

Report on directors' remuneration and related matters

The Board presents its report on directors' remuneration and related matters. The report has the following sections:

	Page:
1. Remuneration Committee	41
2. Remuneration policy	41
3. Performance graph	43
4. Directors' emoluments	43
5. Share options	45
6. Performance Share Plan	46
7. Annual bonus	47
8. Retirement benefits	47
9. Directors' service contracts	49
10. Combined Code	50
11. Shareholding guideline	50
12. Directors' interests	50

1. Remuneration Committee

Both the level and structure of executive directors' pay are decided by the Remuneration Committee. The remuneration of non-executive directors and the Chairman is a matter reserved for the Board as a whole. No director is involved in any discussions as to his or her own remuneration.

The Remuneration Committee is a Board committee consisting exclusively of independent non-executive directors: Lady Patten (Chairman), Sir Alan Rudge, Oliver Stocken, Frank Newman (who joined the Committee on 17 September 2003) and Andy Hornby (who joined the Committee on 21 January 2004).

It has written terms of reference which are available on request and which are published on the Company's website (www.gusplc.com). These include the following principal duties:

- Determine and agree with the Board the policy for the remuneration of the Group Chief Executive, the Chairman of the Board, the executive directors and the Company Secretary, and such other senior executives as are designated appropriate to include. At the present time, the designated list is made up of selected senior executives who report to GUS executive directors.
- In determining remuneration policy, the Committee takes into account all factors which it deems necessary. The objective of such policy is to ensure that members of executive management are provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions to the success of the Company in a fair and responsible manner.
- Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- Within the terms of the agreed policy and, as indicated below, in consultation with the Chairman of the Board and/or Chief Executive as appropriate, monitor and approve the total remuneration package of each executive director, and the remuneration of other designated senior executives including bonuses, incentive payments and share options or other share awards.

In making its decisions, the Committee takes advice from the Chairman, the Group Chief Executive and the Group Director of Human Resources who are invited to attend meetings of the Committee as and when appropriate. In addition, the Committee has direct access to the relevant external advisers appointed by the Remuneration Committee and the Company. For the year ended 31 March 2004 the principal remuneration advisers were Kepler Associates. Other than remuneration advice, no other services were provided by Kepler Associates. In addition Towers Perrin provided salary survey data and administrative support on various share schemes.

The Committee meets at least three times a year and holds additional meetings where necessary. The Committee met on seven occasions during the year under review. Lady Patten and Oliver Stocken attended all seven meetings and Sir Alan Rudge was present on five occasions. Frank Newman attended all four meetings that took place following his appointment as a member of the Committee. Andy Hornby attended one of the three meetings that took place following his appointment to the Board on 21 January 2004.

2. Remuneration policy

GUS has three main businesses that continue to achieve sustained profitable growth. Key to this success has been a move to a performance-oriented culture with a clear link between remuneration and performance.

The four tenets on which our remuneration structure is founded are as follows:

1. Base pay levels are established on a market competitive basis but no higher than this.
2. Benefits (for example pensions and cars) are provided on a basis that is appropriate to the local market in which the director is employed.
3. Performance related incentives provide the opportunity to deliver substantial rewards for high performance.
4. Wherever reasonable, pay is aligned to shareholders' interests. This is reflected in the choice of performance standards applied to incentive awards and the fact that, for a large part of the overall incentive package, rewards are denominated in GUS shares.

Consistent with our philosophy, salaries are set on the basis of mid-market practice amongst UK companies of comparable size. Performance related incentives are targeted at upper quartile levels for outstanding performance to produce a highly leveraged package if our growth objectives are attained.

Report on directors' remuneration and related matters continued

Performance linkages

Each element in the reward package is designed to support the achievement of different corporate objectives. These are illustrated below:

Element	Purpose	Performance standard
(a) Base salary	Reflects the competitive salary level for the particular job and takes account of personal contribution and performance.	Individual contribution
(b) Annual bonus	Rewards the delivery of current operational targets. Provides leveraged opportunity to reward the achievement of current performance targets through re-investment of the bonus in GUS shares with matching opportunities. Aligns with shareholder interests through delivery in shares.	Profit before tax together with efficient capital usage
(c) Share options	Direct link to growth objectives through EPS growth hurdle and to value creation through share price increase. Aligns with shareholder interests.	EPS growth
(d) Performance Share Plan	Aligns with shareholder interests through delivery of shares. Rewards out-performance in comparison with peers.	Relative total shareholder return

In fair value terms, the proportion of total pay (excluding pensions and benefits) which is variable is approximately 60 per cent.

The pay elements are further explained below.

(a) Base salary

To ascertain the job's market value, external remuneration consultants annually review and provide data about market salary levels, and advise the Remuneration Committee accordingly. These market rates are based on peer group data and derived from the pay position described above. Before making a final decision on individual salary awards, the Committee assesses each director's contribution to the business, to reflect individual performance.

(b) Annual bonus

To reward annual performance, executive directors are eligible for an annual incentive with a target of 50 per cent of base salary and a maximum of 100 per cent of salary for substantially exceeding targets.

Directors are given the opportunity to defer receipt of their bonus and invest it in GUS shares. The number of shares acquired on behalf of the executive is matched on a sliding scale depending on the achievement against target for the relevant financial year. The number of matching shares may vary from a threshold ratio of one half for one, to a maximum of two for one. The release of these shares is deferred for three years including the deferred bonus.

During the year, the Remuneration Committee decided to introduce dividend accrual on co-investment matching shares to strengthen alignment with shareholders. Consequently, for matching shares awarded after 31 March 2004 and in subsequent years, dividends will accrue. If an executive resigns during the three-year period they will forfeit the right to the matching shares and associated dividends.

Bonuses are currently awarded for achieving profit before tax growth and meeting efficient capital usage targets. We believe that linking incentives to profit growth helps to reinforce our growth objectives and is an appropriate measure for a predominantly retail business. Targets are calibrated using a range of benchmarks based on internal and external expectations.

(c) Share options

For all grants up to and including the December 2003 grant the performance test requires Earnings Per Share 'EPS' growth to exceed the growth in inflation +4 per cent per annum over a continuous three year period. This performance test may be repeated twice.

During the year, the Remuneration Committee reviewed the performance condition and decided to eliminate retesting. Consequently for options granted after December 2003 there will be no retesting of the EPS performance condition.

The link to share price provides a built-in performance driver for option holders and further aligns them with shareholders' interests.

Options vest three years after grant, are subject to the performance test and remain exercisable for seven years after vesting. No director may normally receive annually an option grant with a face value of more than one times salary. In exceptional circumstances the Remuneration Committee has discretion to grant up to two times salary.

(d) Performance Share Plan

The primary objective of the Performance Share Plan is to underpin the longer-term incentive structure by providing a share-based reward which is earned only when the Company out-performs its peers.

GUS' performance under this plan is assessed in terms of three-year total shareholder return in relation to the following group of peer companies: Acxiom, Boots, Dixons, Equifax, Harte Hanks, Kingfisher, Marks & Spencer, N. Brown, Next, Pinault Printemps Redoute, Reed Elsevier, Reuters, Signet and Tesco.

None of the awards will vest if GUS' total shareholder return (defined as share price movement plus reinvested dividends) is below the median return for the comparator group.

Once GUS achieves median performance, 40 per cent of the award may vest, while 100 per cent of the award may be earned for an upper quartile return or better. Between median and upper quartile performance, awards may vest based on straight-line interpolation. No awards will be released unless the Remuneration Committee is also satisfied with the Company's underlying financial performance over the relevant period.

For the year ended 31 March 2004, the maximum grant available to directors was 100 per cent of salary, converted to shares at the price prevailing at the time the awards were made. The awards were made in June 2003 and will vest, to the extent that the performance test is met, in June 2006.

During the year, the Remuneration Committee decided to introduce dividend accrual on performance shares to strengthen alignment with shareholders. Consequently, performance shares awarded after 31 March 2004 and in subsequent years will accrue dividends.

(e) Pensions and other benefits

Pensions are offered in line with local competitive practice. The retirement age for directors in the UK is 60 under arrangements which broadly provide a pension of two thirds of final salary (subject to Inland Revenue limits), life assurance at four times salary and ill health and dependants' pensions. Incentive payments (such as annual bonuses) are not pensionable.

Arrangements are in place to provide pension benefits to those executive directors affected by the pensions cap. These are designed to provide pension benefits in excess of the Inland Revenue cap thereby placing those directors in broadly the same position as directors whose pension is unaffected by this cap. Further details are provided under the disclosure of the arrangements for each director.

Cars are provided on a basis that is consistent with competitive practice.

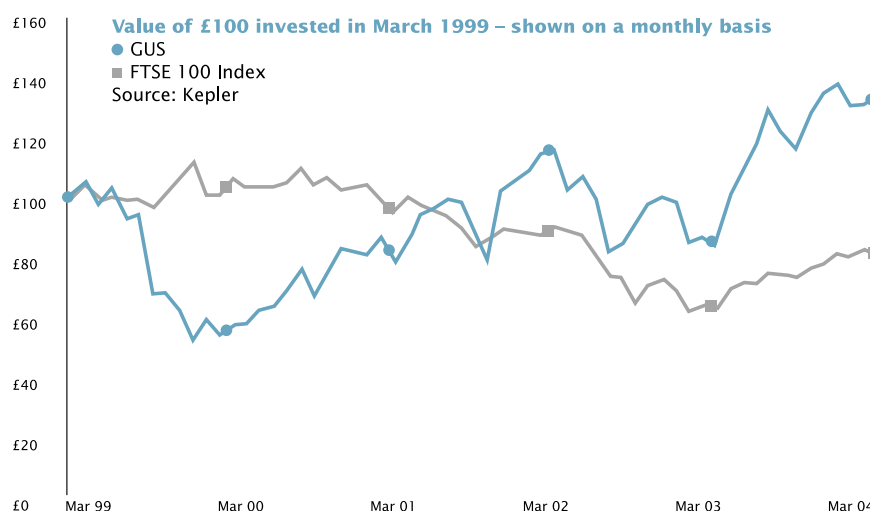
Executive Directors in the UK, in common with all GUS' UK employees, are eligible to participate in the Company's Savings Related Share Option Scheme.

(f) Service contracts

All executive directors have rolling service contracts which can be terminated by the Company giving twelve months' notice. In the event of termination of the director's contract, any compensation payment is calculated in accordance with normal legal principles, including the application of mitigation to the extent appropriate in the circumstances of the case.

3. Performance graph

The adjacent performance graph shows the total shareholder return ('TSR') for GUS versus the FTSE 100 for the last five financial years



4. Directors' emoluments

	2004 £'000	2003 £'000
Total emoluments :		
salary	2,258	1,781
performance related bonuses	2,258	1,628
taxable benefits in kind	141	107
non-executive directors	620	548
	5,277	4,064
Payments to former directors (Note 1)	14	41
Pension contributions	329	289
Pensions in respect of former directors	440	398
	6,060	4,792

Note

- Eric Barnes retired from the Board on 25 July 2001. He received fees of £14,000 under a consultancy agreement which ended in September 2003.

Report on directors' remuneration and related matters continued

The following table shows an analysis of the emoluments of the individual directors.

	Salary £'000	Annual bonus £'000	Taxable benefits £'000	Total 2004 £'000	Total 2003 £'000
Executive directors					
Terry Duddy	630	630	25	1,285	1,074
John Peace (Note 1)	700	700	32	1,432	1,331
Alan Smart	119	119	12	250	156
Craig Smith (Note 2)	389	389	25	803	20
David Tyler (Note 1)	420	420	18	858	778
Non-executive directors					
Sir Victor Blank	328	–	29	357	324
Lord Harris of Peckham	48	–	–	48	42
Andy Hornby (Note 3)	6	–	–	6	–
Frank Newman	48	–	–	48	42
Lady Patten of Wincanton	67	–	–	67	57
Sir Alan Rudge	56	–	–	56	54
Oliver Stocken	67	–	–	67	57
Former directors					
Victor Barnett (Note 4)	–	–	–	–	129

Benefits for executive directors include a fully expensed company car or cash equivalent and private medical insurance. The Chairman and non-executive directors received no taxable benefits other than the Chairman having the use of a company car, the taxable benefit for which in the year under review was £29,000.

The remuneration structure for the Chairman and non-executive directors remains unchanged from last year. Non-executive directors receive a base cash fee of £30,000 per annum with an additional cash fee of £7,500 per annum payable to the chairmen of the Audit and Remuneration Committees and the senior independent director. In addition they each receive 2,500 GUS shares per annum and the chairmen of the Audit and Remuneration Committees receive an additional 1,500 shares per annum. Sir Victor Blank's remuneration of £328,000 per annum, reported above, consists of £30,000 as a non-executive director and £298,000 as Chairman (cash fee of £217,000 and 15,000 shares). The 15,000 shares were purchased for Sir Victor Blank on 24 July 2003. The value of the shares so purchased, £111,000, is included within the remuneration reported in the above table. The shares so acquired are to be retained by Sir Victor Blank until his retirement from the Board.

The following shares were purchased for the non-executive directors on 24 July 2003. The value reported below is included within the remuneration reported in the above table:

	Number of shares	Value £
Lord Harris of Peckham	2,500	18,263
Frank Newman	2,500	18,263
Lady Patten of Wincanton	4,000	29,221
Sir Alan Rudge	2,500	18,263
Oliver Stocken	4,000	29,221

Non-executive directors are obliged to retain shares awarded under these arrangements until their retirement from the Board. Any tax liability connected to these arrangements is the responsibility of the individual director.

Notes

1. John Peace serves as non-executive Chairman and David Tyler as a non-executive director on the Board of Burberry Group plc, a listed company in which GUS retains approximately 66 per cent of the issued share capital. Neither executive receives any additional remuneration for such services.
2. Craig Smith was appointed to the Board on 25 March 2003.
3. Andy Hornby was appointed to the Board on 21 January 2004.
4. Victor Barnett retired from the Board on 1 July 2002.

5. Share options

Details of options granted to executive directors, under the Company's executive share option schemes, are set out in the table below:

	Number of options at 1 April 2003 or date of appointment	Options granted during the year	Options exercised during the year	Exercise price	Share price on date of exercise	Date from which exercisable	Expiry Date	Total number of options at 31 March 2004
Terry Duddy								
07.04.00	93,159	–	93,159	375.7p	642.8p	07.04.03	06.04.10	
07.08.00	81,737	–	81,737	428.2p	747.8p	07.08.03	06.08.10	
11.06.01	150,155	–	–	612.7p	–	11.06.04	10.06.11	
06.06.02	80,398	–	–	653.0p	–	06.06.05	05.06.12	
19.06.03	–	85,862	–	675.5p	–	19.06.06	18.06.13	
								316,415
John Peace								
07.04.00	146,393	–	146,393	375.7p	637.5p	07.04.03	06.04.10	
11.06.01	195,854	–	–	612.7p	–	11.06.04	10.06.11	
06.06.02	99,540	–	–	653.0p	–	06.06.05	05.06.12	
19.06.03	–	103,626	–	675.5p	–	19.06.06	18.06.13	
								399,020
Alan Smart								
11.06.01	37,038	–	–	612.7p	–	11.06.04	10.06.11	
06.06.02	14,235	–	–	653.0p	–	06.06.05	05.06.12	
19.06.03	–	16,107	–	675.5p	–	19.06.06	18.06.13	
								67,380
Craig Smith (see below)								
14.06.00	191,051	–	191,051	381.3p	669.1p	14.06.01	13.06.06	
11.06.01	214,048	–	–	612.7p	–	11.06.02	10.06.07	
06.06.02	198,337	–	–	653.0p	–	06.06.03	05.06.08	
19.06.03	–	58,210	–	675.5p	–	19.06.06	18.06.13	
								470,595
David Tyler								
09.12.98	43,088	–	5,170	580.2p	678.1p	09.12.01	08.12.08	
23.06.99	37,308	–	–	690.2p	–	23.06.02	22.06.09	
07.04.00	86,505	–	86,505	375.7p	678.1p	07.04.03	06.04.10	
11.06.01	114,248	–	–	612.7p	–	11.06.04	10.06.11	
06.06.02	58,192	–	–	653.0p	–	06.06.05	05.06.12	
19.06.03	–	62,176	–	675.5p	–	19.06.06	18.06.13	
								309,842

Options granted to Craig Smith prior to his date of appointment were granted under the North America Stock Option Plan. The 2003 grant was made, and any subsequent grants to Mr Smith will be made, under the UK Executive Share Option Scheme.

The exercise prices represent the average of the middle market quotations of a GUS share as derived from the Daily Official List of The London Stock Exchange for the three immediately preceding dealing days to the date on which options were granted.

The market price of the shares at the end of the financial year was 749p; the highest and lowest prices during the financial year were 791p and 490p respectively.

The remuneration of non-executive directors does not include share options.

Full details of directors' shareholdings and options to subscribe are contained in the Company's Register of Directors' Interests.

Phantom share option

As previously reported, 83,596 Burberry shares are being held by the Company in the name of Victor Barnett. The Company has agreed to match the number of Burberry shares in the ratio 1.3 to 1 with the receipt of the total number of shares deferred for a period of five years from the date of the Burberry IPO. Mr Barnett can, however, elect to receive 90 per cent of the shares sooner, in which case he would forfeit the remaining 10 per cent of the shares.

In addition, Victor Barnett was awarded 167,836 Burberry shares on 1 September 2003 in respect of his annual incentive for 2001/2 under an agreement made with the Company when he retired from the Board. The Agreement allowed for the annual incentive payment to be deferred, with delivery in cash or shares being dependent on the date of the IPO.

Report on directors' remuneration and related matters continued

SAYE share option scheme

Options granted to directors under the Company's SAYE share option scheme were as follows:

	Number of options at 31 March 2003 and 2004	Exercise price	Date from which exercisable	Expiry date
Sir Victor Blank	4,394	384p	01.05.06	31.10.06
Terry Duddy	4,394	384p	01.05.06	31.10.06
Lord Harris of Peckham	2,522	384p	01.05.04	31.10.04
Lady Patten of Wincanton	2,522	384p	01.05.04	31.10.04
John Peace	4,394	384p	01.05.06	31.10.06
Oliver Stocken	4,394	384p	01.05.06	31.10.06
David Tyler	4,394	384p	01.05.06	31.10.06

As previously reported, the non-executive directors received, in 2001, invitations to participate in the Company's SAYE share option scheme. This was a 'one-off' arrangement.

6. Performance Share Plan

An award under the Company's Performance Share Plan takes the form of a deferred right to acquire shares at no cost to the participant. The vesting of these awards is subject to the performance conditions described on page 42.

Awards to present directors under the plan, described on pages 42 to 43 have been as follows:

	Plan shares awarded at 31 March 2003	Plan shares awarded during the year to 31 March 2004	Plan shares released during the year to 31 March 2004	Share price on date of award	Share price on date of release	Vesting date	Total plan shares held at 31 March 2004
Terry Duddy							
07.04.00	74,527	–	74,527	375.7p	632.356p	April 03	203,798
11.06.01	37,538	–	–	612.7p	–	June 04	
06.06.02	80,398	–	–	653.0p	–	June 05	
19.06.03	–	85,862	–	675.5p	–	June 06	
John Peace							
07.04.00	146,393	–	146,393	375.7p	632.356p	April 03	252,129
11.06.01	48,963	–	–	612.7p	–	June 04	
06.06.02	99,540	–	–	653.0p	–	June 05	
19.06.03	–	103,626	–	675.5p	–	June 06	
Alan Smart							
06.06.02	14,235	–	–	653.0p	–	June 05	30,342
19.06.03	–	16,107	–	675.5p	–	June 06	
David Tyler							
07.04.00	69,204	–	69,204	375.7p	632.356p	April 03	148,930
11.06.01	28,562	–	–	612.7p	–	June 04	
06.06.02	58,192	–	–	653.0p	–	June 05	
19.06.03	–	62,176	–	675.5p	–	June 06	
Craig Smith							
19.06.03	–	58,210	–	675.5p	–	June 06	58,210

7. Annual bonus

As explained in note (b) on page 42 directors are given the opportunity to defer receipt of their annual bonus and have it invested in GUS shares ('Invested Shares'). Last year, John Peace, Terry Duddy and David Tyler chose to invest the whole of their 'net' bonus and Craig Smith 50% of his bonus. Shares so purchased on their behalf, applying the bonuses reported in last year's Annual Report, are included in the table of directors' interests appearing on page 50. Matching shares under these arrangements are not released until the expiry of a three-year period and the right to these shares is forfeited if a director resigns before then.

Conditional rights in such matching shares to present directors under this plan are as follows:

	Conditional rights to matching shares at 1 April 2003	Conditional rights granted during the year to 31 March 2004	Conditional rights to matching shares at 31 March 2004
Terry Duddy	144,056	158,193	302,249
John Peace	187,900	195,858	383,758
David Tyler	109,608	114,501	224,109
Craig Smith	–	65,100	65,100

In addition, the Remuneration Committee has agreed to grant in June 2004 an extra number of restricted shares to Terry Duddy to the value of £500,000 as a one-off award. These shares are granted in recognition of his significant individual contribution made during the year ended 31 March 2004. The restricted shares under this arrangement will not be released until the expiry of a three-year period and are forfeitable if Terry Duddy were to resign within three years of the award.

8. Retirement benefits

Terry Duddy is a member of the Argos Pension Scheme which will provide him on retirement at age 60 with a pension of up to two thirds of the pension earnings cap subject to Inland Revenue limits. The figures shown below are based on his capped pensionable earnings. The application of Inland Revenue rules has resulted in a restatement of his accrued pension and transfer value at 31 March 2003. In addition, his contract provides for the choice of a funded or unfunded scheme to provide benefits in excess of the pension earnings cap. Mr Duddy has elected to have paid to him a cash sum for investment at his own discretion. The amount so paid in the year under review was £246,000.

John Peace is a member of the GUS Pension Scheme. His benefits are not restricted by the pension earnings cap, and therefore the following pension figures reflect his tax-approved Scheme benefits.

David Tyler is a member of the GUS Pension Scheme. His benefits within the Scheme are restricted by the pension earnings cap. However, his contract allows for an unfunded scheme to provide for benefits in excess of the cap (although part of this promise will be provided for by a funded arrangement, which was closed to future contributions on 1 April 2002). The pension figures overleaf reflect both his approved and unapproved entitlements.

Alan Smart is a member of the pension scheme operated by the Group's South African subsidiary. The transfer value at March 2004, shown in the table overleaf, has been calculated using the actuarial basis applicable had he left service at this date. This basis reflects market conditions in South Africa at March 2004 and differs from the basis used at March 2003.

Craig Smith participates in Experian North America's 401(k) pension plan, a defined contribution style arrangement. Company contributions to the plan in the year ended 31 March 2004 amounted to \$8,200. In addition, instead of providing Mr Smith with a Supplemental Executive Retirement Plan, the Company pays him an additional cash sum annually in advance for investment at his discretion. The additional cash sum for 2004/05 was paid in the year ended 31 March 2004 and amounted to \$143,000.

Report on directors' remuneration and related matters continued

The table set out below provides the disclosure of directors' pension entitlements in respect of benefits from tax-exempt schemes and unfunded arrangements.

	Accrued pension at 31 March 2004 per annum (1) £'000	Accrued pension at 31 March 2003 per annum (2) £'000	Transfer value at 31 March 2004 (3) £'000	Transfer value at 31 March 2003 (4) £'000	Change in transfer value (less Director's contributions) (5) £'000	Additional pension earned to 31 March 2004 (net of inflation) per annum (6) £'000	Transfer value of the increase (less Director's contributions) (7) £'000
Terry Duddy	9	7	86	50	21	2	–
John Peace	374	362	5,156	4,161	995	2	28
David Tyler	91	77	1,015	637	363	12	119
	Rand '000	Rand '000	Rand '000	Rand '000	Rand '000	Rand '000	Rand '000
Alan Smart	991	899	14,880	7,417	7,463	67	1,006

Notes

Columns (1) and (2) represent the deferred pension to which the directors would have been entitled had they left the Group at 31 March 2004 and 2003, respectively.

Column (3) is the transfer value of the deferred pension in column (1) calculated as at 31 March 2004 based on factors supplied by the actuary of the relevant group pension scheme in accordance with actuarial guidance note GN11.

Column (4) is the equivalent transfer value, but calculated as at 31 March 2003 on the assumption that the director left service at that date.

Column (5) is the change in the transfer value of accrued pension during the year net of contributions by the director.

Column (6) is the increase in pension built up during the year, recognising (i) the accrual rate for the additional service based on the pensionable salary in force at the year end, and (ii) where appropriate the effect of pay changes in 'real' (inflation adjusted) terms on the pension already earned at the start of the year.

Column (7) represents the transfer value of the deferred pension in column (6).

The disclosures in columns (1) to (5) are as required by the Directors' Remuneration Report Regulations.

The disclosures in columns (6) and (7) are as required by the UK Listing Authority's Listing Rules. The requirements of the Listing Rules differ from those of the Directors' Remuneration Report Regulations. The Listing Rules require the additional pension earned over the year to be calculated as the difference between the pension accrued at the end of the financial year and the pension accrued at the start of the financial year less the increase in the pension earned over the year solely due to inflation. The change in transfer value required by the Directors' Remuneration Report Regulations will also be significantly influenced by the assumptions underlying the calculation at the beginning and the end of the financial year and market conditions.

9. Directors' service contracts

The disclosures required by the Regulations in respect of directors' service contracts are as follows:

Terry Duddy

Terry Duddy has a service contract, dated 27 July 1999, which provides for twelve months' notice on the part of the Company and six months by the executive. The contract ends automatically when Mr Duddy reaches the normal retirement age of 60.

Under the terms of the contract, the Company reserves the option, in its absolute discretion, to terminate the executive's employment by paying in lieu of notice. The payment in lieu shall be calculated by reference to basic salary taking into account any pension contributions and benefits in kind for the duration of the notice period but without taking into account any bonus or incentive payment of any kind.

John Peace

John Peace has a service contract, dated 31 March 2000, which provides for twelve months' notice on the part of the Company and six months by the executive. The contract ends automatically when Mr Peace reaches the normal retirement age of 60.

The Company may, in its absolute discretion, make a payment in lieu of the whole or part of the notice period of salary, benefits and any bonus due for that period. The bonus will be calculated by reference to that paid in the previous financial year. The Company will use its best endeavours to procure that the executive is treated under the terms of the LTIP and share option arrangements such that he is vested to the maximum extent possible in LTIP and share options granted to him and that he is granted augmented benefits in the pension scheme as if he had remained in service for the notice period.

If the Company terminates the executive's employment contract in breach of its terms the Company will pay and the executive agrees to accept as liquidated damages, in full and final settlement of all claims arising from such termination, a payment and arrangements in respect of pension and share options computed as indicated above.

Alan Smart

Alan Smart has a service contract the commencement date for which is 1 April 1997 and which was varied on 21 August 2002 to provide for notice periods of twelve months' on the part of both the executive and the Company. Once notice of termination has been given the Company shall continue to pay the executive's salary and provide all the benefits provided for in the agreement.

David Tyler

David Tyler has a service contract, dated 3 February 1997, which provides for twelve months' notice on the part of both the executive and the Company. The contract will end automatically at normal retirement age of 60.

Under the terms of the contract, the Company reserves the option, in its absolute discretion, to terminate the executive's employment by making a payment in lieu of notice. The payment in lieu is calculated by reference to basic salary taking into account any pension contributions and benefits in kind for the duration of the notice period but without taking into account any bonus or incentive payment of any kind.

Craig Smith

Craig Smith has a service contract, dated 27 March 2003, which provides for twelve months' notice on the part of the Company and six months' by the executive. The contract makes specific provisions for the amounts payable to the executive by the Company on termination in specified circumstances in line with US practice for senior executives. Where termination is without cause the agreement provides as follows:

- Monthly salary to be paid at the same times as the executive would have received such payment had he remained in employment for a period of twelve months from the termination. Welfare benefits (or a payment in lieu) will continue during this period.
- Payment of the annual bonus to which the executive would have been entitled for the bonus period during which the termination date occurred as if the level of achievement of target objectives were 100 per cent as of the end of such period, payable in equal monthly instalments.
- The executive's stock options under any stock option or similar plan will be exercisable as specified in the relevant plan rules and any applicable grant agreement. Vesting of stock options will not be accelerated unless provided in the stock option or similar plan rules or the applicable grant agreement.

Chairman and non-executive directors

The Chairman and the non-executive directors do not have service contracts and their appointment may be terminated at any time without compensation. Non-executive directors are appointed for specific terms of three years and the appointment reviewed at the end of each three-year term.

Report on directors' remuneration and related matters continued

10. Combined Code

The constitution and operation of the Remuneration Committee are in compliance with the principles of good governance and Code of Best Practice set out in the Listing Rules of the Financial Services Authority.

11. Shareholding guideline

It is one of the tenets of GUS' reward strategy that shareholders' and directors' interests be aligned. To reinforce this, the Remuneration Committee expects that, over a period of five years or so, executive directors will build a personal holding in GUS shares. This holding should be 200,000 shares in the case of the Group Chief Executive and 120,000 shares in the case of other executive directors.

To underpin this commitment, the Committee expects that, while the guideline holding remains unfulfilled, executive directors will not dispose of any shares vesting to them under any of the GUS incentive plans (save for any disposals necessary to meet tax liabilities arising from them).

12. Directors' interests

The beneficial interests of the directors, together with non-beneficial interests, in the Ordinary shares of the Company and in the ordinary shares of Burberry Group plc, being a body corporate of the same group, are shown below in sections (i) and (ii). Share options granted to directors, awards under the Performance Share Plan and the contingent interests in matching shares under the Co-investment Plan are shown on pages 45 to 47. Save for the disclosures in relation to Burberry shares, the directors have no interests in the debentures of the Company or in any shares or debentures of the Company's subsidiaries.

	GUS plc		Burberry Group plc	
	31 March 2004	31 March 2003 or on date of appointment	31 March 2004	31 March 2003
(i) Beneficial holdings				
Sir Victor Blank	210,000	195,000	–	–
Terry Duddy	107,383	60,717	–	–
Lord Harris of Peckham	12,200	9,700	–	–
Andy Hornby	2,920	2,920	–	–
Frank Newman	5,000	2,500	–	–
Lady Patten of Wincanton	12,370	8,370	–	–
John Peace	245,109	96,370	16,000	16,000
Sir Alan Rudge	8,950	6,450	–	–
Alan Smart	–	–	–	–
Craig Smith	42,001	–	–	–
Oliver Stocken	27,022	22,231	–	–
David Tyler	153,466	52,882	16,000	16,000
(ii) Non-beneficial holdings				
Sir Victor Blank	3,000	3,000	–	–
Lord Harris of Peckham	25,000	25,000	–	–

On behalf of the Board

Lady Patten of Wincanton
Chairman – Remuneration Committee
24 May 2004