



Remuneration Committee report

The Remuneration Committee is chaired by Dominik Koechlin and includes Albert Fischer and Jeremy Scudamore as members. Each is a non-executive director. 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, incentivise and retain 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 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 (discretionary);
- long-term share-based incentives;
- pension contributions; and
- post-employment health benefits.

Basic salary and benefits

Salaries are reviewed 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 its decision in the Remuneration Committee report.

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

- up to 20 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.

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Annual bonus

Annual bonuses are payable to each executive director based on achievement of financial, strategic and sustainability objectives, both corporate and personal. For 2009, the directors had bonus potential of between 45% and 68% of their basic salaries; for 2010, the figures are between 45% and 65%. This ensures that there is a significant element of “at risk” pay, which is only available when good results are achieved.

Long-term share-based incentives

Each of the executive directors is eligible to participate in the Company’s share option schemes and long-term incentive stock award plan. The Company may award options and shares under these plans up to the greater of 3% of its issued share capital or such number as, when aggregated with any outstanding options converted from the Plant Health Care, Inc. option plans described below, amounts to no more than 10% of the issued share capital of the Company. The main features of these plans are:

(a) Share option schemes

Prior to the formation of Plant Health Care plc, the then 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 10 years from grant. In most cases, vesting is also dependent upon the Company’s total shareholder return exceeding that of the AIM All-Share Index for the period from grant to vesting.

(b) Long-term incentive stock award plan

In June 2007, the Company adopted the Plant Health Care plc 2007 Long Term Incentive Plan (the “LTIP”). The main features of the plan are:

- all employees of the Company and its subsidiaries are eligible to participate in the LTIP. The Remuneration Committee of the Company’s Board of directors selects the employees to receive awards and determines the number of ordinary shares subject to a particular award;
- the grantee must pay at least the nominal value per share to receive the stock award;
- the Remuneration Committee determines the period of vesting for any given stock award. Vesting of any stock award is contingent on the fulfilment of challenging performance criteria set by the Committee. The Committee may accelerate the vesting or amend or relax performance conditions, to the extent that conditions which are amended or relaxed will be no more or less difficult to satisfy than when they were originally imposed;



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- if a grantee terminates employment for any reason prior to vesting of all or a portion of a stock award, the unvested portion must be returned to the Company; and
- the LTIP automatically terminates 10 years from its effective date of 8 June 2007, unless terminated earlier by the Company or extended by the Company with the approval of the shareholders.

Pension contributions

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 US 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 up to 3% of compensation, at the discretion of the Board, for all employees eligible to participate;
- vesting of Company contributions is 33% after the first year of service, and 33% and 34% over the next two years of service, respectively; and
- the plan is subject to various statutory non-discrimination tests to ensure that it does not favour highly-compensated employees.

Post-employment health benefits

John Brady's service contract includes a benefit for payment of health benefits during his lifetime, unless he is terminated by the Company for cause, subject to limitations on the annual cost as set forth in the contract.

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. The non-executive directors receive 50% of their fees in cash and 50% in the form of the Company's ordinary shares. Prior to 1 January 2009, Sam Wauchope received 100% of his fees in cash.

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 holds 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.

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Service contracts

The Company has service contracts with all executive and non-executive directors. Certain of the non-executive directors contract via their personal service companies. Provisions in the service contracts include:

For executive directors:

- termination may be initiated by either party with a notice period of 12 months;
- if the Company terminates other than for cause, the individual is entitled to a payment equal to 12 months' base salary payment, plus 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; 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.



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Directors' remuneration

The amounts shown are the remuneration of the individual directors who served during the year. The amounts shown reflect compensation only for the period for which they served as directors.

	<i>Base salary and fees</i> \$'000	<i>Performance-related bonus</i> \$'000	<i>Share-based payments</i> \$'000	<i>Other benefits</i> \$'000	<i>Total 2009</i> \$'000	<i>Total 2008</i> \$'000
<i>Executive:</i>						
J Brady	338	142	111	74	665	885
S Weaver*	218	84	140	37	479	390
D Marx**	—	—	—	—	—	87
<i>Non-executive:</i>						
A Fischer	78	—	—	—	78	75
S Wauchope	62	—	—	—	62	64
D Buckeridge***	62	—	—	—	62	8
R Chanson**	—	—	—	—	—	28
T Isler****	30	—	—	—	30	54
D Koechlin****	58	—	—	—	58	—
J Scudamore****	62	—	—	—	62	8
	908	226	251	111	1,496	1,599

- * Appointed 28 March 2008
- ** Retired 6 June 2008
- *** Appointed 30 October 2008
- **** Appointed 30 January 2009
- ***** Retired 5 June 2009

Executive salaries

At 1 January 2008, John Brady had a base salary of \$300,000 and bonus potential of \$200,000. With effect from 1 April 2008 and 1 January 2010, his salary was increased to \$325,000 and \$340,000, respectively. With effect from 1 January 2009, John Brady's bonus potential was increased to \$220,000.

Stephen Weaver joined the Board as Finance Director on 28 March 2008, at which date he had a base salary of \$200,000 and annual bonus potential of 40% of base salary. With effect from 1 January 2009 and 1 January 2010, his salary was increased to \$210,000 and \$220,000, respectively. Further, effective 1 January 2009, his bonus potential was increased from 40% to 45% of base salary.

In each case, the increases received by John Brady and Stephen Weaver reflected the exceptional contributions each was making to the development of the Company.

Share-based payments and other benefits

In 2009, the Company accrued a contribution to the 401(k) Plan of 3% (2008: 3%) of eligible compensation. In 2009, pension expense for the executive directors was \$14,000 (2008: \$14,000).

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In 2009, post-employment health benefits for John Brady were \$47,000 (2008: \$47,000).

In 2009, the Company incurred \$251,000 (2008: \$464,000) of share-based payment expense.

In 2009, the Company incurred \$15,000 (2008: \$18,000) of car allowance expense.

In 2009, the Company incurred \$31,000 (2008: \$30,000) of medical, dental and life insurance expense.

Directors' share-based incentives

Movements in 2008

On 1 April 2008, with regard to 100,000 shares previously awarded to John Brady under the LTIP, the vesting of which was dependent upon the achievement of 2007 performance targets, 20,000 of such shares vested, the balance being forfeited. The share price at the close of the day on which the shares vested was 275p.

On 1 April 2008, with regard to 100,000 shares previously awarded to Steve Weaver under the LTIP, the vesting of 33,333 of which shares was dependent upon the achievement of 2007 performance targets, 25,000 of such shares were deemed earned and will vest on 23 May 2010, the balance being forfeited. 66,667 of these shares can be earned based on the achievement of 2008 and 2009 performance targets.

On 1 April 2008, Steve Weaver was awarded 33,333 ordinary shares under the LTIP. The stock award will vest, subject to certain performance and service conditions, between the announcement of the Company's final results for the year ended 31 December 2010 and 30 June 2011.

On 12 May 2008, John Brady exercised 50,000 options at 37p. The share price at the close of the day on which the options were exercised was 341p.

On 16 June 2008, John Brady was awarded 50,000 ordinary shares under the LTIP. The stock award will vest, subject to certain performance and service conditions, between the announcement of the Company's final results for the year ended 31 December 2010 and 30 June 2011.

Movements in 2009

On 27 April 2009, with regard to 100,000 shares previously awarded to John Brady under the LTIP, the vesting of which was dependent upon the achievement of 2008 performance targets, 40,000 of such shares vested, the balance being forfeited. The share price at the close of the day on which the shares vested was 188p.

On 27 April 2009, with regard to 100,000 shares previously awarded to Steve Weaver under the LTIP, the vesting of 33,333 of which shares was dependent upon the achievement of 2008 performance targets, 23,000 of such shares were deemed earned and will vest on 23 May 2010, the balance being forfeited. 33,334 of these shares can be earned based on the achievement of 2009 performance targets.



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On 5 June 2009, John Brady was awarded 85,000 ordinary shares under the LTIP. The stock award will vest, subject to certain performance and service conditions, between the announcement of the Company's final results for the year ended 31 December 2011 and 30 June 2012.

On 5 June 2009, Steve Weaver was awarded 58,333 ordinary shares under the LTIP. The stock award will vest, subject to certain performance and service conditions, between the announcement of the Company's final results for the year ended 31 December 2011 and 30 June 2012.

Further information related to shares issued to directors during the year is detailed in Note 8 to the financial statements.

Interests in share-based incentives

(a) Options

The interests of the directors in share options over the ordinary shares of the Company at 31 December 2009 are set out in the following table:

	<i>No of options</i>	<i>Exercise price</i> £	<i>Expiry date</i>
A Fischer	37,500	0.37	18 November 2011
	37,500	0.37	18 November 2012
	37,500	0.37	1 March 2014
	75,000	0.74	23 March 2014
	37,500	0.37	15 June 2014
J Brady	175,000	0.37	20 August 2011
	918,975	0.37	4 March 2014
	56,025	0.71	4 March 2014
	1,375,000		

(b) Awards under the Long Term Incentive Plan

The interests of the directors in share awards under the Long Term Incentive Plan at 31 December 2009 are set out below:

	<i>No of shares</i>	<i>Vesting dates</i>
J Brady	100,000	From announcement of 2009 results to 31 March 2010
	50,000	From announcement of 2010 results to 30 June 2011
	85,000	From announcement of 2011 results to 30 June 2012
S Weaver	81,334	23 May 2010
	33,333	From announcement of 2010 results to 30 June 2011
	58,333	From announcement of 2011 results to 30 June 2012

There were no movements in the above holdings from 1 January 2010 to the date of this report.

Other information

During the year, the Company's share price on AIM ranged between 149p and 277p.

At 31 December 2009, the share price was 211p. At 11 February 2010, the last working day prior to the approval of this Annual Report, the share price was 192p.