

Financial Performance Target Ranges for 2014 Performance Share Plan Awards

We state in our 2013 Directors' Remuneration Report ("DRR") that:

- 50% of the 2014 Performance Share Plan ("PSP") awards made to our Executive Directors will vest based on relative TSR performance against two comparator groups (see page 99 of our DRR for further details); and that
- The other 50% of the 2014 awards will vest based on performance against a "matrix of earnings per share and dividends per share growth, subject to a return on equity underpin" and that we will disclose the detailed "performance target ranges at the time of grant which will occur after our new PSP is approved at the AGM".

We can now confirm that these target ranges will be as set out in the matrix below. Threshold vesting begins at 5% p.a. growth for both EPS and DPS. (The vesting % between stated points on the matrix will be calculated on a straight line basis.) In addition there is an ROE underpin such that mean ROE must be at least 12% over the three year performance period. At the end of the performance period the committee will critically assess whether the formulaic vesting outcome produced by the matrix is justified.

		DPS growth (% p.a.)											
		<5	5	6	7	8	9	10	11	12	13	14	
EPS growth (% p.a.)	<5	0	0	0	0	0	0	0	0	0	0	0	0
	5	0	15	25	35	45	55	65	75	85	95	100	
	6	0	25	35	45	55	65	75	85	95	100		
	7	0	35	45	55	65	75	85	95	100			
	8	0	45	55	65	75	85	95	100				
	9	0	55	65	75	85	95	100					
	10	0	65	75	85	95	100						
	11	0	75	85	95	100							
	12	0	85	95	100								
	13	0	95	100									
	14	0	100										

Definitions & Explanatory Notes:

EPS	<ul style="list-style-type: none"> ▪ IFRS EPS to be used, but Remco can adjust published figure if it deviates significantly from underlying performance. EPS % growth p.a. will be 3-year point to point compound annual growth rate
DPS	<ul style="list-style-type: none"> ▪ DPS to be based on full year dividend. DPS % growth p.a. to be the 3-year point to point compound annual growth rate
ROE	<ul style="list-style-type: none"> • ROE underpin of 12% to be mean over 3-year performance period. ROE to be IFRS profit after tax divided by average IFRS shareholder funds
Other	<ul style="list-style-type: none"> ▪ Remco discretion to reduce formulaic vesting outcome if formulaic outcome not felt to be justified, based on a range of factors including: whether the result is reflective of underlying performance and has been achieved within the company's agreed risk appetite; the quality of earnings; and the nature of any changes in leverage, key assumptions, dividend cover; plus behaviours etc.