

# REPORT ON DIRECTORS' REMUNERATION

This report has been approved by the Board and the Remuneration Committee (the Committee). Shareholders will be invited to approve the report at the 2007 Annual General Meeting.

## REMUNERATION COMMITTEE

### Composition of the Committee

The members of the Committee during the year, all of whom were independent directors, were:

Barry Gibson (*Chairman*)

Sue Lyons

Tim Score

### Role of the Committee

The key responsibilities of the Committee are to:

- determine the fees of the Chairman;
- determine the remuneration and conditions of employment (including any termination arrangements) of the Executive Directors;
- approve the remuneration and conditions of employment of the Divisional Chief Executives and Company Secretary;
- review the remuneration and conditions of employment of the senior management team; and
- select and appoint any remuneration consultants who advise the Committee.

The full terms of reference of the Committee are available on the Company's website at [www.nationalexpressgroup.com](http://www.nationalexpressgroup.com).

### Advisers to the Committee

The Committee has appointed independent remuneration consultants, New Bridge Street Consultants LLP (NBSC), to advise on all aspects of senior executive remuneration. NBSC has no other connection with the Group other than in the provision of advice on executive and employee remuneration. During the year Mercer Human Resource Consulting Limited (Mercer) provided advice on a new performance appraisal system. Mercer also provide advice and actuarial services to one of the Group's pension schemes.

The Chief Executive provides guidance to the Committee on remuneration packages for senior executives employed by the Group (but not in respect of his own remuneration).

The Committee's recommendations in 2006 were all accepted and implemented by the Board.

## REMUNERATION OF NON EXECUTIVE DIRECTORS

The fees of the Non Executive Directors are set by the Board as a whole following an annual review. The review takes account of fees paid for similar positions in the market, the time commitment required from the Director (estimated to be 100 days per year for the Chairman and 20 days per year for the other Non Executive Directors) and any additional responsibilities undertaken, such as acting as Chairman to one of the Board committees or Senior Independent Director. Non Executive Directors are not eligible to receive pension entitlements or bonuses and may not participate in share option schemes. For 2006 the basic fee for acting as a Non Executive Director was £40,000 a year. An additional fee of £5,000 was paid for chairing one of the Board Committees. An extra fee of £5,000 is paid to the Senior Independent Director. The Chairman, David Ross, has elected to take all of his fees as National Express Group shares.

## REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

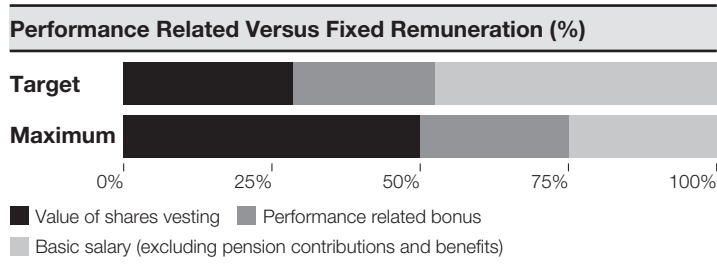
Remuneration policy is based on the following broad principles set by the Committee:

- to provide a competitive remuneration package to attract and retain quality individuals;
- to align remuneration to drive the overall objectives of the business;
- to align the interests of management with the interests of shareholders; and
- to provide the foundation for overall reward and remuneration beyond the specific roles governed by the Remuneration Committee.

The objective of this policy is aligned with the recommendation of the Combined Code on Directors' remuneration. That is to provide a level of remuneration 'to attract, retain and motivate Directors of the quality required to run the Company successfully, but avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.'

In implementing its policy, the Committee gives full consideration to the principles set out in the Combined Code on Corporate Governance with regard to Directors' remuneration.

Remuneration policy is reviewed on an ongoing basis against the Committee's broad principles and in light of emerging best practice in corporate governance. During the year consideration was given to a new performance appraisal system. As a result of the review a new appraisal system was introduced for the Executive Directors. This has also been cascaded down to senior management throughout the Group.



**Fixed versus variable remuneration**

A substantial proportion of the Executive Directors' pay is performance related. The table opposite shows the balance between fixed and performance related pay at target and maximum performance levels. Maximum performance assumes achievement of maximum bonus and full vesting of shares under the LTIP.

**ELEMENTS OF REMUNERATION**

Summary of the components of the Executive Directors' remuneration.

	Objective	Performance period	Policy
Basic salary	To position at a competitive level for similar roles within comparable markets	Annually	Individual pay levels (using comparable mid-market data for guidance) are determined by reference to the individual's performance, experience in post and potential.
Performance related bonus	To incentivise delivery of performance objectives	1 year	Bonus payments are based on the achievement of specified corporate objectives.
Pension	To provide competitive benefits in line with market practice and to act as a retention mechanism and reward long service	Ongoing	The policy is to provide market competitive retirement benefits. Only basic salary is pensionable.
Long Term Incentive Plan	To drive performance, aid retention and align the interests of Executive Directors with shareholders	3 years	Half of any award is subject to EPS growth. The remaining half is subject to the relative total shareholder return (TSR) of the Company compared against a bespoke peer group.
Other benefits	To provide competitive benefits in line with market practice	Ongoing	Executive Directors receive a fully expensed car, private health and long term sickness insurance. A cash alternative may be provided according to individual circumstances.

**(i) Basic salary**

The salary of individual Executive Directors is reviewed at 1 January each year. Account is taken of the performance of the individual concerned, together with any change in responsibilities that may have occurred and the rates for similar roles in a comparator group of companies. The comparator group for the 2006 financial year was made up of two groups of companies. These were a group of transport sector companies with a median market capitalisation of £1,280m and a group of companies from the FTSE Mid 250 drawn from all sectors with a median market capitalisation of £1,389m which reflects that of National Express following its merger with Alsa. For 2007 the comparator groups will be based on similar groups of transport/leisure and general sector companies drawn from the FTSE 250.

**(ii) Performance-related bonus**

The maximum potential bonus payable to Executive Directors was 100% of salary for 2006. 70% of the bonus payable was based on financial targets and 30% based on non-financial targets. The non-financial targets encompass customer, operational excellence and people objectives. No bonus is payable unless the Group's normalised profit budget is achieved. Normalised profit is profit before tax, goodwill impairment, intangible amortisation and exceptional items. Directors receive 50% of that part of the bonus referable to financial targets upon achieving budget and 100% of that part upon achieving a stretch target which, for 2006, was 107% of budget. The stretch financial targets for 2006 have been met in full. The balance of the 2006 bonus payable to individual Directors was, therefore, dependent on individual performance against the Director's personal objectives. For 2007 bonus payments will be based on a similar structure.

**(iii) Pensions**

Under the terms of their service agreements, Executive Directors are entitled to become members of one of the Group pension schemes or, if preferred, to receive payment of a fixed percentage of salary.

Adam Walker is a member of the National Express Group Staff Pension Plan ("the Plan") which is an HM Revenue & Customs (HMRC) approved defined benefit scheme. The benefits from this Plan are subject to HMRC limits. Spouses' pensions are provided in accordance with the terms of the Plan. Ray O'Toole was a member of this Plan until 7 April 2006 and he now receives a salary supplement of 44% in lieu of pension contributions. Richard Bowker is not a member of a company pension scheme and receives a 25% salary supplement in lieu of pension contributions.

Life assurance of four times' basic annual salary is provided for the Executive Directors.

# REPORT ON DIRECTORS' REMUNERATION

## CONTINUED

### (iv) Incentive scheme and share options

#### (a) Long term incentive arrangements

The National Express Group Long Term Incentive Plan (LTIP) was approved by shareholders at the 2005 Annual General Meeting and operates as the Company's sole type of executive long term incentive arrangement. The LTIP consists of annual awards of performance and matching shares. Details of the plan are provided below.

#### Performance shares

Executive Directors are eligible to receive a conditional award of shares up to an equivalent of 1x their annual basic salary. The vesting of the award is conditional on meeting the performance conditions set out below.

#### Matching shares

Executive Directors are also eligible to receive awards of matching shares that are based on a personal investment in National Express Group shares funded either through a personal investment (for example using an annual bonus award) or through pledging of shares already held but not already allocated to the LTIP. The maximum investment/pledge is 30% of gross salary per annum. Matching awards are based on the ratio of 100 shares for every 30 shares purchased. This is a two for one ratio on a grossed up for income tax basis. Matching share awards are also conditional on the performance conditions set out below.

If a participant ceases employment before vesting for a 'compassionate' reason (e.g. redundancy, retirement, death in service, sale of business out of the Company's group) his awards will ordinarily vest. The extent of vesting will be determined by the pro rata application of the performance conditions up to the date of cessation unless the Committee determines that it would be inappropriate to apply a pro rata reduction. Awards lapse on cessation of employment for any other reason.

#### Performance conditions

There are two distinct performance conditions applying to awards made. First, the performance condition attached to one-half of an award (Part 'A') is based on the Company's normalised diluted earnings per share ('EPS') growth performance in excess of inflation over a fixed three year period (three financial years commencing with the financial year in which the award is made). The performance condition attached to the other half of an award (Part 'B') is based on the Company's TSR performance over the same fixed three year period relative to the TSR of a comparator group of over 20 transport companies taken predominantly from the FTSE Industrial Transportation and FTSE Travel & Leisure sectors. The companies comprising the comparator group have been chosen on the basis of their comparability to National Express Group (based on their size and scope of business operations). There is no ability to retest either performance condition.

For awards made in 2005 and 2006 Parts A and B will vest in accordance with the tables below:

Average growth in the Company's normalised diluted EPS* in excess of inflation ('CPI**')	Percentage of Part A that vests
Less than 3%	0%
3%	30%
6%	100%
Between 3% and 6%	30%–100% pro rata

\*Normalised diluted earnings per share are before tax, goodwill impairment, intangible amortisation and exceptional items.

\*\*CPI is a weighted measure of inflation calculated to reflect the scope of the Group's international operations and is currently based two-thirds on UK CPI and one-third on US CPI.

Rank of the Company's Total Shareholder Return against a comparator group	Percentage of Part B that vests
Below median	0%
Median	30%
20th percentile	100%
Between median and 20th percentile	30% and 100% – pro rata

EPS and TSR were chosen for the LTIP as the most appropriate measures of National Express's long term performance since EPS remains an important growth measure and driver and TSR improves shareholder alignment and is consistent with Company objectives of providing long term returns to shareholders.

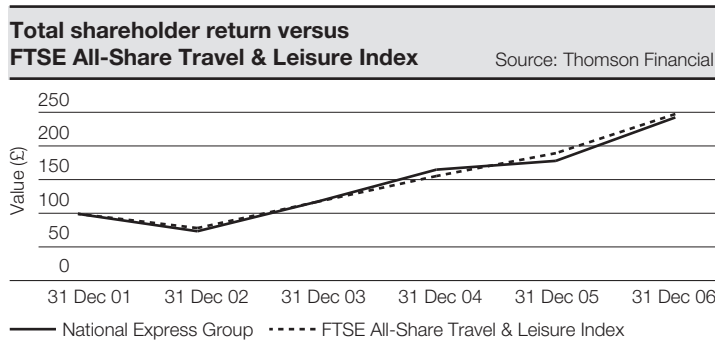
#### (b) Savings Related Share Option Scheme (Sharesave Scheme)

The Company operates an HMRC Revenue approved Sharesave Scheme which is open to all UK employees, including the Executive Directors, who have completed at least six months' service at the date of grant. The options are exercisable after three years at a discount of 10% of the market value of the shares at the time of grant.

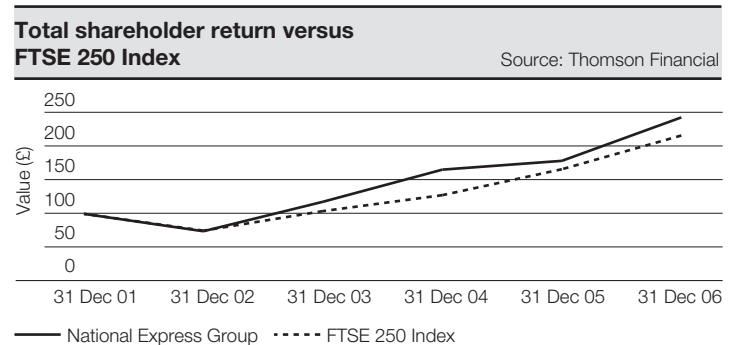
### Performance criteria

The Committee believes that budgeted profit and/or EPS growth as performance measures for the discretionary bonus scheme and long term incentives provide a transparent and accessible method of gauging the performance of the Company. The Company calculates performance against these performance measures by reference to the profit or earnings per share figures appearing in the Company's audited accounts, which the Company believes to be the most transparent and objective measure of the Company's profit or EPS. The Committee also monitors the Group's TSR against both the FTSE All Share Travel & Leisure Index as a measure against its peer group and the FTSE 250 Index, representing a broad equity market index of which the Company is a constituent member. TSR has been used by the Company as a second performance measure for awards made to Executive Directors under the LTIP as outlined above.

The following graphs show a comparison of National Express Group PLC total cumulative shareholder return against that achieved by the FTSE All Share Travel & Leisure Index and the FTSE 250 Index. These graphs have been selected because the Company is a constituent of each index and the Committee, therefore, feels that these are the most appropriate indices to represent the Company's relative performance.



Graph 1 looks at the value, by the end of 2006, of £100 invested in National Express Group on 31 December 2001 compared with £100 invested in the FTSE All-Share Travel & Leisure Index. The other points plotted are the values at intervening financial year-ends.



Graph 2 looks at the value, by the end of 2006, of £100 invested in National Express Group on 31 December 2001 compared with the value of £100 invested in the FTSE 250 Index. The other points plotted are the values at intervening financial year-ends.

### DIRECTORS' SERVICE CONTRACTS, NOTICE PERIODS AND TERMINATION PAYMENTS

#### Executive Directors

The contract dates and notice periods for the Executive Directors are as follows:

Director	Contract date	Notice period from the Company	Notice period from the Director
Richard Bowker	22 May 2006	12 months	12 months
Ray O'Toole	11 September 2003	To 1 September 2006 – 12 months From 1 September 2006 – 24 months reducing on a daily basis to 12 months by 1 September 2007	6 months
Adam Walker	11 September 2003	12 months	6 months
Former Director Phil White	21 May 2003	12 months	6 months

It is the Committee's general policy for the notice periods of Executive Directors to be no longer than 12 months. However, the Committee approved a notice period of 24 months for Ray O'Toole on the appointment of a new Chief Executive to try to ensure continuity of management during this time of change. The notice period reduces on a daily basis between 1 September 2006 and 31 August 2007 such that on 1 September 2007 the notice period will be 12 months.

The service contracts of Richard Bowker and Adam Walker contain a provision, exercisable at the option of the Company, to pay an amount on early termination of employment equal to one year's salary. In the case of Ray O'Toole the early termination payment will fall from two years as at 1 September 2006 to one year's salary by 1 September 2007. The Company will use the payment in lieu of notice provisions when the speed, certainty and protection of restrictive covenants afforded by such clauses are thought to be in the best interests of the Company and the circumstances surrounding the departure of the relevant Director justify their use. The service contracts of Ray O'Toole and Adam Walker have a further provision that, where the Company initiates a termination, other than for cause, within six months of a change of control taking place the Company will exercise its option to make a payment in lieu of notice of an amount equal to the salary and benefits that the Director would have received during the notice period. In any event the Committee's policy is that payments to Directors on termination should reflect the circumstances that prevail at the time, also taking account of the Director's duty to mitigate if appropriate.

Under the terms of their service agreements, Board approval is required before any external appointment may be accepted by an Executive Director.

#### Non Executive Directors

The Non Executive Directors do not have service contracts with the Company but are appointed for fixed three-year terms. All Directors are required to stand at least once every three years for re-appointment by shareholders. The appointment dates of the Non Executive Directors are:

Jorge Cosmen – 1 December 2005  
 Sir Andrew Foster – 1 August 2004  
 Barry Gibson – 17 November 1999  
 Sue Lyons – 23 May 2001  
 David Ross – 1 February 2001  
 Tim Score – 21 February 2005

# REPORT ON DIRECTORS' REMUNERATION

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## Senior executive remuneration

The Remuneration Committee reviews and notes the salaries of senior executives within the Group. The salaries of this group of employees by band are as follows:

Salary band £000	Number of executives 2006
>200–270	3
>150–200	6
>100–150	25
70–100	59

## INFORMATION SUBJECT TO AUDIT: DIRECTORS' REMUNERATION

### Directors' emoluments

	Salary/fees £000	Performance related bonus £000	Benefits <sup>1</sup> £000	Benefits in lieu of pension £000	Total 2006 <sup>2</sup> £000	Total 2005 <sup>2</sup> £000
<b>Executive Directors</b>						
Richard Bowker (appointed 12 September 2006)	154	154	13	38	<b>359</b>	–
Ray O'Toole	360	360	25	119	<b>864</b>	528
Adam Walker	320	320	23	–	<b>663</b>	489
<b>Non Executive Directors</b>						
David Ross (Chairman)	160 <sup>3</sup>	–	–	–	<b>160</b>	150
Jorge Cosmen	40	–	–	–	<b>40</b>	3
Sir Andrew Foster	40	–	–	–	<b>40</b>	35
Barry Gibson	50	–	–	–	<b>50</b>	41
Sue Lyons	45	–	–	–	<b>45</b>	40
Tim Score	45	–	–	–	<b>45</b>	34
<b>Former Executive Director</b>						
Phil White (resigned 11 September 2006)	349	349 <sup>4</sup>	30	51	<b>778</b>	1,010

1 Benefits in kind include a company car, fuel and health insurance.

2 Total remuneration excludes Company pension contributions which are shown below.

3 David Ross has elected to take his Chairman's fees as National Express Group shares.

4 This represents Phil White's total 2006 bonus of £500,000 pro rated for his period as a Director.

### FORMER DIRECTOR

Phil White stepped down as Chief Executive of the Company on 11 September 2006. He will remain in full time employment with the Group on 31 March 2007. He will continue to receive his usual salary and benefits in accordance with the terms of his contract until this date. This includes a payment of £151,000 being the remainder of his bonus for the year ended 31 December 2006. On 31 March 2007 Phil White will receive, in accordance with his contractual entitlements, the title to his car (value £74,000) and any accrued but unused holiday entitlement. From 1 April 2007 to 30 September 2007 Phil White will act as a consultant for the Group for which he will receive a monthly fee of £25,000. During this period he will, in particular, be assisting the Company in connection with a piece of ongoing litigation in New South Wales, Australia. On retirement Phil White is entitled to exercise share options granted to him under the 2002 Executive Share Option Plan subject to the fulfilment of the applicable performance conditions. In addition unvested awards held by Phil White under the Long Term Incentive Plan (the Plan) shall vest subject to the fulfilment of the applicable performance conditions in accordance with the rules of the Plan.

### PENSIONS

Pension benefits earned by Directors in the year to 31 December 2006 from both the approved and unapproved plans were:

	Age	NRA+	Accrued benefit at 1 Jan 2006 £000	Increase in period (net of indexation) £000	Transfer value of increase in period £000	Accrued benefit at 31 Dec 2006 £000	Transfer value at 1 Jan 2006 £000	Transfer value at 31 Dec 2006 £000	Movement in transfer value during period less Director's contributions £000	Employer contribution to defined contribution plan £000
Ray O'Toole*	51	60	28.5	4.5	61.6	<b>33.8</b>	351.8	<b>461.5</b>	105.6	–
Adam Walker	39	60	24.8	8.2	65.3	<b>33.7</b>	179.3	<b>266.8</b>	69.3	–
Former Executive Director										
Phil White (resigned 11 September 2006)	57	62	–	–	–	–	–	–	–	123.4**

+Normal Retirement Age.

\*Ray O'Toole ceased to accrue pension benefits on 7 April 2006.

\*\*Employer contribution shown is for the period 1 January 2006 to 11 September 2006 when Phil White resigned as a Director.

## DIRECTORS' SHAREHOLDINGS

### Directors' interests and transactions

(This table is not subject to audit)

The beneficial and non beneficial interests of the Directors in office as at 31 December 2006 are shown below:

	At 31 December 2006*	At 1 January 2006 or on appointment if later	Change from 31 December 2006 to 26 February 2007
<b>Executive Directors</b>			
Richard Bowker	2,554	–	–
Ray O'Toole	24,364	19,236	–
Adam Walker	19,400	9,700	–
<b>Non Executive Directors</b>			
Jorge Cosmen	23,017,253	18,506,130	–
Sir Andrew Foster	–	–	–
Barry Gibson	3,000	3,000	–
Sue Lyons	2,072	2,072	–
David Ross	2,000,000	634,926	2,001,555
Tim Score	–	–	–
Former Executive Director Phil White (resigned 11 September 2006)	165,408	165,408	

\*For Phil White as at date of resignation.

In order to align the interests of the Directors more closely with the shareholders, the Remuneration Committee has also determined that the Executive Directors should build up a share fund equal to at least one year's salary over a period of five years.

### Share Option Awards

	Note	During year			At 31 Dec 2006**	Option price	Market price at date of exercise	Date from which exercisable	Expiry date	
		At 1 Jan 2006	Granted	Exercised						Lapsed
Ray O'Toole	(i, iv)	5,128	–	5,128	–	585.0p	915.0p	05.07.05	05.07.12	
	(ii, iv)	40,171	–	39,740	431*	585.0p	915.0p	05.07.05	05.07.12	
	(ii, iv)	113,065	–	113,065	–	398.0p	915.0p	18.03.06	18.03.13	
	(ii, v)	92,511	–	–	92,511	681.0p	–	12.05.07	12.05.14	
Adam Walker	(i, iv)	5,128	–	5,128	–	585.0p	915.0p	05.07.05	05.07.12	
	(ii, iv)	14,530	–	14,343	187*	585.0p	915.0p	05.07.05	05.07.12	
	(ii, iv)	75,377	–	75,377	–	398.0p	915.0p	18.03.06	18.03.13	
	(ii, v)	76,358	–	–	76,358	681.0p	–	12.05.07	12.05.14	
	(iii)	453	–	453	–	417.0p	956.0p	01.12.05	01.06.06	
<b>Former Executive Director</b>										
Phil White (resigned 11 Sept 2006)	(i, iv)	5,128	–	5,128	–	585.0p	915.0p	05.07.05	05.07.12	
	(ii, iv)	63,248	–	62,598	650*	585.0p	915.0p	05.07.05	05.07.12	
	(ii, iv)	169,598	–	169,598	–	398.0p	915.0p	18.03.06	18.03.13	
	(ii, v)	132,159	–	–	132,159	681.0p	–	12.05.07	12.05.14	

\*Performance hurdle not yet passed as at 31 December 2006.

\*\*For Phil White as at date of resignation.

#### Notes

- (i) Options granted under the 2002 National Express Group Executive Share Option Plan Part 1 Approved.
- (ii) Options granted under the 2002 National Express Group Executive Share Option Plan Part 2 Unapproved.
- (iii) Options granted under the National Express Group Savings Related Share Option Scheme.
- (iv) The performance condition is as follows: (a) for awards up to 50% of salary; EPS growth of RPI +4% p.a., (b) for awards between 51% of salary and up to 100% of salary; EPS growth of RPI +6% p.a., (c) for awards between 101% of salary and up to 150% of salary; EPS growth of RPI +8% p.a., (d) for awards between 151% of salary and up to 200% of salary; EPS growth of RPI +10% p.a. Parts (a) and (b) are initially tested over years 0–3 with a facility to retest over years 0–4 and 0–5. Parts (c) and (d) are not subject to retesting. Straightline vesting occurs between EPS levels.
- (v) The performance condition is as follows: (a) for awards up to 50% of salary; EPS growth of RPI +4% p.a., (b) for awards between 51% of salary and up to 100% of salary; EPS growth of RPI +5% p.a., (c) for awards between 101% of salary and up to 150% of salary; EPS growth of RPI +6% p.a., (d) for awards between 151% of salary and up to 200% of salary; EPS growth of RPI +10% p.a. Performance is tested over years 0-3. Straightline vesting occurs between EPS levels. Retesting is not permitted.

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## LONG TERM INCENTIVE PLAN (LTIP) AWARDS

Performance shares of 1 x salary are awarded to Executive Directors as nil cost options under the Long Term Incentive Plan (LTIP). In addition 100 matching shares are awarded for every 30 investment shares pledged or invested by the Director under the share matching element of the LTIP. Further details of the LTIP and the applicable performance conditions are shown on page 40.

LTIP Share Awards	At 1 Jan 2006*	During year			At 31 Dec 2006**	Market price on date of award	Market price on date of exercise	Date from which exercisable	Expiry date
		Awarded	Exercised	Lapsed					
<b>Richard Bowker</b>									
Performance shares	–	48,590	–	–	<b>48,590</b>	1032.5p	–	09.11.09	09.05.10
Matching shares	–	8,513	–	–	<b>8,513</b>	1032.5p	–	09.11.09	09.05.10
<b>Ray O'Toole</b>									
Performance shares	35,287	–	–	–	<b>35,287</b>	921.0p	–	27.06.08	27.12.08
Matching shares	56,613	–	–	–	<b>56,613</b>	921.0p	–	27.06.08	27.12.08
Performance shares	–	38,814	–	–	<b>38,814</b>	931.0p	–	06.04.09	06.10.09
Matching shares	–	24,600	–	–	<b>24,600</b>	931.0p	–	06.04.09	06.10.09
<b>Adam Walker</b>									
Performance shares	32,573	–	–	–	<b>32,573</b>	921.0p	–	27.06.08	27.12.08
Matching shares	32,333	–	–	–	<b>32,333</b>	921.0p	–	27.06.08	27.12.08
Performance shares	–	34,501	–	–	<b>34,501</b>	931.0p	–	06.04.09	06.10.09
Matching shares	–	32,333	–	–	<b>32,333</b>	931.0p	–	06.04.09	06.10.09
<b>Former Executive Director</b>									
<b>Phil White</b> (resigned 11 Sept 2006)									
Performance shares	48,859	–	–	–	<b>48,859</b>	921.0p	–	27.06.08	27.12.08
Matching shares	116,580	–	–	–	<b>116,580</b>	921.0p	–	27.06.08	27.12.08
Performance shares	–	53,908	–	–	<b>53,908</b>	931.0p	–	06.04.09	06.10.09
Matching shares	–	51,666	–	–	<b>51,666</b>	931.0p	–	06.04.09	06.10.09

\*Or date of appointment if later.

\*\*Or date of resignation.

Note: for the purposes of the EPS performance conditions, CPI has been calculated to have increased by 3% during the year ended 31 December 2006.

In addition to their individual interests in shares the Executive Directors were, for Companies Act purposes, regarded as interested in the 319,574 shares held at 26 February 2007 by the National Express Group Employee Benefit Trust in respect of the Long Term Incentive Plan.

The Register of Directors' Interests maintained by the Company contains full details of the Directors' holdings of shares and options over shares in the Company. The aggregate gain between the option price and market price on date of exercise of share options by the Directors during the year was £2,286,881.

The mid-market price of the Company's ordinary shares at 31 December 2006 was 1130p (2005: 866.25p) and the range during the year ended 31 December 2006 was 742.75p to 1130p.

By Order of the Board

### J M B Gibson

Director and Chairman of the Remuneration Committee  
1 March 2007