
Remuneration

REPORT

Scope and membership of Remuneration Committee

The Remuneration Committee, which meets not less than twice 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 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, incentive and other benefits. It receives advice from independent remuneration consultants, New Bridge Street Consultants LLP, 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 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 term of three years 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 48 and 49.

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

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

The following sections provide an outline of the Company's remuneration policy during 2007. Shareholders were consulted on the policy at the time of approval of the Incentive Share Plan in December 2003.

Base salary and benefits

The Committee establishes salaries and benefits by reference to those prevailing in the employment market generally for Executive Directors 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.

Annual bonus plan

Annual bonuses for the Executive Directors are based on the division of a pool of Profits earned during the financial year. This approach is similar to the bonus arrangements for other employees. In 2007, the bonus pool for Executive Directors was equal to 3.85% (2006: 3.85%) of Profits earned above a threshold equal to half of targeted Profits for the year. In addition, if Profits exceed 1.1 times (2006: 1.2 times) the targeted level, then an additional 1.3% (2006: 1.3%) of Profits earned above the targeted level is added to the bonus pool.

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 as described above is capable of variation by the Committee both up and down, by up to 10%, to reflect the Committee's view on the performance of the Company relative to its directly comparable peers. The Committee increased the 2007 bonus pool by 10% in recognition of both absolute and peer group comparator performance.

The targeted level of Profits for 2007 was £137.7m (2006: £91.0m) and was set at the beginning of 2007 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.

The target for 2008 has been set and will be disclosed in next year's report. The threshold in 2008 for awarding the higher level of bonus is set at 1.1 times the targeted level of profits.

Unlike all other employees who receive their annual bonuses in cash, in the event that the Executive Director's annual bonus entitlement is greater than 100% of salary, only an amount equal to the executive's salary is paid in cash. To reward service over a longer period, any excess above 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 2007 results, the amount deferred for the three Executive Directors is £3.0m (2006: £1.7m).

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 profit and loss account for the year carries a charge for the Directors annual bonus paid in cash while the deferred amount is charged in subsequent years when the shares vest.

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% (2006: 6%) of Group Profits of the preceding year. 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.

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") are also to be deferred for three years but are subject to earnings per share ("EPS") growth targets over the three year period.

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 vest 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. The Committee believes these are the most appropriate measures of the underlying performance of the Group. If awards do not vest after three years, then they lapse.

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.

The Committee reviewed the Incentive Share Plan with regards to the Company's current operations and prospects.

Based on the 2007 results, the total award available was £9,196,500. Of this, £2,758,950 (30%) is for the Executive Directors. Awards totalling £6,215,000 will be made to senior employees. Details of the awards made in 2007 to the Executive Directors are disclosed on pages 46 and 47.

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.

Emoluments

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

2007	Salary and fees £'000	Benefits (Note 2) £'000	Annual Bonus (Note 3) £'000	Deferred Annual Bonus (Note 3) £'000	Incentive Share Plan (Note 5) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	360	22	360	1,173	718	2,633
Charles-Henri Dumon	275	139	275	924	718	2,331
Stephen Puckett	275	22	275	924	718	2,214
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	2,154	7,431
2006						
2006	Salary and fees £'000	Benefits (Note 2) £'000	Annual Bonus (Note 3) £'000	Deferred Annual Bonus (Note 3) £'000	Incentive Share Plan (Note 4) £'000	Total £'000
Executive						
Steve Ingham (Note 1)	325	33	325	653	417	1,753
Terry Benson (resigned 6 April 2006) (Note 6)	124	12	–	–	–	136
Charles-Henri Dumon	260	191	260	538	417	1,666
Stephen Puckett	260	26	260	538	417	1,501
Non-Executive						
Sir Adrian Montague CBE	75	–	–	–	–	75
Stephen Box	38	–	–	–	–	38
Dr Tim Miller	35	–	–	–	–	35
Hubert Reid	32	–	–	–	–	32
Total	1,149	262	845	1,729	1,251	5,236
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. Charles-Henri Dumon's benefits also include housing and relocation costs, now ceased.						
3. The annual cash bonus for Board members is capped at 100% of salary. Any excess over this amount is deferred and invested in the Company's shares which vest in equal tranches over two years. The amount of the annual bonus earned by the remaining Executive Directors in 2007, but deferred to future periods, was £3.0m (2006: £1.7m).						
4. Represents the non-performance proportion of the Incentive Share Plan awarded in March 2007.						
5. Represents the non-performance proportion of the Incentive Share Plan to be awarded in March 2008 and the performance vesting proportion of the March 2004 award.						
6. Under the terms of his contract, Terry Benson gave notice of his intention to retire from the Company in December 2005. He resigned as a Director of the Company on 6 April 2006 but remained employed by the Company as part of his notice period during which he was paid a further £0.3m.						

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	2007 £'000	2006 £'000
Steve Ingham	72	54
Terry Benson (resigned 6 April 2006)	–	27
Charles-Henri Dumon	38	39
Stephen Puckett	55	48

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 2007 all Executive Directors comply 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 2007 to 4 March 2008.

Ordinary shares of 1p		At 1 January 2007	Acquired in year	Vesting of plans	Disposal in year	At 31 December 2007
Steve Ingham	Direct Holding	1,010,884	170,000	85,630	(96,514)	1,170,000
Charles-Henri Dumon	Direct Holding	1,332,997	170,000	115,845	(415,845)	1,202,997
Stephen Puckett	Direct Holding	214,696	170,000	86,396	(97,566)	373,526
Stephen Box †	Direct Holding	15,000	–	–	–	15,000

† Non-Executive Director

1. Steve Ingham transferred 78,946 shares from the Incentive Share Plan and 39,117 from the Deferred Annual Bonus to his Direct Holding in the year.
2. Stephen Puckett transferred 78,946 shares from the Incentive Share Plan and 39,883 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 2007 are as follows:

	Total award at 1 January 2007			Awarded during the year			Vested in year	Total award at 31 December 2007		
	Performance shares	Non- performance shares	Total shares	Performance shares	Non- performance shares	Total shares		Performance shares	Non- performance shares	Total shares
Steve Ingham	91,297	182,595	273,892	44,851	89,702	134,553	(78,946)	109,833	219,666	329,499
Charles-Henri Dumon (Note 4)	91,297	182,595	273,892	44,851	89,702	134,553	(78,946)	109,833	219,666	329,499
Stephen Puckett	91,297	182,595	273,892	44,851	89,702	134,553	(78,946)	109,833	219,666	329,499

1. The value of the award made under the Michael Page Incentive Share Plan in 2007 is £625,000 for each individual Director and is based on the purchase price of the Company's ordinary shares on 2 March 2007 of 464.5p. The market value of the shares vested in the year at the date of award was 135.0p.
2. The total value of awards at 31 December 2007 for each individual Director in office at the balance sheet date is £948,957 and is calculated using the closing market price of the Company's ordinary shares at 31 December 2007 of 288.0p.

3. For awards made in 2007, the base EPS for the performance criteria is 21.3p (2006: 15.5p).
4. Charles-Henri Dumon was granted deferred share options to acquire 89,702 ordinary shares and performance share options to acquire 44,851 ordinary shares under the Michael Page Incentive Share Plan 2007. These options have a nil exercise price and do not accrue dividends.
5. The non-performance shares to be awarded in 2008 have been included in the Table of Emoluments on page 45.

Deferred Annual Bonus

As described on page 44, 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 £3.0m 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 45. 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 pages 58 to 63. For full descriptions of the performance and vesting conditions, see "Annual Bonus Plan" on pages 43 and 44.

Details of awards made under the Deferred Annual Bonus Plan that remain outstanding at 31 December 2007 are as follows:

	Total award at 1 January 2007 (shares)	Awarded during the year (shares)	Vested in year (shares)	Total award at 31 December 2007 (shares)
Steve Ingham	180,709	140,501	(66,394)	254,816
Charles-Henri Dumon	181,547	115,758	(67,321)	229,984
Stephen Puckett	184,122	115,758	(67,694)	232,186

The average market value of the shares vested in the year at the date of award was 250.8p.

Beneficial interests

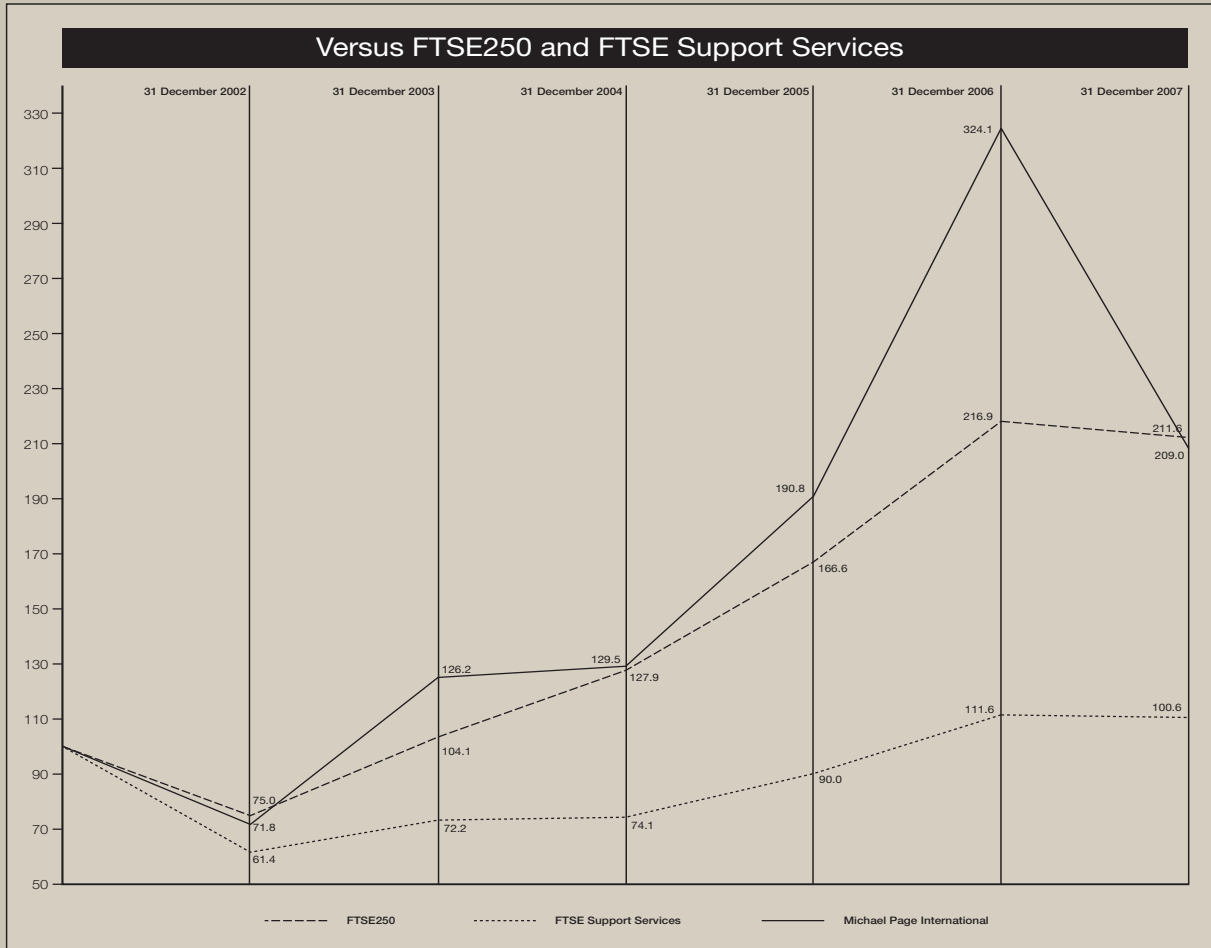
The beneficial interests of the Executive Directors who served during the year and their families in share options of the Michael Page International plc Executive Share Option Scheme at 31 December 2007 were as follows:

	Date of Grant	At 1 January 2007 (shares)	Exercised in year (shares)	At 31 December 2007 (shares)	Market price at date of exercise (pence)	Gains made on exercise (pounds)	Exercise price (pence)	Period of exercise
Steve Ingham	2001	234,441	(140,970)	93,471	560	542,735	175	2004-2011
	2004	50,000	(50,000)	–	560	194,500	171	2007-2014
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Charles-Henri Dumon	2001	291,016	(150,807)	140,209	560	580,607	175	2004-2011
	2003	200,000	(200,000)	–	560	953,200	83.4	2007-2013
	2004	50,000	(50,000)	–	560	194,500	171	2007-2014
	2005	50,000	–	50,000	–	–	190.75	2008-2015
Stephen Puckett	2001	234,441	(140,970)	93,471	560	542,735	175	2004-2011
	2004	50,000	(50,000)	–	560	194,500	171	2007-2014
	2005	50,000	–	50,000	–	–	190.75	2008-2015

1. The market price of the shares at 31 December 2007 was 288.0p with a range during the year of 259.75p to 595.0p.
2. No options were granted under the Executive Share Option Scheme to the Executive Directors in 2008.

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. The graph illustrates TSR for the financial periods since flotation.



Outside appointments

The Remuneration Committee recognises that Non-Executive Directorships are a 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 executive is 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. Mitigation of these payments would be applied, depending on the individual circumstances of each case.

	Contract date	Unexpired term at 31 December 2007	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	26 months	None	None	None
Stephen Box	27/02/07	26 months	None	None	None
Ruby McGregor-Smith	23/05/07	29 months	None	None	None
Dr Tim Miller	15/08/05	7 months	None	None	None
Hubert Reid	25/02/06	14 months	None	None	None

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 6) on 23 May 2008.

Audit requirement

Within the Remuneration Report, the sections on Emoluments, and Directors' interests and share ownership requirements, on pages 45 to 47 inclusive, are audited. All other sections of the Remuneration Report are unaudited.



Dr Tim Miller

Chairman – Remuneration Committee
4 March 2008