

The Directors present the Remuneration report for the year ended 31 December 2008. The report describes how the Company has applied the principles of the Combined Code with regard to remuneration. Sections 3(iv-viii) and 3(b) and the notes to the Remuneration report on pages 53 to 55 are subject to audit.

1 The Remuneration Committee

The Board has delegated authority to the Remuneration Committee ('the Committee') to review the remuneration trends across the Company and its major businesses and to determine the remuneration and other terms and conditions of the Executive Directors, the Chairman, the Company Secretary and the Key Management of the Company. The Committee is also responsible for reviewing the remuneration of those individuals identified as senior management by the Board of the Company.

The members of the Committee are the Hon. James Bruce (Chairman), Lars Emilson, John Biles, Grey Denham and Andrew Osborne. There were no changes to the membership of the Committee of Charter plc between 1 January 2008 and 22 October 2008 or to that of the Company since 22 October 2008 when the Scheme became effective. All members of the Committee are deemed independent in accordance with the Combined Code. Details of the number of meetings held by the Committee since 22 October 2008, as well as attendance details, can be found in the table contained in the Corporate Governance Report on page 44. The terms of reference of the Committee are available upon request from the Company Secretary and are on the Company's website at www.charter.ie. The Committee had access to the advice of the Chief Executive and the Company Secretary (neither of whom participated in any discussion directly relating to their own remuneration) and a number of external advisers in conducting its duties. The Committee consulted the following: Hewitt Associates, who provided the Company with actuarial advice in relation to pensions and Hewitt New Bridge Street Consultants ('HNBS', part of Hewitt Associates), who were appointed to advise the Committee and provided independent advice regarding Executive Directors' remuneration and long-term incentive arrangements (but no further services to the Company).

2 Remuneration policy

The policy for Executive Directors and Key Management is designed to enable the Company to attract, motivate and retain individuals by ensuring that their total reward is competitive and linked to both individual and business performance. Consistent with this policy, the remuneration of the Executive Directors is intended to be competitive and comprise both fixed and performance-related elements. Performance-related elements are designed to form a significant part of potential remuneration. Executive Directors' remuneration is reviewed each year to ensure that it is supportive of both the Company's business objectives and the creation of shareholder value. It is the intention of the Committee that there should be long-term incentive plans for Executive Directors whereby they are rewarded with interests in the Company's shares for sustained performance over a period of time. The remuneration packages for other Key Management are designed to operate on a basis similar to that of the Executive Directors.

When setting remuneration levels for the Executive Directors and Key Management, the Committee gives regard to general pay policies across the Company as a whole as well as the wider market, in order to ensure that a coherent policy applies.

3 Remuneration

(a) Executive Directors

(i) Base salary

The base salaries of the Executive Directors are reviewed annually and following exceptional one-off events where the individual responsibilities of the Executive Director change significantly. Salaries are benchmarked against those paid to directors in companies in comparable sectors which are of a similar size and international complexity.

The base salaries of the Executive Directors were reviewed with effect from 1 January 2009 and a pay increase of 3 per cent was awarded. These increases were made taking into account the Executive Directors' relative benchmark positioning and were consistent with the average increase across the rest of the Company.

(ii) Bonus

The maximum bonus potential of the Executive Directors is 100 per cent of salary. For the achievement of target performance in 2008, a bonus of 50 per cent of salary and in 2009 40 per cent of salary may be earned.

In 2008, actual bonus payouts were assessed depending on the achievement of a number of corporate and individual targets as discussed below. In order to align the interests of Directors with those of the Company's shareholders, it is the Company's policy that bonuses are only payable for the achievement of stretching performance targets, the majority of which are linked to Company financial performance. For the year ended 31 December 2008, these targets were as follows:

- 1 64 per cent of bonus: EPS performance relative to budget;
- 2 16 per cent of bonus: Cash flow performance relative to budget; and
- 3 20 per cent of bonus: Personal performance.

For targets 1 and 2, 50 per cent of the maximum bonus on each part would be payable for meeting budget, the maximum bonus would only become payable for performance that was substantially in excess of budget and no bonus would be payable for performance that was substantially below budget. The Committee has reserved the overriding discretion to review aggregate bonus levels payable to Executive Directors based on the above criteria to ensure that they are appropriate taking into account the overall financial performance of the Company and its performance relative to the market. No bonuses payable to Executive Directors are pensionable.

Following a review of the Executive Directors' performance during the year ended 31 December 2008, the Committee determined that the budgeted EPS target had been exceeded but that the cash flow target had not been achieved. Accordingly, no bonus payment was made in respect of the cash flow target. Details of the bonuses paid to the Executive Directors in respect of the year ended 31 December 2008 are set out on page 53.

In respect of the year ending 31 December 2009, bonuses payable to the Executive Directors will be measured against the same performance objectives as those used in determining the 2008 bonus entitlements, save that, in respect of the EPS target, 40 per cent of the maximum bonus for that part would be payable for meeting budget, the maximum bonus would only become payable for performance that was substantially in excess of budget and no bonus would be payable for performance that was marginally below budget.

From 2009, the Committee has agreed that performance under the EPS element of the bonus will be measured on a constant currency basis. To date, performance had been measured using actual rates of exchange. However, the Committee believes that the revised approach will be a better reflection of management's underlying performance since exchange rates are not within management's control.

(iii) Deferred Bonus Plan ('DBP')

One-quarter of any bonus paid to Executive Directors (i.e. up to 25 per cent of salary) will be paid in shares acquired in the market and compulsorily deferred for three years under the DBP. If Executive Directors leave voluntarily or for cause during this deferral period, their awards will normally lapse. These shares are held in trust prior to their release on vesting following the expiration of the three-year deferral period.

(iv) Long-term incentives

Michael Foster's Long-Term Incentive Plan (the 'MF Plan')

As described in previous remuneration reports, Michael Foster was granted an option over the Company's ordinary shares pursuant to a one-off arrangement that was put in place specifically to facilitate and secure his appointment as Commercial Director in 2005. The option was granted pursuant to paragraph 9.4.2 of the Stock Exchange Listing Rules, and so did not require shareholder approval. As a result no awards were made in respect of the year under review and there is no intention to make any awards under this plan in the future.

The options have an exercise price of 217.99 pence, and were subject to performance conditions based on the Company's EPS and total shareholder return performance over the three years from grant. Both conditions were met in full, and so the option became exercisable on 13 March 2008.

Charter International plc Long-Term Incentive Plan ('CI LTIP')

The CI LTIP was approved by the shareholders of the Company on 27 August 2008 and by the shareholders of Charter plc at a general meeting on 1 October 2008 and is substantially the same as the Charter 2005 Long-Term Incentive Plan ('2005 LTIP') adopted by Charter plc prior to the Scheme becoming effective.

Under the CI LTIP, Executive Directors and selected other members of Key Management are eligible to receive awards which vest at nil cost to the executive three years after grant, subject to the satisfaction of performance conditions.

An individual may not receive awards in any financial year over shares having a market value in excess of 100 per cent of their annual salary except in exceptional circumstances, such as recruitment or retention, where an individual may receive an award over shares worth up to 200 per cent of their annual salary. The current grant policy for Executive Directors is to grant annual awards of 100 per cent of salary.

Vesting is based on the Company's total shareholder return performance compared with the constituents of the FTSE 250 Index (excluding investment trusts) over a single three-year period beginning on the date of the grant of the award. No vesting occurs for a below median ranking. At median, 25 per cent of the shares vest and at upper quartile 100 per cent of the shares vest. Between median and upper quartile rankings, awards vest on a straight line basis. In addition, awards only vest if the Committee is satisfied that there has been a significant improvement in the Company's underlying financial

performance over the three-year performance period. Awards normally only vest on or after the third anniversary of the date of grant provided that the individual remains an employee of the Company and the performance conditions and any other objective conditions have been satisfied.

(v) Share ownership guidelines

The Executive Directors are encouraged to build and maintain a holding of 100 per cent worth of salary in shares in the Company. This is expected to be built via the retention of at least 50 per cent of the net gain on vested awards under the Company's share incentive schemes until the guideline has been achieved.

(vi) Dilution

Since its listing on 22 October 2008 to 31 December 2008, the Company has remained within the headroom limits set out in the ABI Guidelines 'Executive Remuneration – Policies and Practices', for the Company's existing share plans as set out below:

Total issued share capital at 31 December 2008	166,751,581
All schemes (10% in any rolling 10-year period)	5,188,220
Remaining headroom	11,486,938
Discretionary schemes (5% in any rolling 10-year period)	5,188,220
Remaining headroom	3,149,359

The Committee has the flexibility to satisfy awards pursuant to the CI LTIP and the 2005 LTIP by either a market purchase or new issue of the Company's shares. To date the Company has not bought shares to hedge the exposure to the Company's share price; however, the Committee keeps its hedging policy under review. Awards under the DBP will be satisfied by shares purchased in the market.

(vii) Pensions

All of the Executive Directors are members of the Charter HM Revenue & Customs approved pension scheme. Mr Foster's benefit is one-thirtieth of base salary, and Messrs Careless and Deeley's benefits are one-forty-fifth of base salary, for each year of service as an Executive Director. They are all subject to a cap on pensionable earnings of £105,600 per annum and are entitled to receive, in lieu of pension over the cap, an additional 25 per cent of non-pensionable salary to the extent that their base salaries exceed this cap. These payments are included in their emoluments shown on page 53. Mr Deeley has elected that, from this amount, 9 per cent of his base salary in excess of the cap is paid by the Company to the Company's defined contribution stakeholder pension scheme. Details of pension entitlements can be found in the table on page 53.

(viii) Other benefits

Further benefits contained within the remuneration packages of the Executive Directors comprise tax assessable benefits arising from employment and include car and petrol allowances, medical insurance for the Executive Directors and their immediate dependants and life assurance.

(ix) Service contracts

Details of the service contracts of those individuals who served as Executive Directors from 27 August 2008 to 31 December 2008 are set out below. The normal retirement age of all the Executive Directors is 65.

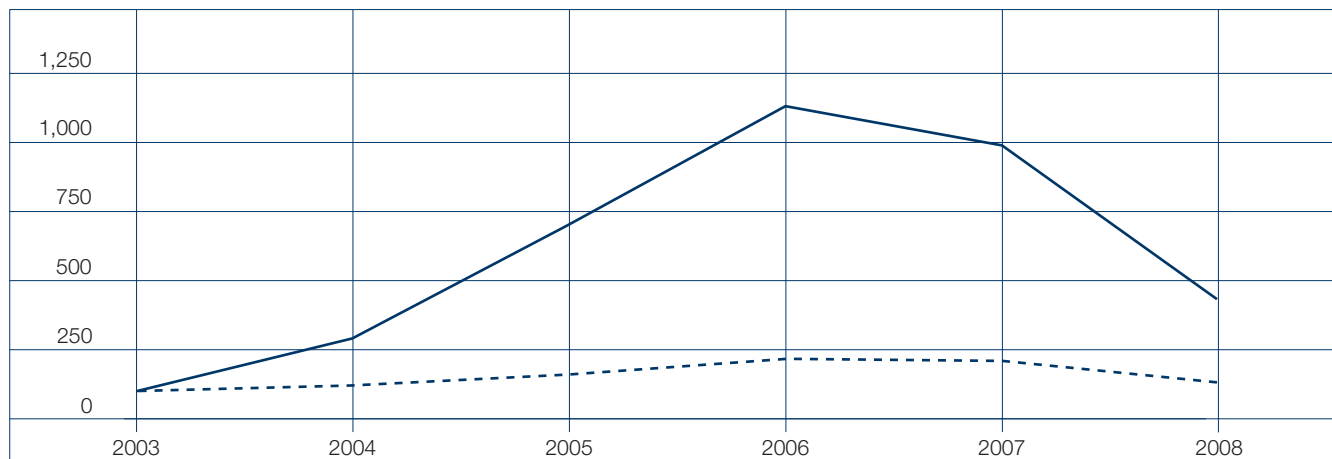
The Executive Directors entered into new service agreements with Charter Central Services Limited ('CCSL') on 27 August 2008 which became effective on the effective date of the Scheme, being 22 October 2008 (the 'Service Agreements' and each a 'Service Agreement'). The Service Agreements are terminable in writing by CCSL upon 12 months' prior written notice; by Messrs Careless and Deeley on six months' prior written notice, and by Mr Foster on nine months' prior written notice. If the Service Agreement of either Michael Foster or Robert Careless is terminated by CCSL except with notice, on retirement or for cause, then CCSL shall pay as liquidated damages an amount equal to the value of each Executive Director's annual salary, including both pension allowance and the value of the Executive Director's lost pension benefits.

CCSL has agreed 'tax equalisation' arrangements with each Executive Director under which, if the amount of any remuneration paid by CCSL or any Associated Company to that Director is taxed in a jurisdiction other than the United Kingdom, CCSL or the Director will make a balancing payment so that the amount received by the Director after tax in respect of that remuneration is the same as it would have been had he only been subject to United Kingdom tax in respect of it. Similar 'tax equalisation' arrangements have been agreed between the Company and all of the Non-Executive Directors (including the Chairman).

The Executive Directors entered into letters of appointment in respect of their duties as Directors of the Company which took effect on 22 October 2008, being the effective date of the Scheme. Each such appointment will be subject to termination by either party giving the other party not less than one month's notice in writing and will automatically cease if that Executive Director ceases to be an employee of CCSL.

(x) Total shareholder return ('TSR')

TSR calculations are carried out independently by HNBS by monitoring the percentage change in the Company's share price plus dividends reinvested over a period of time. The chart below shows the value by 31 December 2008, of £100 invested in Charter plc on 31 December 2003 and re-invested in Charter International plc on the 22 October 2008 as compared with £100 invested in the FTSE 250 (excluding investment trusts) index on the same date.



— Charter International plc
 - - FTSE 250 (excluding investment trusts) Index

In the opinion of the Directors, the FTSE 250 Index (excluding investment trusts) is the most appropriate index against which the TSR of Charter should be measured because it is an index of similar-sized companies.

(b) Non-Executive Directors

The Board has delegated authority to the Standing Committee to determine the fees payable to the Chairman and the Non-Executive Directors. Non-Executive Directors are not eligible to participate in any of the Company's bonus, pension or share incentive schemes. They have standard letters of appointment that comply with the recommendations of the Combined Code. Non-Executive appointment letters are available for inspection at the Company's registered office and will be made available at the AGM.

Name	Effective date of appointment letter	Notice period	Term	Unexpired term
Lars Emilson	22 October 2008	1 month (Company) 1 month (Director)	3 years	32 months
John Biles	22 October 2008	1 month (Company) 1 month (Director)	3 years	32 months
The Hon. James Bruce	22 October 2008	1 month (Company) 1 month (Director)	3 years	32 months
Grey Denham	22 October 2008	1 month (Company) 1 month (Director)	3 years	32 months
John Neill	22 October 2008	1 month (Company) 1 month (Director)	3 years	32 months
Andrew Osborne	22 October 2008	1 month (Company) 1 month (Director)	3 years	32 months

With effect from 1 November 2008, the fees payable to the Non-Executive Directors were increased by 5 per cent from £55,000 to £57,750 per annum and the fees payable to the chairmen of the Audit and Remuneration Committees were increased by a further £6,000 and £4,000 per annum respectively. The increases in the fees payable to the chairmen of the Audit and Remuneration Committees reflect their additional duties as chairmen of those committees. This represents the first change to the fees payable to the Non-Executive Directors for three years and takes account of the disruption caused to the Directors as a result of attending all Board and committee meetings in Ireland. The policy is to review Non-Executive Directors' fees on an annual basis.

(c) External appointments

No Executive Directors currently hold any external directorships of listed companies.

4 Transition arrangements following the Scheme

Prior to the Scheme becoming effective on 22 October 2008, the Executive Directors held a number of awards under share incentive arrangements operated by Charter plc. These included awards under the 2005 LTIP, the DBP and a one-off option awarded to Michael Foster. Details of these can be found in the table on page 55. Upon the Scheme becoming effective, in accordance with the rules of the 2005 LTIP and the DBP, all outstanding awards under these plans were automatically exchanged for equivalent awards over ordinary shares in the Company. As the options under the MF Plan would have lapsed if not exercised by the effective date of the Scheme, at that time Mr Foster exchanged his option for an equivalent option over ordinary shares in the Company. None of these awards vested as a result of the Scheme. The replacement awards have the same vesting periods, number of shares and other terms as the original awards, and any existing performance targets and/or conditions will continue to apply as described above.

Notes to Remuneration Report

(a) Remuneration

(i) Directors' emoluments

The figures in the tables below represent the aggregate emoluments earned by the Directors from Charter International plc and its subsidiaries during the year ended 31 December 2008. These include emoluments earned prior to the Scheme of Arrangement becoming effective on 22 October 2008 (the 'Scheme Effective Date') from Charter plc (now Charter Limited) and its subsidiaries.

Directors	Salary £'000	Fees £'000	Bonuses paid in cash £'000	Bonuses paid in shares £'000	Benefits £'000	Payment in lieu of pension/pension contributions £'000	Total 2008 £'000	Total 2007 £'000
Executive Directors								
Michael Foster	489	11	263	88	17	98	966	955
Robert Careless	274	11	139	46	14	45	529	581
James Deeley	239	11	141	47	17	36	491	457
Executive Directors' total	1,002	33	543	181	48	179	1,986	1,993
Non-Executive Directors								
Lars Emilson		200	–	–	–	–	200	40
John Biles		56	–	–	–	–	56	55
The Hon. James Bruce		56	–	–	–	–	56	55
Grey Denham		55	–	–	–	–	55	55
John Neill		55	–	–	–	–	55	55
Andrew Osborne		55	–	–	–	–	55	55
Non-Executive Directors' total		477					477	315
Total	1,002	510	543	181	48	179	2,463	2,308

(1) With effect from the Scheme Effective Date, the remuneration of the Executive Directors was split so that in common with the Non-Executive Directors, they received fees from Charter International plc of £55,000 in respect of their duties as Directors of Charter International plc. At the same time the salaries received by them from Charter Central Services Limited in respect of their executive duties on behalf of the rest of the Charter Group were reduced by an equivalent amount so that in aggregate they received the same remuneration before and after the Scheme Effective Date.

(2) With effect from 1 November 2008, the fees payable to all Directors in respect of their duties as Directors of Charter International plc were increased by 5 per cent from £55,000 to £57,750 per annum and the fees payable to the Chairmen of the Audit and Remuneration Committees were increased by a further £6,000 and £4,000 per annum respectively. The increases in the fees payable to the Chairmen of the Audit and Remuneration Committees reflect their additional duties as Chairmen of those committees. These represent the first increases in the fees payable to Non-Executive Directors for three years and take into account the disruption caused to the Directors as a result of attending all Board and Committee meetings in Ireland. This increase had no impact on the aggregate remuneration of the Executive Directors since the salaries received by them from Charter Central Services Limited were reduced by an amount equal to the increase.

(3) With effect from the annual review on 1 January 2009, the remuneration of the Executive Directors was increased by 3 per cent such that the current base salary and fees of the Executive Directors are as follows:

Directors	Salary £'000	Fees £'000	Total £'000
Michael Foster	457	58	515
Robert Careless	236	58	294
James Deeley	200	58	258

(4) Two Executive Directors (2007:2) have waived their fees from a subsidiary undertaking. Fees waived by these Directors during the year amounted to £1,200 (2007: £1,200).

(ii) Pensions and payments in lieu of pensions and life assurance

	Michael Foster £	Robert Careless ⁽¹⁾ £	James Deeley £
Accumulated total accrued pension at year end ⁽²⁾	14,100	14,900	5,700
Increase in accrued pension during year excluding inflation	3,100	1,900	2,200
Increase in accrued pension during year including inflation	3,500	2,300	2,300
Transfer value of benefits accrued during the year excluding inflation	51,300	29,800	16,700
Transfer value of benefits accrued during the year including inflation	58,100	37,700	17,600
Transfer value accrued at end of year	232,300	238,700	42,600
Transfer value at start of year	193,300	225,500	29,300
Increase in transfer value over year	39,000	13,200	13,300

(1) The accrued entitlement includes that earned by Robert Careless as an employee, prior to becoming a Director, as well as that earned for qualifying services after becoming a Director.

(2) The pension entitlement shown in the first row is the aggregate amount which would be paid annually on normal retirement based on service to the end of 2008 under the approved Scheme.

(3) The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.

(4) The transfer value of the accrued entitlement represents the value of assets that the pension schemes would need to transfer to another pension provider on transferring the scheme's liabilities in respect of the Director's pension benefits. It does not represent sums payable to the individual Directors and, therefore, cannot be added meaningfully to annual remuneration.

(5) The transfer value of the increases in accrued benefits, required by the Listing Rules, discloses the current value of the increase in accrued benefits that the Director has earned in the period, whereas the change in its transfer value, required by the Companies Act, discloses the absolute increase or decrease in its transfer value and includes the change in value of the accrued benefits that results from market volatility affecting the transfer value at the beginning of the period, as well as additional value earned in the year.

(b) Directors' interests

(i) Shareholdings

The beneficial interests of the Directors in the share capital of the Company as at 31 December 2008 were as follows:

Directors	Total as at 31.12.2008	Total as at 31.12.2007
Executive Directors		
Michael Foster ⁽¹⁾	42,266	23,266
Robert Careless	35,895	5,000
James Deeley	2,000	1,000
Non-Executive Directors		
Lars Emilson	10,000	3,000
John Biles	8,461	3,000
The Hon. James Bruce	–	–
Grey Denham	1,000	1,000
John Neill	87,278	57,834
Andrew Osborne	–	–
Total	186,900	94,100

(1) 41,266 shares are held by Mrs Marion Foster and 1,000 shares are held by Miss Emma Foster, both connected persons to Michael Foster.

There has been no change in the beneficial interests of the Directors in the share capital of the Company between 1 January 2009 and the date of this Remuneration Report.

(ii) Share options and incentives

Awards under Charter International plc Incentive Plans

From the Scheme Effective Date, all awards over shares in Charter plc under the Deferred Bonus Plan and the 2005 Long-Term Executive Plan were exchanged for identical awards over shares in Charter International plc and are listed in the table below.

	Grant date	Number at 1 January 2008	Granted in year	Exercised in year	Lapsed in year	Number at 31 December 2008	Exercise price	Earliest exercise date	Expiry date	Value at 31 December 2008 ⁽¹⁾
Michael Foster										
MF Plan	22.03.05	149,089	–	–	–	149,089	217.99p	March 08	12.03.09	166,995
LTIP	24.03.06	46,378	–	–	–	46,378	Nil	24.03.09	–	153,047
LTIP	22.03.07	46,673	–	–	–	46,673	Nil	22.03.10	–	154,020
LTIP	25.03.08 ²	–	64,800	–	–	64,800	Nil	25.03.11	–	213,840
DBP	25.03.08 ³	–	13,824	–	–	13,824	Nil	25.03.11	–	45,619
DBP	23.05.08 ⁴	–	184	–	–	184	Nil	25.03.11	–	607
Total		242,140	78,808			320,948				734,128
Robert Careless										
LTIP	06.10.05	52,439	–	52,439 ⁵	–	–	Nil	–	–	–
LTIP	24.03.06	30,691	–	–	–	30,691	Nil	24.03.09	–	101,280
LTIP	22.03.07	29,170	–	–	–	29,170	Nil	22.03.10	–	96,261
LTIP	25.03.08 ²	–	36,936	–	–	36,936	Nil	25.03.11	–	121,889
DBP	25.03.08 ³	–	8,493	–	–	8,493	Nil	25.03.11	–	28,027
DBP	23.05.08 ⁴	–	113	–	–	113	Nil	25.03.11	–	373
Total		112,300	45,542	52,439		105,403				347,830
James Deeley										
LTIP	10.07.06	19,257	–	–	–	19,257	Nil	10.07.09	–	63,548
LTIP	22.03.07	23,336	–	–	–	23,336	Nil	22.03.10	–	77,009
LTIP	25.03.08 ²	–	32,400	–	–	32,400	Nil	25.03.11	–	106,920
DBP	25.03.08 ³	–	6,912	–	–	6,912	Nil	25.03.11	–	22,810
DBP	23.05.08 ⁴	–	92	–	–	92	Nil	25.03.11	–	303
Total		42,593	39,404			81,997				270,590

(1) Value of options under the MF Plan at 31 December 2008 shows the differences between the market price of the shares at 31 December 2008 and the exercise price of the options, multiplied by the number of options. The value of the awards under the LTIP shows the number of the awards held multiplied by the market price of the Company's shares at 31 December 2008. The assumption is that the maximum number of options/awards vested in accordance with the performance conditions described on page 50. It should be noted that the actual value may be less than the maximum, including zero if performance conditions are not met.

(2) The number of shares granted on 25 March 2008 is the share equivalent of 100 per cent of the base salary based on the average of the mid-market closing values of the Company's shares for the five dealing days ending on 20 March 2008 of 771.6 pence.

(3) These awards under the DBP represent 25 per cent of the bonus payable to the Executive Directors, in respect of the year ended 31 December 2007. The awards were calculated by reference to the average share price of the Company over the five dealing days ending on 20 March 2008, being 771.6p.

(4) Awards represent the reinvestment of the final dividend for the year ended 31 December 2007 using a share price of 899p to calculate the number of shares subject to the award.

(5) On 9 October 2008 this award vested in full following satisfaction of the performance conditions. 21,544 shares were sold to meet tax and NI liabilities at a price of 546p. The remaining 30,895 shares were retained by Robert Careless.

(6) The price of an ordinary share on 25 March 2008 was 801 pence. During the year, the range of share prices was 227.5 pence to 1053 pence, with the price on 31 December 2008 being 330 pence.

(7) The performance conditions applying to any of the above awards are as described on page 50.

(8) The accrued cost of Directors' LTIP awards outstanding at 31 December 2008, calculated in accordance with IFRS2 'share-based payment' was £1.3m (2007: £0.7m).

By order of the Board

The Hon. James Bruce

Chairman of the Remuneration Committee

26 February 2009

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