
Remuneration

REPORT

Scope and membership of Remuneration Committee

The Remuneration Committee, which meets not less than three times a year, comprises the independent Non-Executive Directors. The Chief Executive attends the meetings as required, except when his own remuneration is under consideration. The purpose of the Remuneration Committee is to review, on behalf of the Board, the remuneration policy for the Chairman, Executive Directors and other senior executives and to determine the level of remuneration, incentives and other benefits, compensation payments and the terms of employment of the Executive Directors and other senior executives. It seeks to provide a remuneration package that aligns strongly the interests of Executive Directors with that of the shareholders.

The Committee has continued to review the remuneration of the Executive Directors with regard to the need to maintain a balance between the constituent elements of salary, annual bonus and long-term incentives and other benefits. It receives advice from independent remuneration consultants, Hewitt New Bridge Street, and makes comparisons with similar organisations. No Directors, other than the members of the Remuneration Committee, provided material advice to the Committee on Directors' remuneration.

Remuneration policy

The objective of the Group's remuneration policy is to attract and retain management with the appropriate professional, managerial and operational expertise necessary to realise the Group's strategic objectives as well as to establish a framework for remunerating all employees.

It is the Company's policy that all Executive Directors' service contracts contain a 12 month notice period. The Non-Executive Directors do not have service contracts with the Company. They are appointed for an initial three year term and thereafter may be reappointed for a further two terms of three years, subject to re-election at Annual

General Meetings. Additional details of service contracts are shown on pages 46 and 47.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors do not receive any other benefits, other than out-of pocket expenses, from the Group, nor do they participate in any of the bonus or share schemes.

The remuneration agreed by the Committee for the Executive Directors contains the following elements: a base salary and benefits, an annual bonus, share plan awards and pension benefits.

The following sections provide details of the Company's remuneration policy during 2008 and key changes to the policy for 2009.

Base salary and benefits

The Committee establishes salaries and benefits by reference to those prevailing in the employment market generally for Executive Directors of companies of comparable status and market value, taking into account the range of incentives described elsewhere in this report, including a performance bonus. Reviews of such base salary and benefits are conducted annually by the Committee. No increases to base salary and benefits have been awarded for 2009.

Annual bonus plan

Annual bonuses for the Executive Directors are based on the division of a pool of profits earned during the financial year. In 2008, the bonus pool for Executive Directors was equal to 3.85% (2007: 3.85%) of profits earned above a threshold equal to half of targeted profits for the year. If profits exceed 1.1 times (2007: 1.1 times) the targeted level, then an additional 1.3% (2007: 1.3%) of profits earned above the targeted level is added to the bonus pool. As profit in 2008 was below the targeted profits, no addition was made to the bonus pool. The structure of the Annual Bonus

Plan, together with the level of targeted profits for 2008, has resulted in a 41% reduction in the annual bonus pool for Executive Directors, compared to a 5% reduction in profit before tax.

Profits are defined as Group profit before taxation, exceptional items and before the Executive Directors' annual bonus charges and charges or credits resulting from the Incentive Share Plan described below or other share option grants.

The bonus pool calculation is not entirely formulaic as the Committee has the ability to vary the pool both up and down, by up to 10%, to reflect its view of the performance of the Company relative to its directly comparable peers. Reflecting the strong performance of the business, principally compared to the peer group, in the year, the Committee increased the 2008 bonus pool by 10%.

The targeted level of profits for 2008 was £186.0m (2007: £137.7m) and was set at the beginning of 2008 by reference to market expectations and internal forecasts at that time. The Committee retains the discretion to review this arrangement and set different rates and thresholds as it deems appropriate for the business.

Due to the highly uncertain economic environment, limited earnings visibility and the wide range of market estimates of earnings, the Committee agreed that setting a target for 2009 would have risked over or under rewarding management for the performance of the business in the year. Instead, the Remuneration Committee intends to review the Group's performance throughout 2009 and determine the level of bonus, applying principles consistent with prior years' bonuses, by reference to internal and external expectations and the performance of peer group comparator companies.

Unlike all other employees who receive their annual bonuses in cash, the Executive Directors' annual bonus entitlement is restricted to 1 times (2007: 1 times) salary. In the event that the Executive Director's annual bonus entitlement is greater than 100% of salary, only an amount equal to 100% of the

executive's salary is paid in cash. To reward service over a longer period, any excess bonus pool above 100% of the individual's salary level is deferred, paid into an employee benefit trust and invested in the Company's shares with no matching investment by the Company. Based on the 2008 results, the aggregate amount deferred for the three Executive Directors is £1.4m (2007: £3.0m).

Such shares are reserved for the executive and vest in equal annual tranches over two years, normally so long as the executive is still in employment at that time.

The Income Statement for the year carries a charge for the Directors' annual bonus paid in cash while the deferred amount is charged in subsequent years until the shares vest.

In reviewing the remuneration of Executive Directors, the Remuneration Committee concluded that while total remuneration, being heavily geared to performance, was appropriate, the balance between the cash and equity components needed to be adjusted. Accordingly, in the future the maximum cash element of the annual bonus pool will be 1.5 times salary.

Incentive Share Plan for Executive Directors and Senior Employees

In December 2003, shareholders approved a new Incentive Share Plan for Executive Directors and senior employees. The current level of award is 6% (2007: 6%) of Group profits. Not more than 30% of this figure is available for awards to the Executive Directors, with the balance available for awards to senior employees. Group profits are defined as Group profit before taxation and before exceptional items and charges or credits resulting from the plan or other share option grants, as described below. These awards are satisfied in shares of the Company which are purchased and held by the employee benefit trust.

The Committee retains the discretion to review the proportion of profits dedicated to the Incentive Share Plan in the light of the growth in the size of the Company, its profitability and the number of Executive Directors.

Two thirds of these shares ("Deferred Share Awards") are subject to a three-year deferral period during which they will be forfeited if the relevant director or senior employee leaves, other than in "compassionate circumstances". The remaining third ("performance Share Awards") has also been deferred for three years but is subject to earnings per share ("EPS") growth targets over the three year period.

Based on the 2008 results, the total award available was £8,651,820. Of this, £2,595,546 (30%) was allocated to the Executive Directors. Awards totalling £5,855,000 will be made to senior employees. Details of the awards made in 2008 to the Executive Directors are disclosed on pages 44 and 45.

Performance share awards of up to 50% of a Director's or senior employee's salary only vest if EPS grows by an average of 5% over the growth in UK RPI per annum over the three year period. Any excess between 50% and 75% of salary only vests to the extent that EPS grows by 7.5% over the growth in UK RPI per annum over the three year period. Finally, to the extent that the performance share award is greater than 75% of an executive's salary, the hurdle is 10% over the growth in UK RPI per annum over the three-year period. If awards do not vest after three years, they automatically lapse.

While the Remuneration Committee believes these are the most appropriate measures of the underlying performance of the Group, recognising that recruitment is a cyclical industry, the Remuneration Committee has reviewed the Incentive Share Plan with regards to the Company's current operations and prospects. Given the highly uncertain outlook, the Remuneration Committee concluded that performance shares awarded in March 2009 would continue to be subject to existing EPS growth targets, except they would be four year awards and use EPS in 2009 as the base from which growth will be measured.

Executive Share Option Scheme

The Executive Directors and senior employees are eligible to participate in the Executive Share Option Scheme. No payment is required on the grant of an option and no share options are granted at a discount. Benefits received under the Executive Share Option Scheme are not pensionable. Share options can only be exercised on the achievement of performance criteria which are disclosed in Note 18 of the Financial Statements. Retesting after the initial vesting period is not permitted for any grants awarded in 2004 and subsequent years. No options were granted to Executive Directors in the year.

Emoluments

The aggregate emoluments, excluding pensions, of the Directors of the Company who served during the year were as follows:

2008	Salary and fees £'000	Benefits (Note 2) £'000	Annual Bonus £'000	Deferred Annual Bonus £'000	Incentive Share Plan (Note 4) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	371	23	371	537	681	1,983
Charles-Henri Dumon	283	40	283	427	681	1,714
Stephen Puckett	283	22	283	427	681	1,696
Non-Executive						
Sir Adrian Montague CBE	110	–	–	–	–	110
Stephen Box	45	–	–	–	–	45
Ruby McGregor-Smith	45	–	–	–	–	45
Dr Tim Miller	43	–	–	–	–	43
Hubert Reid	43	–	–	–	–	43
Total	1,223	85	937	1,391	2,043	5,679
2007						
	Salary and fees £'000	Benefits (Note 2) £'000	Annual Bonus £'000	Deferred Annual Bonus £'000	Incentive Share Plan (Note 3) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	360	22	360	1,173	673	2,588
Charles-Henri Dumon	275	139	275	924	673	2,286
Stephen Puckett	275	22	275	924	673	2,169
Non-Executive						
Sir Adrian Montague CBE	101	–	–	–	–	101
Stephen Box	45	–	–	–	–	45
Ruby McGregor-Smith (appointed 23 May 2007)	26	–	–	–	–	26
Dr Tim Miller	41	–	–	–	–	41
Hubert Reid	40	–	–	–	–	40
Total	1,163	183	910	3,021	2,019	7,296
Notes to the emoluments:						
1. Steve Ingham is the highest paid director.						
2. Benefits include, inter alia, items such as company car or cash alternative, fuel, cash in lieu of pension contributions, and medical insurance. In 2007, an element of Charles-Henri Dumon's benefits also included housing and relocation costs.						
3. Represents the non-performance proportion of the Incentive Share Plan awarded in March 2008 and the performance vesting proportion of the March 2004 award.						
4. Represents the non-performance proportion of the Incentive Share Plan to be awarded in March 2009 and the performance vesting proportion of the March 2005 award.						

Pension benefits

Executive Directors are eligible to participate in the Group pension plan which is a defined contribution scheme. Each Executive Director receives 20% of their base salary or a cash alternative.

Pension contributions	2008	2007
	£'000	£'000
Steve Ingham	74	72
Charles-Henri Dumon (note 1)	77	38
Stephen Puckett	57	55

1. Charles-Henri Dumon's pension benefits are distorted across 2007 and 2008 due to a transition of local pension plan arrangements in early 2008 and local currency movements.

Directors' interests and share ownership requirements

Executive Directors are required to build and hold, as a minimum, a direct beneficial interest in the Company's ordinary shares equal to their respective base salary. As at 31 December 2008, all Executive Directors complied with this requirement.

The beneficial interests of the Directors who served during the year and their families in the ordinary shares of the Company of 1p each are shown below. For the Directors in office at the balance sheet date there has been no change in these interests from 31 December 2008 to 4 March 2009.

	Ordinary shares of 1p	Ordinary shares				At 31 December 2008
		At 1 January 2008	Acquired in year	Transferred in year	Disposal in year	
Steve Ingham	Direct Holding	1,170,000	–	135,199	–	1,305,199
Charles-Henri Dumon	Direct Holding	1,202,997	–	–	–	1,202,997
Stephen Puckett	Direct Holding	373,526	–	128,674	–	502,200
Stephen Box †	Direct Holding	15,000	–	–	–	15,000

† Non-Executive Director

1. Steve Ingham transferred 54,663 shares from the Incentive Share Plan and 80,536 from the Deferred Annual Bonus to his Direct Holding in the year.
2. Stephen Puckett transferred 54,663 shares from the Incentive Share Plan and 74,011 from the Deferred Annual Bonus to his Direct Holding in the year.

No other Director has a holding in the Company.

Incentive Share Plan

Details of awards made under the Incentive Share Plan that remain outstanding at 31 December 2008 are as follows:

	Total award at 1 January 2008			Awarded during the year			Vested in year	Total award at 31 December 2008		
	Performance shares	Non- performance shares	Total shares	Performance shares	Non- performance shares	Total shares		Performance shares	Non- performance shares	Total shares
	Steve Ingham	109,833	219,666	329,499	107,562	215,122	322,684	(92,746)	186,480	372,957
Charles-Henri Dumon (Note 4)	109,833	219,666	329,499	107,562	215,122	322,684	(92,746)	186,480	372,957	559,437
Stephen Puckett	109,833	219,666	329,499	107,562	215,122	322,684	(92,746)	186,480	372,957	559,437

1. The value of the award made under the Michael Page Incentive Share Plan in 2008 is £919,650 for each individual Director and is based on the purchase price of the Company's ordinary shares on 6 March 2008 of 285.0p. The market value of the shares vested in the year at the date of award was 309.9p.

2. The total value of awards at 31 December 2008 for each individual Director in office at the balance sheet date is £1,201,391 and is calculated using the closing market price of the Company's ordinary shares at 31 December 2008 of 214.75p.
3. For awards made in 2008, the base EPS for the performance criteria is 30.4p (2007: 21.3p).
4. Charles-Henri Dumon was granted deferred share options to acquire 215,122 ordinary shares and performance share options to acquire 107,562 ordinary shares under the Michael Page Incentive Share Plan. These options have a nil exercise price and do not accrue dividends. These are granted in lieu of deferred shares.
5. The non-performance shares to be awarded in 2009 have been included in the Table of Emoluments on page 43.

Deferred Annual Bonus

As described on page 41, in the event that the Executive Directors' bonus entitlement is greater than 100% of salary, the excess above the individual's salary is deferred, invested in the Company's shares and delivered to the individual in two equal tranches on the first two anniversaries of the grant. In 2008, a total of £1.4m will be awarded to the Executive Directors, representing this excess, and has been included in the emoluments table for the year as shown on page 43. There has been no charge made to the income statement in the year for the deferred element of the Annual Bonus Plan. The charge for the year will be spread over future periods as described in the accounting policies in Note 1 on page 60. For full descriptions of the performance and vesting conditions, see "Annual Bonus Plan" on pages 40 and 41.

Details of awards made under the deferred Annual Bonus Plan that remain outstanding at 31 December 2008 are as follows:

	Total award at 1 January 2008 (shares)	Awarded during the year (shares)	Vested in year (shares)	Total award at 31 December 2008 (shares)
Steve Ingham	254,816	411,694	(136,645)	529,865
Charles-Henri Dumon	229,984	324,360	(125,201)	429,143
Stephen Puckett	232,186	324,360	(125,573)	430,973

The average market value of the shares vested in the year at the date of award was 277.0p.

Beneficial interests

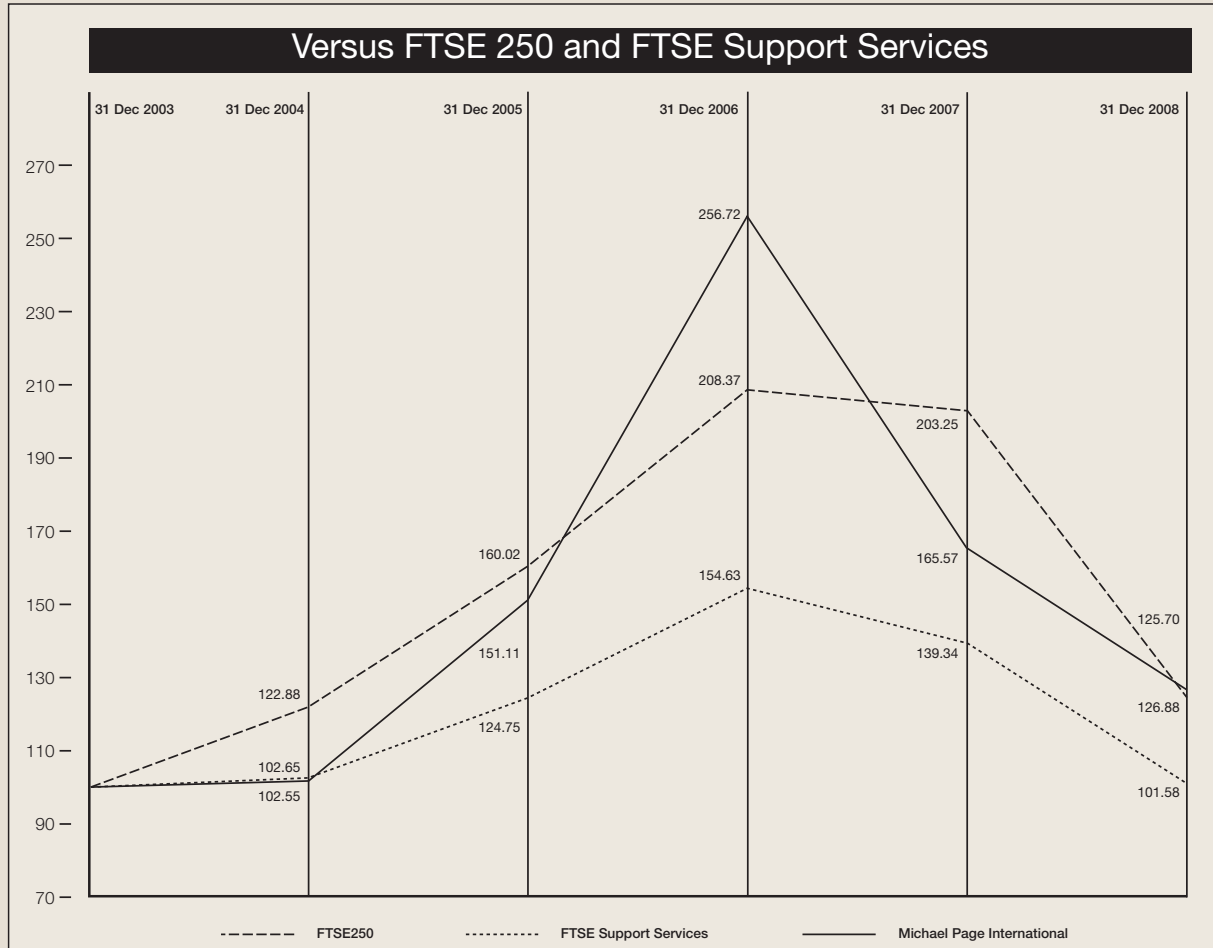
The beneficial interests of the Executive Directors who served during the year and their families in share options of the Michael Page International plc Executive Share Option Scheme at 31 December 2008 were as follows:

	Date of Grant	At 1 January 2008 (shares)	Exercised in year (shares)	At 31 December 2008 (shares)	Market price at date of exercise (pence)	Gains made on exercise (pounds)	Exercise price (pence)	Period of exercise
Steve Ingham	2001	93,471	–	93,471	–	–	175	2004-2011
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Charles-Henri Dumon	2001	140,209	–	140,209	–	–	175	2004-2011
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Stephen Puckett	2001	93,471	–	93,471	–	–	175	2004-2011
	2005	50,000	–	50,000	–	–	190.75	2008-2015

The market price of the shares at 31 December 2008 was 214.8p with a range during the year of 165.5p to 373.5p

Total Shareholder Return (TSR)

The graph below shows Total Shareholder Return (TSR) for the Group and the FTSE Support Services index which, as it is the sector in which the Company operates, is considered the most appropriate comparator index in the absence of a more directly representative recognised index. A comparison with the FTSE 250 index is also given.



Outside appointments

The Remuneration Committee recognises that Non-Executive Directorships have significant benefit in broadening executives' experience. Subject to review in each case, the Remuneration Committee's general policy is that Executive Directors may accept Non-Executive Directorships with other companies, so long as there is no conflict of interest and their effectiveness is not impaired. The executives are permitted to retain any fees for their service.

Service contracts

All Executive Directors' service contracts contain a twelve month notice period. The service contracts also contain restrictive covenants preventing the Directors from competing with the Group for six months following the termination of employment and preventing the Directors from soliciting key employees, clients and candidates of the employing company and Group companies for twelve months following termination of employment. On termination, any compensation payments due to a Director are calculated in accordance with normal legal principles, including mitigation, as appropriate.

	Contract date	Unexpired term at 31 December 2008	Notice period	Provision for compensation on early termination	Other termination provisions
Executive					
Steve Ingham	05/03/01	no specific term	12 months	12 months salary plus other contractual benefits	None
Charles-Henri Dumon	13/06/03	no specific term	12 months	12 months salary plus other contractual benefits	None
Stephen Puckett	05/03/01	no specific term	12 months	12 months salary plus other contractual benefits	None
Non-Executive					
Sir Adrian Montague CBE	27/02/07	14 months	None	None	None
Stephen Box	27/02/07	14 months	None	None	None
Ruby McGregor-Smith	23/05/07	17 months	None	None	None
Dr Tim Miller	13/08/08	32 months	None	None	None
Hubert Reid	25/02/06	2 months	None	None	None

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 5) on 22 May 2009.

Audit requirement

Within the Remuneration Report, the sections on Emoluments, and Directors' interests and share ownership requirements, on pages 43 to 45 inclusive, are audited. All other sections of the Remuneration Report are unaudited.



Dr Tim Miller

Chairman – Remuneration Committee

5 March 2009