

Remuneration Committee report

The Remuneration Committee is chaired by Thomas Isler and includes Albert Fischer, Robert Chanson and Sam Wauchope as members. All are non-executive directors. The Committee is responsible for determining the contract terms, remuneration and other benefits of the executive directors and of the Chairman, and for monitoring the remuneration of first-line executive management. The Committee may also call on outside compensation experts as required.

Remuneration policy

It is Group policy to set directors' remuneration levels to attract the quality of individuals that the Group requires to succeed in its chosen objectives.

It is also Group policy to ensure that there is a strong link between the level of executive directors' remuneration and the performance of the Group in achieving its goals.

At the forthcoming annual general meeting, shareholders will be given the opportunity to ask the Chairman of the Remuneration Committee, Thomas Isler, questions on any aspect of the Group's remuneration policy.

Elements of remuneration - executive directors

The following comprise the principal elements of executive directors' remuneration:

- basic salary and benefits;
- annual bonus;
- share options; and
- pension contributions.

Basic salary and benefits

Salaries are reviewed (but not necessarily increased) annually by the Committee. As the level of each individual director's remuneration can be significantly augmented through performance-related bonuses, only in exceptional circumstances will the Committee consider an increase in excess of the general rate of wage inflation for the United States. Where such an increase has been awarded, the Committee will publish the reasons behind their decision in the Remuneration Committee report.

In addition to basic salary, each executive director is entitled to the following main benefits:

- 15 days holiday per annum;
- coverage under the Company's health insurance plans or a cash payment to cover the director's cost of acquiring medical insurance; and
- coverage under the Company's long-term and short-term disability and group term life insurance plans.

Annual bonus

Annual bonuses are payable to each executive director based on achievement of financial, strategic and sustainability objectives, both corporate and personal. For 2006, the directors had bonus potential of between 25 and 50 per cent of their basic salaries: for 2007, the figures are between 25 and 67 per cent. This ensures that there is a significant element of "at risk" pay, which is only available when good results are achieved. In addition, 25 per cent of any annual bonus earned is retained as a long-term incentive and is released after six months only if the director is still employed by the Company.

Share option schemes

Prior to the formation of Plant Health Care plc, the executive directors participated in the Plant Health Care, Inc. Incentive Stock Option plans. Under these plans, options were periodically awarded at the discretion of the board of directors of that company. These plans were effectively frozen at the time of admission to AIM. Outstanding options in Plant Health Care, Inc. were converted into options in Plant Health Care plc bearing the same rights *mutatis mutandis* as under the Plant Health Care Inc. scheme. No further awards of options will be made under the Plant Health Care, Inc. plans.

In July 2004 the Board of directors adopted the Plant Health Care plc Unapproved Share Option Scheme 2004. Under this scheme the Board may grant options at an exercise price of not less than the market value of a share on the date of award. Options may normally be exercised between three and ten years from grant. The Company may issue options up to the greater of 3 per cent of its issued share capital or such number as, when aggregated with any outstanding options converted from the Plant Health Care, Inc, plans described above, amounts to no more than 10 % of the issued share capital of the Company.

Pension Plan

Each of the executive directors is entitled to participate in the Plant Health Care, Inc. 401(k) Plan. This is a defined contribution plan approved by the U.S. Internal Revenue Service. The main features of the plan are:

- participation is open to all US-based employees who have completed a probationary period after initial employment;
- employees may contribute a percentage of salary to the plan through a payroll withholding scheme;
- the Company contributes an amount equal to 3% of compensation for all employees eligible to participate;
- vesting of Company contributions is 20% after two years of service, with further vesting in 20% annual increments until vesting is complete; and
- the plan is subject to various statutory non-discrimination tests to ensure that it does not favour highly-compensated employees.

Elements of remuneration - non-executive directors

The remuneration for non-executive directors consists solely of fees for their services in connection with the Board and Board committees. Sam Wauchope receives 100% of his fees in cash. The other non-executive directors, including the Chairman, receive 50% of their fees in cash and 50% in the form of the Company's ordinary shares.

Prior to the creation of Plant Health Care plc, the then non-executive directors participated in the Plant Health Care, Inc. Incentive Stock Option plans described above. Albert Fischer, Robert Chanson and Thomas Isler hold such options (now converted to options over shares in Plant Health Care plc). No options have been granted to non-executives since the formation of Plant Health Care plc and no further options will be granted to non-executives.

Service contracts

The Company has service contracts with all executive and non-executive directors. Provisions included in the service contracts for executive directors include:

- termination may be initiated by either party with twelve months' notice;
- if the Company terminates other than for cause, the individual is entitled to a payment equal to the basic salary that would have been paid during the balance of the notice period plus a payment equal to salary to the effective date of termination, payment for accrued but unused vacation, and pro rata cash bonus for the year to date (if targets are being met); and
- in the event of termination for cause, the individual would receive only base salary through the date of termination and accrued vacation pay. "For cause" includes fraud or felonious conduct; embezzlement or misappropriation of Company funds or property; refusal, misconduct in or disregard of the performance of the individual's duties and obligations; abandonment or voluntary resignation; death, retirement or permanent disability.

For non-executive directors:

- termination is on not less than one month's written notice, to expire at any time; and
- directors may be terminated with immediate effect for serious breach or repeated or continued material breach of any obligations to the Company; any act of dishonest or serious misconduct or conduct which tends to bring the director or the Company into disrepute; or a declaration of bankruptcy.

In addition to the above, the Company's articles of association require that at least one-third of the directors retire by rotation at each annual general meeting. Such retiring directors are eligible for re-election.

Directors' remuneration

The remuneration of the individual directors who served during the year, for the period for which they were directors, was as follows:

	Base salary and fees	Performance- related bonus	Other	Total 2006	Total 2005
	<i>\$'000's</i>	<i>\$'000's</i>	<i>\$'000's</i>	<i>\$'000's</i>	<i>\$'000's</i>
<i>Executive:</i>					
J Brady	215	34	3	252	211
W Bratkowski*	113	11	6	130	-
D Marx	138	8	7	153	147
S Whitcomb**	-	-	-	-	244
<i>Non-executive:</i>					
A Fischer	60	5	-	65	58
R Chanson	51	5	-	56	49
T Isler	51	-	-	51	49
S Wauchope	51	9	-	60	52
	679	72	16	767	810
	679	72	16	767	810

* Appointed 3 March 2006

** Resigned 21 July 2005

The performance-related bonuses paid to non-executive directors relate to services provided in connection with the Company's capital raising in May 2006.

With effect from 1 April 2007, the Committee has recommended and the Board approved an increase in the base salary of John Brady to \$300,000, and has increased his bonus potential to an annual \$200,000. This exceptional increase reflects the Board's view of the outstanding performance of John Brady in developing the Company to its current position, and acknowledges also the value that the market would place on those achievements.

Directors' share options

The Company maintains an Unapproved Share Option Scheme that was adopted in July 2004. Walter Bratkowski, who was appointed to the Board on 3 March 2006, was granted 100,000 options under this scheme on 31 October 2005, at which time he was Group Chief Financial Officer. The options have an exercise price of 62p and are exercisable from 31 October 2008 to 30 October 2015, with vesting subject to performance conditions related to Total Shareholder Return. Walter Bratkowski was granted a further 100,000 options under the scheme on 11 April 2006. These options, which have similar vesting conditions, have an exercise price of 73.5p and are exercisable from 11 April 2009 to 10 April 2016.

On 11 April 2006, 3,470 options were granted to Selina Marx, the wife of Donald Marx and an employee of the Company. These options, which have similar vesting conditions to those described above, have an exercise price of 73.5p and are exercisable from 11 April 2009 to 10 April 2016. For Companies Act purposes, these options fall to be disclosed as an interest of Donald Marx in the share capital of the Company.

No other director has been granted options under this scheme.

Certain directors have share options granted under the 2001 Incentive Stock Option Plan previously maintained by Plant Health Care, Inc. Upon admission to AIM, options outstanding under this plan were converted into options to acquire shares of Plant Health Care plc.

Further information related to shares issued to directors during the year is detailed in note 20 to the financial statements.

The interests of the directors in share options over the ordinary shares of the Company at 31 December 2006 are set out in the following table.

	<i>No of options</i>	<i>Exercise price £</i>	<i>Exercisable from</i>	<i>Expiry Date</i>
A Fischer	37,500	0.37	Now	18 November 2011
	37,500	0.37	Now	18 November 2012
	37,500	0.37	Now	1 March 2014
	75,000	0.74	Now	23 March 2014
	37,500	0.37	Now	14 June 2014
J Brady	525,000	0.37	Now	20 August 2011
	918,975	0.37	Now	4 March 2014
	56,025	0.71	Now	4 March 2014
W Bratkowski	100,000	0.62	31 October 2008	30 October 2015
	100,000	0.735	11 April 2009	10 April 2016
D Marx	149,999	0.37	Now	17 December 2012
	565,762	0.37	Now	4 March 2014
	34,237	0.71	Now	4 March 2014
	3,470	0.735	11 April 2009	10 April 2016
R Chanson	37,500	0.37	Now	18 November 2011
	37,500	0.37	Now	18 November 2012
	37,500	0.37	Now	1 March 2014
	60,000	0.74	Now	23 March 2014
	37,500	0.37	Now	14 June 2014
T Isler	37,500	0.37	Now	18 November 2011
	37,500	0.37	Now	18 November 2012
	37,500	0.37	Now	1 March 2014
	52,500	0.74	Now	23 March 2014
	37,500	0.37	Now	14 June 2014
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	3,090,968			

On 30 January 2007, John Brady exercised 300,000 options at 37p from those options exercisable until 20 August 2011. On the same date, Don Marx exercised all of his above price options which had vested, comprising 715,761 options at 37p and 34,237 options at 71p. The share price at the close of the day on which the options were exercised was 226.5p.

There were no other movements in the above holdings during 2006 or to the date of this report.

During the year, the Company's share price on AIM ranged between 56.5p and 178.5p. At 31 December 2006, the share price was 177.5p.