdings of CEC members include restricted share awards, the release of which is dependent upon specified performance conditions.
- (e) To accurately reflect the share ownership for each Director, as shown in the Register of Directors' Interests (maintained under Section 325 of the Companies Act 1985) the holdings for each Director in tables eight and nine should be added together.

The Executive Directors, as potential beneficiaries, were treated as being interested in any dealings in the Company's ordinary shares by the Cadbury Schweppes plc Qualifying Employee Share Ownership Trust ("QUEST") (see Note 26 to the Financial Statements). During the period 3 January 2005 to 1 February 2005 the QUEST acquired a total of 853,287 ordinary shares in the Company by subscription at prices between £4.70 and £4.85 per share. Those ordinary shares were all transferred by the QUEST to individuals who had exercised options under the Savings-Related Share Option Scheme 1982. Since February 2005 the QUEST has neither acquired nor held any ordinary shares in the Company and there is no present intention that it should do so in the future.

The following Executive Directors have interests in the Common Stock of US\$0.01 each of Dr Pepper/Seven Up Bottling Group, Inc (DPSUBG) (the holding company of the Group's American bottling operations) in which the Company has an ultimate 45% interest:

Bob Stack 250  
Todd Stitzer 2,500

# Directors' Remuneration Report

## Changes in the Directors' share interests since the year-end (unaudited)

There were the following changes in the Directors' share interests between 1 January 2006 and 13 March 2006:

The Non-Executive Directors elected to surrender part of their Directors' fees and on 5 January 2006 purchased the following number of shares at a price of £5.59 per share:

Wolfgang Berndt	1,331;
Rick Braddock	1,968;
Roger Carr	2,219;
Lord Patten	1,087;
David Thompson	1,442;
Rosemary Thorne	1,109;
Baroness Wilcox	1,331.

Ken Hanna purchased the following shares through participation in the Company's all-employee share incentive plan:

25 shares on 9 January 2006 at a price of £5.59 per share;  
24 shares on 6 February 2006 at a price of £5.60 per share;  
24 shares on 6 March 2006 at a price of £5.87 per share.

John Sunderland exercised a 1982 Savings-Related Share Option Scheme option (with an exercise period of 1 February 2006 to 31 July 2006) over 3,117 shares on 1 February 2006. The option price was £3.248 and the market price was £5.51, giving a notional gain of £7,050.65. John Sunderland retained these shares.

All the above shares were purchased pursuant to contracts dated outside the close period in respect of share dealings.

John Sunderland exercised the following 1994 Share Option Scheme options on 23 February 2006:

200,000 shares with an option price of £4.77 per share.  
300,000 shares with an option price of £4.825 per share.

All the shares were sold on the same day at a price of £5.85 per share resulting in a gain of £523,500.

The following Executive Directors sold shares which vested under the BSRP on 4 March 2006:

Bob Stack	33,380 shares at a price of £5.845 per share;
Todd Stitzer	95,785 shares at a price of £5.85 per share.

The following Executive Directors were awarded shares under the BSRP on 4 March 2006:

Ken Hanna	120,772;
Bob Stack	105,693;
Todd Stitzer	191,194.

The total shown includes the service related match which will vest (normally) in three years' time.

Save as disclosed, there have been no other changes in the interests of the Directors between 1 January 2006 and 13 March 2006.

All the interests detailed above are beneficial. Save as disclosed, none of the Directors had any other interest in the securities of the Company or the securities of any other company in the Group. The Register of Directors' Interests, which is open to inspection, contains full details of Directors' shareholdings and share options.

By Order of the Board

**Rick Braddock**  
Chairman of the Remuneration Committee

13 March 2006