

# Remuneration report

## Role of the committee

The committee, on behalf of the board, determines and approves the remuneration policy for the group and all elements of the remuneration arrangements for executive directors.

On the board's behalf, the committee approves the general recruitment terms, remuneration benefits, employment conditions and severance terms for senior executives and determines the specific recruitment terms, remuneration benefits, employment conditions, pension rights, compensation payments and severance terms for the executive directors. It also approves the rules and associated guidelines for the granting of equity based incentives under the Brammer share plans which currently are the Performance Share Plan and the Share Matching Plan.

The remuneration committee has its own terms of reference, which are approved by the committee and the board. These were reviewed during the year, to ensure compliance with the Combined Code on Corporate Governance and are displayed on the company's website.

The chairman of the company and the chairman of the remuneration committee are available to shareholders to discuss remuneration policy.

In its deliberations, the committee gives full consideration to the principles of good governance and the code of best practice within the Combined Code on Corporate Governance.

## General policy

The committee and the board recognise that in order to attract, retain and motivate talented senior executives it is necessary to operate a competitive pay and benefits structure. The committee aims to reward executives fairly and responsibly for their contribution to the company's performance but avoids paying more than necessary to achieve this objective.

In setting all elements of remuneration, the committee is guided both by published surveys and by specific studies commissioned from time to time by the committee from independent specialist consultants. It takes professional advice from within and outside the company. During the year, the committee has taken advice from Hewitt New Bridge Street ("HNBS") on market and best practice with regard to senior executive pay and share incentive arrangements. In particular, HNBS reviewed the level of Performance Share Plan awards to the senior executives and the performance criteria for future awards under both the Performance Share Plan and the Share Matching Plan. See pages 38 and 39 for the proposed changes in relation to the 2009 awards. HNBS were appointed by the committee and provide no other services to the company. Advice is taken from Eversheds LLP on certain aspects of directors' contracts where appropriate. The committee also receives and considers general information on pay and employment conditions around the group, especially when determining annual salary increases.

## Performance related pay

The committee and the board seek to link a significant proportion of the remuneration package to individual specific performance and to the financial performance of the group. The policy of the committee is to align directors' interests with those of shareholders and to give these executives keen incentives to perform at the highest levels.

Performance related elements of the remuneration package are the annual bonus scheme and the equity-based awards made under the Performance Share Plan and Share Matching Plan. Further details of these benefits are set out below.

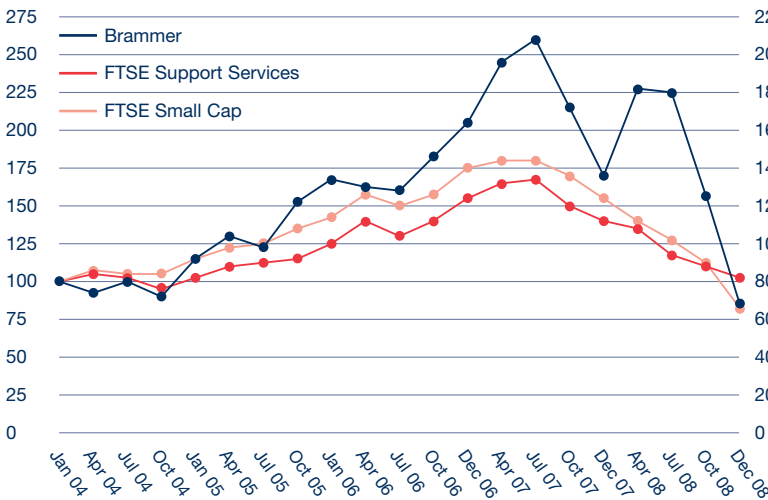
All executive directors are encouraged to be shareholders of the company, as evidenced by the share retention facility in the Performance Share Plan described below. Furthermore, with effect from 2009, the committee is introducing formal share ownership guidelines for executive directors. Under the guidelines, executive directors will be expected to build and maintain a shareholding worth 100% of their salary, ideally within five years from appointment. The current executive directors both satisfy this guideline.

## Total shareholder return graph

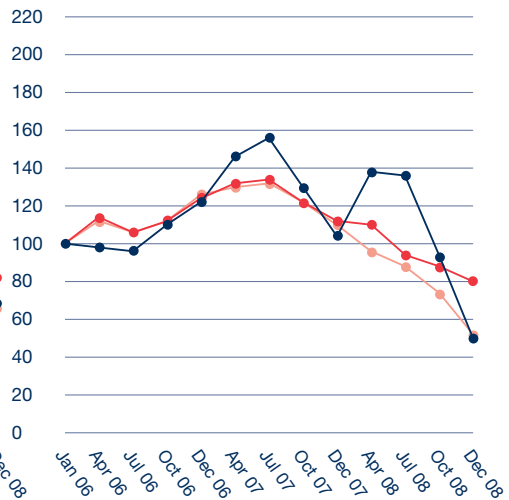
Set out below are two graphs showing the company's total shareholder return ("TSR") over the last five years and over the last three years. The company's TSR is compared to the TSR of the FTSE All Share Support Services Sector Index and FTSE Small Cap Index. The committee has selected these groups given that Brammer is a member of both of them, and in the case of the FTSE Small Cap Index, it is the group against which its TSR performance will be compared under the Share Matching Plan and Performance Share Plan for future awards. The graph of shareholder return over the last three years has been included, as it matches the three year performance period of the Performance Share Plan and Share Matching Plan.

# Remuneration report

**Total shareholder return over five years**



**Total shareholder return over three years**



## Remuneration of executive directors

The components of the remuneration packages for the executive directors are set out below.

### Basic salary

The committee seeks to pay salaries which take account of individual performance and are similar to those paid in comparable companies. The committee uses comparisons with caution to avoid increasing remuneration levels without a corresponding improvement in performance. Basic salary is reviewed at 31 December each year. The committee approved a 2008 base salary of £320,000 in relation to Mr Fraser and £211,000 in relation to Mr Thwaite, which were around median levels of the benchmark data supplied to the committee. There will be no basic salary increases for either Mr Fraser or Mr Thwaite in 2009 as a result of the economic uncertainty in the market as a whole.

### Annual bonus

The committee sets bonus targets to create incentives for executive directors to perform at the highest level and to align their interests with those of shareholders. Bonuses are not pensionable.

On the achievement of quantified financial and non-financial targets, awards of up to 100% and 75% of salary for Ian Fraser and Paul Thwaite respectively can be earned. For 2008 the remuneration committee set a performance related bonus scheme for executive directors based on achieving stretching earnings and cash generation targets. For Ian Fraser up to 65% of salary could be payable for achieving the profits target and 20% for achieving the cash flow target. A maximum of 15% of salary could be awarded for the achievement of challenging personal objectives. A similar split of targets applied to Paul Thwaite's bonus opportunity which was split into the following targets: Profit – 50%, cash flow – 15% and personal objectives – 10%.

The Remuneration Committee has considered bonus principles for 2009. Given the current economic climate and the uncertainties over the trading environment in Europe, it has been decided that the 2009 bonus principles will be based solely in relation to the 2009 budget. The 2009 targets will be based on profit and net debt with no personal objectives.

### Executive share option schemes

The Performance Share Plan and Share Matching Plan are now the primary arrangements through which share-based incentives are offered to executive directors and other senior executives. However, in the past, the company made grants to executive directors and senior executives under an Inland Revenue approved executive share option scheme which was approved by shareholders in 1997 as well as under an unapproved executive share option scheme which was approved by shareholders in 1995. Options may no longer be granted under the two executive share option schemes as according to the rules of both schemes, no options may be granted later than 10 years after the schemes were approved by the shareholders. Details of unexercised options under these schemes are shown on page 39.

# Remuneration report

## Performance share plan

The Brammer plc Performance Share Plan (“the Plan”) together with the Share Matching Plan described below is the primary long-term incentive for key senior Brammer executives. Under the Plan, conditional awards of shares may be awarded with a value at grant of up to 100% of basic salary. These shares vest, at no cost to the executive, upon the achievement of normalised earnings per share growth targets (together with continued employment), thereby providing a strong incentive to deliver substantial underlying earnings growth. The targets are set by the committee having taken external advice on market and best practice. For awards made up to and including 2008, participants only receive the full number of shares over which the award was originally granted if the company’s normalised earnings per share (“EPS”) over the three financial years following grant has increased by 40% in excess of RPI. EPS has to increase by at least 15% in excess of RPI for the participants to receive any shares (at which point 25% of an award vests). Straight-line vesting occurs between these two points. To the extent that shares vest, directors and executives are expected to retain at least 50% of the net number of shares for three years.

Following the committee’s review of the Plan and after consultation with the company’s major shareholders (and their main representative bodies), some minor changes are being proposed for 2009 to the operation of the Plan. These changes are being proposed in response to the economic climate, developments in market practice since the Plan was adopted and the need to continue to ensure that executive directors are effectively aligned with shareholders at the present time. Therefore, in 2009, it is proposed that the Plan will operate as follows:

- Executive directors will receive awards of shares in 2009 worth 100% of salary (previously 75%);
- Up to 75% of salary will be based on EPS growth over the three financial years following grant, with the range being altered to require a minimum growth of 10% in excess of RPI for the participants to receive any shares (at which point 25% vests). For full vesting, the required growth will be 25% growth in excess of RPI. This revised range of targets reflects the current forecasts for growth and is felt to be at least as challenging as the original ones were when they were first set;
- 25% of salary will be based on relative TSR performance. The comparator group against which TSR will be measured will be the FTSE Small Cap (excluding Investment Trusts); and
- The vesting schedules for each element are set out below.

The committee will review the range of EPS growth at the time of the 2010 awards and will set the range for those awards based on the overall economic environment and internal forecasts for EPS growth which prevail at that time.

## Share matching plan

In 2005 the company established the Brammer Share Matching Plan, to operate alongside the Performance Share Plan. In the remuneration committee’s view, the Share Matching Plan produces a strong alignment between the interests of executives and shareholders as it links part of the executive’s rewards to his or her retention of Brammer shares. The performance conditions that apply to awards have been chosen to encourage executives to deliver (i) superior total shareholder return performance against an appropriate group of peer companies and (ii) continued and improving earnings per share.

Matching awards (granted in the form of nil/nominal cost awards) are only granted provided that shares beneficially owned by the employee are first invested in the Plan (“Investment Shares”). Investment Shares worth up to 25% of the employee’s basic salary can be lodged in the Plan per annum, with matching awards then being granted on a maximum matching award ratio of 1:1 (with this ratio applying to the pre-tax number of shares that are lodged in the Plan). Investment Shares for these purposes can be any existing shares deemed beneficially owned by the employee and lodged in the Plan at the time that the matching award is granted.

The vesting of a matching award depends upon the Investment Shares continuing to be held in the Plan, the satisfaction of the performance conditions (see below) and continued employment.

If a participant sells their Investment Shares at any time during the three year performance period, this will reduce (on a pro-rata basis) the number of shares comprised in a matching award.

Vesting of one half of each matching award will be determined by the company’s normalised earnings per share (“EPS”) growth over the three year performance period (comparing, as is the case with Performance Share Plan awards, the company’s EPS in the financial year prior to grant with its EPS in the third year following grant). Vesting of the other half of each award is determined by the company’s performance in terms of its total shareholder return (“TSR”) relative to a peer group of companies over a single three year period.

TSR is the percentage change in the return index (i.e. share price plus net dividends reinvested) over a period of time, in this case, the performance period of three years beginning on the first day of the financial year in the year in which the awards were granted. The base return index for the performance period is the average net return index figure over each weekday in the three months ending on the day before the start of the performance period. The final return index is the average net return index figure over each weekday in the last three months of the performance period.

Consistent with the TSR element of the Performance Share Plan (shown above), from 2009, it is proposed that the composition of the peer group shall be the FTSE Small Cap Index (excluding Investment Trusts). Previously a chosen group was used, the details of which are set out in the summary of outstanding awards on page 40.

# Remuneration report

In summary, the vesting schedules it is proposed will apply to the 2009 awards under the Performance Share Plan and Share Matching Plan are as follows:

## A for 75% of the shares under the Performance Share Plan and 50% of the matching shares under the Share Matching Plan:

EPS growth of Brammer over three years	Vesting percentage of relevant proportion
Less than RPI + 10%	0%
RPI + 10%	25%
Between RPI + 10% and RPI + 25%	Between 25% and 100% on a straight-line basis
RPI + 25% or more	100%

## B for 25% of the shares under the Performance Share Plan and 50% of the matching shares under the Share Matching Plan:

TSR ranking of Brammer against the FTSE Small Cap Index (excluding Investment Trusts)	Vesting percentage of 50% of relevant proportion
Below median ranking	0%
Median ranking	25%
Between median and upper quartile ranking	Between 25% and 100% on a straight-line basis
Upper quartile (top 25%) ranking	100%

There will be no opportunity to retest performance if the performance conditions are not satisfied over the three year performance period under either Plan.

In determining whether performance targets have been met, the normalised earnings per share figures are extracted from the published accounts and the published retail price index for the relevant period. HNBS provide independent verification of the extent to which the TSR performance conditions are met at the end of each relevant period.

### Audited information

The remainder of the remuneration report is audited information with the exception of the section entitled "service contracts" and "directors' interests".

### Director's options

Options on shares held by directors

	31 December 2007	Granted/(lapsed) during year	Exercised during year	31 December 2008	Exercise price pence	Date from which exercisable	Expiry date
<b>Ian Fraser</b>							
Discretionary	100,000	(100,000)	–	– <sup>1</sup>	335.0	6 Oct 2001	6 Oct 2008
	24,000	–	–	<b>24,000</b> <sup>1</sup>	515.0	10 Sep 2002	10 Sep 2009
	65,000	–	–	<b>65,000</b> <sup>1</sup>	390.0	12 Sep 2003	12 Sep 2010
	189,000	(100,000)	–	<b>89,000</b>			
<b>Paul Thwaite</b>							
Discretionary	–	–	–	–			

### Notes

- The performance conditions applying to all outstanding option awards have been satisfied. These were that in any period of three consecutive financial years commencing no earlier than the beginning of the financial year in which the option is granted, the growth in the earnings per share of the company has exceeded the retail price index by 2% per annum during the same period. Therefore, these options are capable of being exercised. The exercise price is currently well in excess of the current market value.
- The middle market price of an ordinary share at the close of business on 23 February 2009 was 95p. The range of prices during the year was 90p to 310p and at 31 December 2008 the price was 104p.
- It is not appropriate to apply a future notional value to these share options as the option prices are above the current share price.
- There have been no gains realised by the directors during the year on the exercise of share options as no options have been exercised.

# Remuneration report

## Performance Share Plan

	Market Price on award grant	31 December 2007	Granted	Vested	31 December 2008	Value vested £000	Vesting date
Ian Fraser	179.00p	113,128	–	(113,128)	–	283	Spring 2008
Ian Fraser	217.00p	97,050	–	–	<b>97,050</b>	–	Spring 2009
Ian Fraser	347.25p	63,930	–	–	<b>63,930</b>	–	Spring 2010
Ian Fraser	250.00p	nil	96,000	–	<b>96,000</b>	–	Spring 2011
Paul Thwaite	179.00p	74,686	–	(74,686)	–	187	Spring 2008
Paul Thwaite	217.00p	64,071	–	–	<b>64,071</b>	–	Spring 2009
Paul Thwaite	347.25p	42,116	–	–	<b>42,116</b>	–	Spring 2010
Paul Thwaite	250.00p	nil	63,300	–	<b>63,300</b>	–	Spring 2011

The middle market price of an ordinary share at the close of business on 18 March 2008 when the relevant shares vested was 250p. See note 3 on page 42 for the vesting of shares under the Performance Share Plan in March 2009. These were awarded in April 2006

## Share Matching Plan

	Market price on award grant	31 December 2007	Granted	Vested	Lapsed	31 December 2008	Value Vested £000s	Vesting date
Ian Fraser	151.50p	75,515	–	(60,208)	(15,307)	–	163	Summer 2008
Ian Fraser	217.00p	54,830	–	–	–	<b>54,830</b>	–	Spring 2009
Ian Fraser	347.25p	36,119	–	–	–	<b>36,119</b>	–	Spring 2010
Ian Fraser	250.00p	nil	54,237	–	–	<b>54,237</b>	–	Spring 2011
Paul Thwaite	151.50p	49,854	–	(39,748)	(10,106)	–	107	Summer 2008
Paul Thwaite	217.00p	36,198	–	–	–	<b>36,198</b>	–	Spring 2009
Paul Thwaite	347.25p	23,794	–	–	–	<b>23,794</b>	–	Spring 2010
Paul Thwaite	250.00p	nil	35,762	–	–	<b>35,762</b>	–	Spring 2011

The middle market price of an ordinary share at the close of business on 27 June 2008 when the relevant shares vested was 270p. Following advice received from Hewitt New Bridge Street in relation to the fulfilment of performance criteria, 79.73% of the matching awards granted in 2005 vested in 2008. The balance of the awarded shares therefore lapsed.

See note 4 on page 43 for the vesting of shares under the Share Matching Plan in April 2009. These shares were awarded in April 2006

The performance conditions applying to Performance Share Plan and Share Matching Plan awards are set out above. The TSR comparator groups used for past Share Matching Awards are as follows:

ACAL	Castings	MICE Group <sup>1</sup>	Spirax-Sarco Engineering
Aggreko	Diploma	Molins	Trifast
Ashtead Group	Fenner	Ricardo	WSP Group
Autologic Holdings	Lavendon Group	Senior	
British Polythene Industries	Metalrax Group	Simon Group <sup>2</sup>	

## Notes

- 1 In administration. Shares suspended from dealing and not included in 2008 group.
- 2 Now de-listed and not included in 2008 group.

## Dilution Limits

In line with ABI Guidelines, the following limits apply to the number of shares which may be issued under the Performance Share Plan and Share Matching Plan:

- The number of issued, issuable and treasury shares that may be allocated under the Performance Share Plan, the Share Matching Plan or any other employee plan adopted by the company will be restricted to 10% of the issued ordinary share capital of the company over any ten year period. As at 31 December 2008, there was headroom of 2,744,326 shares (i.e. 5.2% of share capital) after deducting outstanding awards and options (excluding lapsed awards and options).
- In addition, the number of issued, issuable and treasury shares that may be allocated under the above Plans plus any other “discretionary” executive share plan adopted by the company shall be restricted to 5% of the issued share capital of the company in the ten year period commencing from the 2005 annual general meeting when the Share Matching Plan was adopted. As at 31 December 2008, there was headroom of 667,078 shares (i.e. 1.26% of share capital) after deducting relevant outstanding awards (excluding lapsed awards) under the above Plans.

# Remuneration report

To date, the company has satisfied vestings of awards under both Plans from market purchased shares sourced from the Brammer plc Employee Share Ownership Trust ("the Trust"). For calculating the dilution limits above, such awards have not been deducted, until such time as the awards are satisfied. It is anticipated that the vesting of the 2006 awards under the above Plans in 2009 shall be satisfied from market purchase shares sourced from the Trust and new issue shares.

## Pension

Full information about directors' pension arrangements and entitlements is given below.

## Other benefits

Other benefits provided to the executive directors include private healthcare benefits, permanent health insurance (to secure income in the event of ill health or disability), life assurance, contribution to home telephones and a car allowance.

## Directors' interests

The beneficial interests of the directors and their immediate families in the shares of the company, according to the register of directors' interests are set out below:

	<b>Ordinary Shares of 20p 31 December 2008 Shares</b>	Ordinary Shares of 20p 31 December 2007 Shares
David Dunn	<b>30,000</b>	20,000
Terry Garthwaite	<b>5,000</b>	5,000
Ian Fraser	<b>657,641</b>	496,405
Paul Forman	<b>3,000</b>	3,000
Paul Thwaite	<b>431,732</b>	275,595
Bill Whiteley	<b>10,000</b>	nil
Svante Adde	<b>6,000</b>	6,000

## Notes

- 1 Bill Whiteley was appointed a non-executive director on 1 July 2008. The comparative figure is at the date appointment.
- 2 Svante Adde stepped down as a non-executive director on 30 June 2008. His shares are stated at that date.
- 3 There were no changes in the above mentioned interests between 1 January 2009 and 23 February 2009.
- 4 No director was materially interested in any contract of significance with the company during the year.

## Remuneration of non-executive directors

The chairman and the other non-executive directors are paid fees for their services. During 2008 these non-executive directors were paid a standard fee of £35,000 with further fees being payable for additional responsibilities such as being a chairman of a committee. The non-executive chairman's fee is £104,000. These fees are related to the time spent on the company's business and are set at levels similar to those of comparable companies. The chairman and other non-executive directors do not participate in bonus, share incentive or pension schemes and they do not receive any benefits in kind.

The remuneration of the non-executive directors, other than the chairman, is determined by the board on the recommendation of the chairman and the chief executive. The remuneration of the chairman is determined by the board on the recommendation of the other non-executive directors. In both cases the recommendations are supported by independent advice. Consideration is given to the time commitment and responsibilities of the roles. Remuneration is reviewed every two years.

## Service contracts

Each of the executive directors has a service contract with the company.

	Contract date	Notice period
Ian Fraser	1 July 1998	Rolling 1 year
Paul Thwaite	24 January 2002	Rolling 1 year

When considering these contracts, the committee has due regard to the provisions of the Combined Code. It is the committee's intention that any future executive directors will be subject to similar one year notice periods.

If a contract is to be terminated, the committee will determine such mitigation as it considers fair and reasonable in each circumstance and the compensation that may be paid. It will take into account the best practice provisions of the Combined Code and it will take legal advice on the company's liability to pay compensation and the appropriate amount.

# Remuneration report

In this regard, the service contracts for Ian Fraser and Paul Thwaite contain a liquidated damages clause. In the event of a change of control of the company, save in circumstances where their employment is terminated by reason of retirement or where summary dismissal is warranted, the company is obliged to pay to the director a sum representing basic salary, pension benefit, car allowance and bonus (based on the average bonus payments made over the previous three years) for a period of one year.

The company's practice is to appoint non-executive directors under letters of engagement rather than under service contracts. These letters of engagement set out terms of appointment, usually three years, and it is anticipated that the period will be extended for a second term of three years with the agreement of the board and the non-executive director, although re-appointment is not automatic. In certain circumstances non-executive directors may be invited to serve for further terms if their continued appointment is considered to be in the interests of the company.

David Dunn was initially appointed in November 2001. His appointment was for a period of three years from 2002 Annual General Meeting. Agreement was reached between the company and David Dunn to renew this appointment for a second three year term.

Terry Garthwaite was initially appointed on 1 June 2004 for a term of three years. Paul Forman was appointed on 1 December 2006 for a term of three years and subsequently elected by shareholders at the annual general meeting in 2007. Bill Whiteley was appointed on 1 July 2008 for a term of three years subject to election at the 2009 Annual General Meeting.

These appointments may be terminated on three months' notice by either party.

## Directors' remuneration and emoluments

The remuneration and taxable benefits in kind of the directors in the year ended 31 December 2008 are set out below. In addition to these emoluments, Ian Fraser and Paul Thwaite received payments in respect of salary in excess of the earnings cap. Details of these payments are set out in the pension section below.

	Fees/salary £'000	Bonus £'000	Benefits (excluding pension and share options) £'000	Payments in lieu of pension contributions (2) £'000	2008 total £'000	2007 total £'000
<b>Non-executives</b>						
Svante Adde	19	–	–	–	19	36
David Dunn (chairman)	104	–	–	–	104	95
Terry Garthwaite	40	–	–	–	40	38
Paul Forman	37	–	–	–	37	33
Bill Whiteley	18	–	–	–	18	–
<b>Executives</b>						
Ian Fraser	320	307	17	102	746	645
Paul Thwaite	211	158	13	34	416	354
	749	465	30	136	1,380	1,201

Mr Fraser and Mr Thwaite earned bonuses for 2008 of 96% and 75% respectively (2007: 80% and 60% respectively) as the majority of targets were achieved by Mr Fraser and Mr Thwaite achieved his targets in full. In particular, these were as follows;

- Earnings: The Remuneration Committee set Profit After Interest ("PAI") of £19.56 million as the target for 2008 for which a full bonus will be achieved for this element. PAI for 2008 is £19.74 million. Accordingly, this part of the bonus target has been achieved in full.
- Cash generation: average operational cash generation for 2008 exceeded the target by £3.1 million.

## Notes

- 1 The highest paid director in the year ended 31 December 2008 was Ian Fraser.
- 2 Full details of payments made in lieu of pension contributions are set out in the directors' pension entitlements section below.
- 3 In addition, Ian Fraser and Paul Thwaite will be able to acquire shares in Brammer plc to the value of £100,932 and £66,634 respectively in accordance with the Brammer plc Performance Share Plan. The Performance Share Plan relates to performance shares vesting in March 2009 and issued in April 2006. The performance criteria has been achieved in that the company's earnings per share in 2008 have increased by 40% in real terms over three financial years. Normalised EPS (before amortisation of acquired intangibles and exceptional items) under IFRS has increased from 15.8 pence per share in the year ended 31 December 2005 (the base year as in the accounts for the year ended 31 December 2006) to 25.7p per share on the same IFRS basis. This represents an increase in excess of the 49.7% required to achieve full vesting. The company has received advice from Hewitt New Bridge Street in this determination. The charge for these awards has been systematically taken under IFRS. The value has been estimated using the middle market share price at 31 December 2008 namely 104p.

# Remuneration report

4 In addition Ian Fraser and Paul Thwaite will be able to acquire shares in Brammer plc to the value of £36,323 and £23,980 respectively in accordance with the Brammer plc Share Matching Plan. The Share Matching Plan relates to matching awards granted in April 2006 vesting in April 2009. Vesting of matching awards is determined by the criteria as set out on pages 38 to 40 of the Remuneration Report. Vesting of 50% of the matching awards have been achieved as this was linked to the same criteria as set out in note 3 above in relation to the vesting of Performance Share Plan shares. Vesting of the other half of the award has been achieved in part. Brammer's TSR in 2008 result in 27.3% (13.7% of the total award) of the TSR element of the award vesting in April 2008. Accordingly, 63.7% of the matched awards shall vest. The company has received advice from Hewitt New Bridge Street in the determination. The charge for these awards has been systematically taken under IFRS. The value has been estimated using the middle market share price at 31 December 2008 namely 104p.

## Directors' pension entitlements

With effect from 1 April 2006, Paul Thwaite established a SIPP (self invested personal pension). The company made a contribution to his SIPP during the year of £30,816 (2007 £26,692). In addition, the company made a contribution of £30,310 (2007 £22,032) to a SIPP established by Mr Fraser.

Up to 28 February 2006, Ian Fraser participated in a defined benefit non-contributory pension scheme governed by an independent trust. The scheme is approved by the Inland Revenue. The scheme provides, at normal retirement age of 62, a pension up to 2/3rds of final pensionable salary subject to service requirements and to Inland Revenue limits. As the scheme was closed to future pension accrual on 1 March 2006, the entitlement for Ian Fraser was based on service up to 28 February 2006 only.

The remuneration committee agreed that Ian Fraser could take an early unreduced pension based on a normal retirement date of 60 with a funding cost of £42,000, which would be settled by the company. This decision was based on custom and practice previously exercised in relation to other members of the Brammer Senior Executive Pension Scheme. The Trustees of the Scheme have also approved the early draw down of pension whilst remaining in service subject to the above augmentation. The £42,000 payment was made in 2008.

Ian Fraser received a pension based on a rate of £9,988 pa in 2008 which will increase to £10,239 pa in 2009. He also received a tax-free lump sum of £66,593 in 2008. The dependants of Ian Fraser are eligible for a dependants' pension.

Dependants of both directors are eligible for payments of a lump sum in the event of death in service.

The company had established funded unapproved top-up arrangements ("FURB") for Ian Fraser. This FURB Fund was liquidated on 3 July 2007. In 2006 Ian Fraser elected to exchange his FURB entitlement for a cash payment. The payments made during the year to him were £102,400 (2007 £94,720). Paul Thwaite receives a cash allowance in place of a FURB. The payments made during the year to him were £33,728 (2007 £28,608).

For the avoidance of doubt, the defined benefits drawn by Ian Fraser set out above relate to service completed up to 28 February 2006 and are entirely distinct and separate from his SIPP and FURB.

Approved by the board of directors on 23 February 2009 and signed on its behalf by

**Paul Forman**

Chairman of the remuneration committee