

Remuneration report

Remuneration Committee Chairman's letter

Dear Shareholder,

On behalf of the Board I am pleased to present our Directors' remuneration report for 2013, which sets out the remuneration policy for the Directors of De La Rue plc and the amounts earned in respect of the year ended 30 March 2013.

The approach and structure for executive remuneration for the 2013/14 financial year is similar to that adopted for 2012/13. The Remuneration Committee aims to keep executive reward simple, proportionate and aligned directly with business performance and this principle runs through the decisions outlined below.

Context for decisions

In its decision making for 2013/14 the Remuneration Committee took account of the following business context for the Group:

- The Group's operating performance in 2012/13 was similar to that reported in 2011/12
- As a consequence of the 2012/13 performance:
 - No annual cash or share based bonus will be paid in respect of 2012/13 as the performance targets were not achieved
 - Executive Directors and other members of the Executive Committee have decided not to take an increase in salary for 2013/14
- 2013/14 is the third and final year of the Group's Improvement Plan which has a well publicised target of delivering a 2013/14 operating profit in excess of £100m. The priority for the business is to deliver this target

Executive remuneration changes 2012/13

Last year I consulted with De La Rue's largest shareholders and we also spoke to the Association of British Insurers, National Association of Pension Fund Managers and RREV-ISS Governance Services.

Following this consultation process, the Remuneration Committee reflected the consensus views of shareholders in the 2012/13 awards under the Performance Share Plan (PSP) and decided to:

- Set the maximum level of awards at 100 per cent of salary
- Implement a claw back policy to allow the Company to reclaim payments where there has been a misstatement of the accounts or misconduct
- Select two performance metrics of EPS and cash conversion to determine vesting of awards

The Remuneration Committee believes that the performance metrics and targets are demanding and are entirely consistent with the Group's current objectives. This also reflects the Remuneration Committee's commitment to simple and transparent measures designed to reward exceptional performance and align the interests of Executive Directors and other members of the Executive Committee with those of shareholders.

We recognise the need for transparency in relation to remuneration reporting. Therefore, we have, as far as practicable, changed the format of this report to provide increased clarity on past pay and future policy.

Our main aims in the year have been to ensure simplicity and transparency of design in our pay arrangements and to continue the focus on achieving the Improvement Plan.

Gill Rider

Chairman of the Remuneration Committee

29 May 2013

Introduction to the remuneration report

The remuneration report provides the information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and describes how the Company applied the principles of the UK Corporate Governance Code. An advisory shareholder vote and ordinary resolution to approve the Directors' remuneration report will be proposed at the AGM on 25 July 2013.

Remuneration Committee members

The Remuneration Committee comprises: Gill Rider (Chairman), Philip Rogerson, Warren East, Sir Jeremy Greenstock, Victoria Jarman and Andrew Stevens. The Remuneration Committee consists exclusively of Non-executive Directors, all of whom are regarded as independent, and the Chairman of the Board, who was regarded as independent on his appointment as Chairman.

The Remuneration Committee is responsible for making recommendations to the Board on the Group's policy regarding executive remuneration and determines, on the Board's behalf, the specific remuneration packages of the Chairman, the Executive Directors and senior executives who report to the Chief Executive. A copy of the Remuneration Committee's terms of reference is available on the Group's website.

The Remuneration Committee met three times during the period and details of attendance can be found on page 44. The Chief Executive and the Group HR Director also attended meetings. The General Counsel and Company Secretary, who is also secretary to the Committee, advised on governance issues.

No Executive Director or employee is present or takes part in discussions in respect of matters relating directly to their own responsibilities.

Remuneration advice

During 2012/13 the Remuneration Committee received advice from:

- Towers Watson UK Limited (Towers Watson)
- New Bridge Street (an Aon Hewitt company)

Both advisers have been formally appointed by the Remuneration Committee.

Towers Watson advised on executive remuneration during the year. New Bridge Street advised on whether the performance targets which determine vesting of share based awards were achieved.

Both Towers Watson and New Bridge Street are members of the Remuneration Consultants' Group which oversees the Code of Conduct in relation to executive remuneration consultancy in the UK.

Remuneration Policy

In determining appropriate remuneration, the Remuneration Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both the Group and its shareholders.

The Group operates in a competitive market and is focused on achieving sustained improvements in performance. This depends on the contributions of each of the executive team and of employees at all levels.

The Remuneration Committee believes that performance related pay and incentives should account for a significant proportion of the overall remuneration package of Executive Directors so that their remuneration is aligned with shareholder interests and the Group's performance, without encouraging excessive risk taking.

New appointments

When appointing new Executive Directors and senior executives, the Remuneration Committee will typically align the remuneration package with the above remuneration policy. However, the Remuneration Committee retains the discretion to make remuneration decisions which are outside the policy to facilitate the recruitment of candidates of the appropriate calibre and where, appropriate, retention of existing employees. Such decisions will be taken with due consideration to business requirements and shareholder interests.

Performance related elements of remuneration form a significant proportion of the total remuneration packages and are based on the following key principles:

Key principles	Remuneration policy
Competitive rewards to attract, retain and develop high calibre employees	Employees are rewarded according to their skills, experience, responsibilities and ability to drive the performance of the Group
Variable performance related pay	Annual and longer term incentive arrangements are designed to be fair, competitive, simple, proportionate and transparent and are subject to challenging performance targets. Incentive schemes are designed to provide maximum rewards for exceptional performance
Alignment with shareholder interests	A significant proportion of the senior executives' remuneration is share based to ensure that their interests and those of shareholders are aligned. The Remuneration Committee reviews regularly the Group's remuneration structure to incentivise executives to deliver and sustain value over the medium to longer term
Pay conditions elsewhere	Prudent use is made of survey data on companies of a similar size and complexity in the FTSE 250. The Remuneration Committee tracks the five year history of executive rewards to ensure they are proportionate and in line with the Group's performance

The Remuneration Committee has discretion to consider other factors, such as ethical behaviours, corporate responsibility, environment and health and safety matters as it sees fit when determining awards.

Remuneration report

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The Remuneration Committee aims to keep executive reward simple and proportionate. We are also committed to transparent measures designed to reward exceptional performance and align the interests of Executive Directors with those of shareholders.

Key elements of remuneration 2012/13

The table below summarises how the Remuneration Committee sets remuneration for the Executive Directors, the key elements of their remuneration and principal pension arrangements:

Element	Purpose and link to strategy	Operation
Base salary	<p>Fixed competitive remuneration set at levels to recruit and retain talent with reference to the market place for companies of similar size and complexity</p> <p>Reflects individual skills, experience and responsibility</p> <p>Rewards individual performance</p>	Reviewed annually and fixed for 12 months
Annual Bonus Plan (ABP)	<p>Annual cash award – growth in earnings per share</p> <p>Deferred award delivered in shares – supports alignment with shareholder interests</p>	<p>Measures set by the Remuneration Committee to align with Group strategy and business targets</p> <p>Shares vest after three years subject to continued employment</p>
Performance Share Plan (PSP)	<p>Share based long term incentive aligned closely with interests of shareholders and business targets</p> <p>Growth in earnings per share</p> <p>Cash generation</p>	<p>PSP approved by shareholders in 2010</p> <p>Annual awards of nil cost options</p> <p>Shares vest after three years provided performance criteria are met</p>
Benefits	Recruit and retain employees	Provision of car allowance, private medical scheme and life assurance to Executive Directors. Executive Directors are also provided with permanent health insurance
Pension	Recruit and retain employees	<p>Defined contribution pension plan contribution rates offered to Executive Directors are reflective of market practice</p> <p>Executive Directors may choose to receive a cash allowance in lieu of a pension contribution</p>

Opportunity	Performance metrics	Changes in year
Increases will be based on prudent use of survey data supplied by Towers Watson focusing on companies of similar size and complexity Managed with due regard to employees' pay and conditions elsewhere in the Group	N/A	2012/13 base salaries for Executive Directors increased by 3% consistent with increases for the majority of the Group's UK employees
100% of salary for Chief Executive 80% of salary for Group Finance Director	Annual EPS growth remained the sole performance criterion for 2012/13	None
Maximum 35% of salary payable in shares	Linked to ABP cash award	None
Maximum award 100% of salary	For 2012/13 awards: Up to 75% of awards will vest subject to annual growth in EPS Up to 25% of award will vest subject to cash conversion performance	Performance conditions for awards in 2012/13 reflected the views of majority of institutional shareholders following consultation namely: <ul style="list-style-type: none"> • Two performance metrics (EPS and cash conversion as described on page 53) • Claw back policy introduced • Maximum level of award of 100% of salary • Targets appropriately stretching against expectations, particularly at the higher end of vesting scale
N/A	N/A	None
Executive Directors have chosen to receive a cash allowance in lieu of contributions: <ul style="list-style-type: none"> • 30% of base salary for the Chief Executive • 25% of base salary for the Group Finance Director 	N/A	None

Remuneration report

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Total remuneration 2012/13

The table below shows the single figure for the total of salary, benefits, annual bonus, pension and cash supplement in lieu of pension and long term incentives for each Executive Director. The figure represents the received, earned and vested remuneration in the financial year and is in line with recent consultation papers issued by the UK Government's Department for Business, Innovation and Skills.

	Tim Cobbold £'000	Colin Child £'000
Base salary	464	325
Benefits	28	21
Pension and cash supplement in lieu of pension	139	81
Annual bonus	—	—
PSP	—	—
Total	631	427

See also Directors' emoluments table on page 56

Annual Bonus Plan and Performance Share Plan

The intention continues that both plans will be used to make annual, performance linked awards to executives.

Annual Bonus Plan (ABP)

Under the ABP the annual bonus is paid as a combination of cash, and share based elements deferred for three years, calculated as a percentage of salary and is based on achieving business targets for the year set by the Remuneration Committee. The maximum bonus opportunity is 135 per cent of salary for the Chief Executive (being 100 per cent cash and 35 per cent shares) and 115 per cent for the Group Finance Director (being 80 per cent cash and 35 per cent shares).

In 2012/13, the ABP had a single performance criterion of EPS.

No annual cash or share bonus will be made in respect of performance in 2012/13 because the performance targets were not achieved.

ABP performance 2013/14

The Remuneration Committee has decided that operating profit will be used as the performance measure for the ABP. The rationale for using operating profit as the performance measure, and not EPS (as has been used in the previous two years) is that the Improvement Plan operating profit target for 2013/14 of £100m is a longstanding, visible, well communicated and understood measure for investors and participants alike. The Remuneration Committee believes that use of operating profit provides alignment between investors and participants.

The maximum opportunity will remain at 135 per cent of salary for the Chief Executive and 115 per cent for the Group Finance Director.

Subject to the scheme rules, which provide for Remuneration Committee discretion, a cash bonus will become payable if the Group achieves an operating profit in excess of £90m with payments increasing on a straight line basis from £90m to a maximum at £100m. Deferred shares will be awarded on a similar basis for achievement of operating profit between £100m and £105m.

An operating profit of £90m would represent a 42 per cent increase, and £100m a 58 per cent increase, on the operating profit of £63.2m reported for 2012/13.

Performance Share Plan (PSP)

The purpose of the PSP is to provide Executive Directors and selected senior managers with a long term incentive that promotes annual and long term performance and reinforces alignment between the participants and shareholders.

The Remuneration Committee has decided that PSP awards for 2013/14 will be made once the Group's strategy for the period following the Improvement Plan has been more clearly defined and communicated to shareholders.

PSP performance

For awards in 2013/14, the Remuneration Committee is planning to continue using the performance measures agreed with major shareholders after consultation, namely EPS (75 per cent of award) and cash conversion (25 per cent of award). The Remuneration Committee may consider excluding capital expenditure in the cash conversion calculation, which would be more consistent with the definition used by many other listed companies.

The performance conditions applicable to existing awards under the PSP are as follows:

Date of award	Performance measures	Performance thresholds	Proportion of award vesting	% of salary
January 2011	60% of award based on annual growth in EPS ¹	EPS >RPI +3%	50% of maximum	30
		EPS >RPI +5%	100% of maximum	60
	40% of award based on relative TSR ²	TSR at median	50% of maximum	20
		TSR in upper quartile	100% of maximum	40
June 2011	2013/14 operating profit target ³ in excess of £100m	Operating profit £85m	Nil	Nil
		Operating profit £100m	66.67% of award	100
		Operating profit £115m	100% of award	150
July 2012	75% of award based on annual growth in EPS ¹	EPS >RPI +12%	25% of maximum	19
		EPS >RPI +15%	100% of maximum	75
	25% of award based on average cash conversion ⁴	Cash conversion of 80% over three years	25% of maximum	6
		Cash conversion of 100% over three years	100% of maximum	25

Notes

1 EPS is defined as the fully diluted (undiluted for 2012 awards) post tax earnings per share adjusted for exceptional items (although exceptional items which are attributable to management may be taken into account). EPS was chosen because it is a key performance indicator for shareholders

2 Total Shareholder Return (TSR) is measured relative to the TSR of the companies in the FTSE 250 index excluding investment trusts. TSR was chosen because it is a widely accepted measure that is recognised by our institutional shareholders

3 Threshold target operating profit is linked to the 2013/14 Improvement Plan target of an operating profit in excess of £100m

4 Cash conversion is defined as the operating cash flow (as per the cash flow statement) excluding exceptional items, special pension contributions and movement in advanced payments, less cash capital expenditure, divided by operating profit (before exceptional items). To avoid distortion from one year to the next, cash conversion will be measured as an average over a three year performance period

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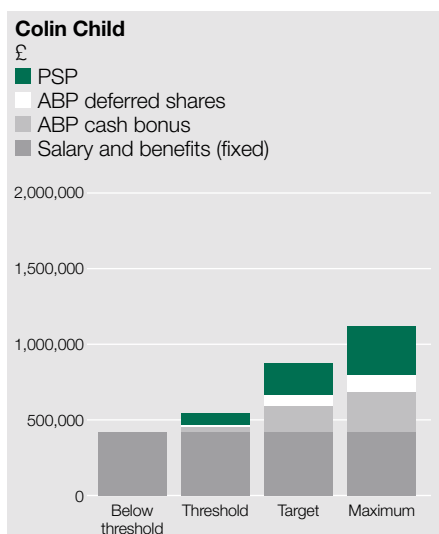
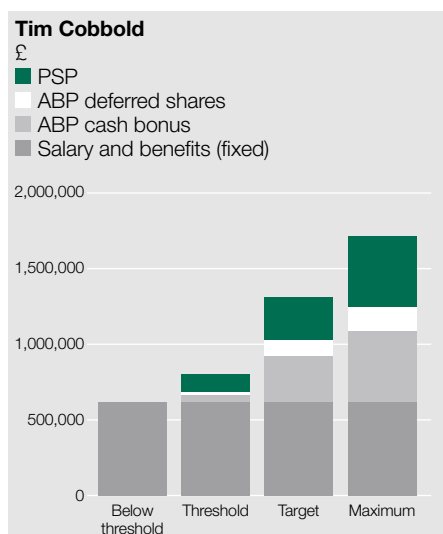
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Looking ahead to 2013/14

The following charts illustrate the value of the Executive Directors' remuneration packages in various scenarios in a typical year.

Performance scenarios for the ABP and PSP assume the following:

Below threshold	Threshold	Target	Maximum
There is no ABP (cash bonus, deferred shares) or vesting under the PSP	Threshold ABP (cash bonus and deferred shares); threshold vesting under PSP	Target ABP (cash bonus and deferred shares); target vesting under PSP	Maximum ABP (cash bonus, deferred shares); maximum vesting under the PSP



Executive Director remuneration mix 2013/14

Based on the above performance scenarios the table below illustrates the proportion of Executive Directors' remuneration that is fixed and variable:

		Below threshold %	Threshold %	Target %	Maximum %
Tim Cobbold	Fixed	100	78	47	36
	Variable	0	22	53	64
Colin Child	Fixed	100	77	48	38
	Variable	0	23	52	62

Share retention policy

The Remuneration Committee believes it is important that the interests of Executive Directors should be closely aligned with those of shareholders. The Committee adopted a policy that Executive Directors, and other members of the Executive Committee, should be encouraged to build up a shareholding over five years, equivalent to one times salary. This may be achieved either through market share purchases or retention of vested share awards. The Directors' share interests table is shown below.

Directors' share interests (audited information)

The interests in ordinary shares of 44¹⁵²/₁₇₅p of Directors holding office at the end of the financial year are set out below.

	30 March 2013 Total number of shares	31 March 2012 Total number of shares
Tim Cobbold	14,813	14,813
Colin Child	14,813	14,813
Warren East	4,314	4,314
Sir Jeremy Greenstock	1,492	1,492
Victoria Jarman	1,481	1,481
Gill Rider	454	454
Philip Rogerson	5,000	–
Andrew Stevens (appointed 2 January 2013)	–	–

There have been no changes in Directors' interests in ordinary shares since 30 March 2013. All interests of the Directors and their families are beneficial.

Remuneration and share schemes for employees

When determining the remuneration arrangements for Executive Directors, the Remuneration Committee takes into consideration the pay and conditions of employees throughout the Group. In particular, the Remuneration Committee is kept informed of:

- Salary increases for the general employee population
- Overall spend on annual bonus
- Participation levels in the ABP

The Remuneration Committee consults with the Chief Executive on the remuneration of executives directly reporting to him and other senior executives and seeks to ensure a consistent approach across the Group taking account of seniority and market practice and the key remuneration policies outlined above. Employees in De La Rue (excluding Executive Directors and members of the Executive Committee who decided not to take an increase) received pay rises of up to 2 per cent for 2013/14.

Employees have the opportunity to benefit from the Group's success and share price growth. All UK employees may join the Company's HM Revenue & Customs approved Sharesave scheme. Options are granted over De La Rue plc shares, at an exercise price equal to 80 per cent of the prevailing market share price at the time of grant. Eligible US employees may participate in the US Employee Share Purchase Plan. The purchase price is 85 per cent of the lower of the market value of a De La Rue plc share either at the beginning or end of the offering period.

All UK employees are entitled to participate in the defined contribution pension scheme.

The work of the Remuneration Committee during 2012/13

The Remuneration Committee follows a clear cycle of activities during the year and in 2012/13 this covered amongst other things the following matters:

- Approved ABP bonus awards in respect of 2011/12 performance
- Agreed pay awards for Executive Directors and Executive Committee
- Consulted with major shareholders on the performance measures for PSP awards in 2012/13
- Approved a draft of the remuneration report
- Carried out an effectiveness review of the Committee
- Reviewed and agreed the remuneration policy statement
- Agreed renewal of Sharesave and US employee share schemes

Service contracts and termination payments

In determining compensation for early termination of a service contract, the Remuneration Committee carefully considers the specific circumstances, the Company's commitments under the individual's contract and the individual's obligation to mitigate loss. The table below outlines the framework for contracts for Executive Directors:

Policy	
Notice period on termination by the Company	12 calendar months
Termination payment at the Company's sole discretion	Payment not exceeding 12 months' basic salary, excluding bonus but including benefits
Change of control	<p>One year's salary (excluding bonus) plus contractual benefits on the executive giving no less than one month's notice (applies to Tim Cobbold only)</p> <p>Under the ABP, awards will vest in full on change of control. Under the PSP, performance conditions and apportionment for the time that the award has been held will be applied</p>
Vesting of incentives for leavers	<p>The Remuneration Committee has the discretion to determine appropriate bonus amounts taking into consideration the circumstances in which an Executive Director leaves</p> <p>The vesting of share awards is governed by the rules of the appropriate incentive plan approved by shareholders. Typically for 'good leavers':</p> <ul style="list-style-type: none"> • Under the ABP the provisions allow awards to vest in full at the normal vesting date or earlier at the discretion of the Remuneration Committee • Under the PSP, awards, pro rated to the date of departure, will vest at the normal vesting date if the relevant performance targets have been met unless the Remuneration Committee decides to test the performance targets early and accelerate vesting

The following table sets out the details of the Executive Directors' service contracts:

Name	Date of contract	Notice period by Executive	Term
Tim Cobbold	12 December 2010	Six months	Rolling
Colin Child	20 May 2010	Six months	Rolling

External directorships of Executive Directors

The Board considers whether it is appropriate for an Executive Director to serve as a non-executive director of another company and has agreed the appointments below. Tim Cobbold is a non-executive director of Drax Group plc. Colin Child is a non-executive director of The Rank Group Plc. In each case the relevant Director was permitted to retain the fees as shown in the table below:

External directorship fees

	Payment received £
Tim Cobbold	52,500
Colin Child	40,000

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Non-executive Directors

Non-executive Directors do not have service contracts but are appointed for fixed terms of three years renewable for a further three years, if both parties agree. The Board may invite Non-executive Directors to serve a further term after a six year term following a detailed review.

The Board determines the fees paid to Non-executive Directors and the remuneration of the Chairman is set by the Remuneration Committee in all cases taking into account market norms, comparator companies and the duties required of Non-executive Directors.

All reasonable expenses for attending Board meetings are reimbursed. The annual fee of £41,200 to Non-executive Directors (excluding the Chairman) was increased with effect from 1 October 2012 to £45,000. The Chairmen of the Audit and Remuneration Committees and the Senior Independent Director receive an additional fee of £7,200 per annum to reflect their additional responsibilities.

Details of fees to the Chairman and other Non-executive Directors are set out in the Directors' emoluments table below.

Non-executive Directors are not eligible for pension scheme membership and do not participate in any of the Group's annual incentive arrangements, or share option schemes. No compensation is payable to the Chairman or to any Non-executive Directors if the appointment is terminated.

The Non-executive Directors' current terms of appointment are detailed below:

Non-executive Director	Current expiry of appointment	Date of first appointment
Warren East	8 January 2016	9 January 2007
Sir Jeremy Greenstock	28 February 2014	1 March 2005
Victoria Jarman	21 April 2014	22 April 2010
Gill Rider	21 June 2014	22 June 2006
Philip Rogerson (Chairman with effect from 26 July 2012)	28 February 2014	1 March 2012
Andrew Stevens	1 January 2016	2 January 2013

Philip Rogerson was initially appointed as a Non-executive Director and Chairman designate on 1 March 2012.

Directors' emoluments (audited information)

	2013 Annual Bonus Plan					Total to 30 March 2013 £'000	2012 Total £'000
	2013 Salary and fees £'000	Cash £'000	Shares deferred 3 years £'000	2013 Pension allowance £'000	2013 Other benefits (excluding pensions) £'000		
Executive Directors							
Tim Cobbold	464	-	-	139	28	631	1,049
Colin Child	325	-	-	81	21	427	626
	789	-	-	220	49	1,058	1,675
Non-executive Chairman							
Philip Rogerson (Chairman with effect from 26 July 2012)	132	-	-	-	-	132	3
Nicholas Brookes (resigned 26 July 2012)	53	-	-	-	-	53	165
	185	-	-	-	-	185	168
Non-executive Directors							
Warren East	50	-	-	-	-	50	47
Sir Jeremy Greenstock	47	-	-	-	-	47	40
Sir Julian Horn-Smith (resigned 31 December 2012)	32	-	-	-	-	32	40
Victoria Jarman	43	-	-	-	-	43	40
Gill Rider	50	-	-	-	-	50	47
Andrew Stevens (appointed 2 January 2013)	11	-	-	-	-	11	-
Aggregate emoluments	1,207	-	-	220	49	1,476	2,057

Note

The pension allowance shown in the table above relates to cash in lieu of pension contributions

Directors' share awards (audited information)

The awards over De La Rue plc shares held by Executive Directors under the ABP, PSP, Recruitment Share Award, Retention Share Award and Sharesave scheme during the period are detailed below:

	Date of award	Total award as at 31 March 2012	Exercised during year	Awarded during year	Lapsed during year	Awards held at 30 March 2013	Mid market share price preceding date of award (pence)	Market price at exercise date (pence)	Performance target	Date from which exercisable	Expiry date	Average fair value per share (pence)
Tim Cobbold												
Recruitment Share Award	Jan 11	65,549	–	–	–	65,549	686.50	–	(a)	Jan 14	Jan 21	687
Performance Share Plan	Jan 11	65,549	–	–	–	65,549	686.50	–	(b)	Jan 14	Jan 21	597
	Jun 11	88,839	–	–	–	88,839	759.80 ¹	–	(b)	Jun 14	Jun 21	734
	Jul 12	–	–	46,766	–	46,766	991.10 ¹	–	(b)	Jul 15	Jul 22	991
Annual Bonus Plan	May 12	–	–	12,798	–	12,798	984.50	–	(a)	May 15	May 22	985
						279,501						
Sharesave options	Dec 11	1,245	–	–	–	1,245	722.66 ²	–	(a)	Mar 15	Aug 15	210
Colin Child												
Retention Share Award	Jan 11	45,884	–	–	–	45,884	686.50	–	(a)	Jan 14	Jan 21	687
Performance Share Plan	Jan 11	45,884	–	–	–	45,884	686.50	–	(b)	Jan 14	Jan 21	597
	Jun 11	62,187	–	–	–	62,187	759.80 ¹	–	(b)	Jun 14	Jun 21	734
	Jul 12	–	–	32,741	–	32,741	991.10 ¹	–	(b)	Jul 15	Jul 22	991
Annual Bonus Plan	May 12	–	–	8,958	–	8,958	984.50	–	(a)	May 15	May 22	985
						195,654						
Sharesave options	Dec 11	1,245	–	–	–	1,245	722.66 ²	–	(a)	Mar 15	Aug 15	210

1 Mid market value of an ordinary share averaged over the five dealing days immediately preceding award date

2 Mid market value of an ordinary share averaged over the three dealing days immediately preceding award date

Notes

(a) No performance conditions are attached to the awards under the Recruitment Share Award, Retention Share Award, ABP (share element) and the Sharesave scheme

(b) Details of the performance conditions attached to the PSP are set out on pages 52 and 53

Recruitment Share Award/Retention Share Award

- The value of awards on grant was 100 per cent of salary
- Shares will vest three years after award date and in Colin Child's case provided he remains with the Company
- The shares will vest in the event of a change of control
- The awards are not pensionable
- The award under the Recruitment Share Award will vest after termination of service, provided that the termination was not for cause. The Remuneration Committee has the discretion to accelerate vesting after termination
- Awards may be satisfied with either new or existing shares. No firm commitment has been entered into to issue shares, nor has any decision to do so yet been made. The choice need not be made until the time at which an award is exercised, but the authority to allot any such new shares on a pre-emptive basis would be that conferred by shareholders on 25 July 2012

Dividend shares

An additional award of shares may be released on the vesting date in respect of awards under the ABP, PSP, Recruitment Share Award and Retention Share Award equivalent in value to the amount of dividends that would have been received since the award date in respect of the number of shares that the executives acquire. As at 30 March 2013 and based on the prevailing market share price on the respective dividend record date the dividend shares accrued and assuming full vesting as appropriate pursuant to the relevant plan rules were as follows:

Tim Cobbold: 22,784 ordinary shares

Colin Child: 15,946 ordinary shares

The closing mid market price of De La Rue plc shares at 30 March 2013 was 976p and the highest and lowest mid market prices during the year were 1075p and 885.5p respectively.

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Other information

Superseded scheme

Deferred Bonus and Matching Share Plan

The Deferred Bonus and Matching Share Plan (DBMSP) was replaced with the ABP and PSP in 2010. Awards were last made under the DBMSP in 2009.

On 5 June 2012, 52,009 deferred shares including 5,745 dividend shares accrued were released to selected senior executives. No matching shares were released as the EPS and TSR performance targets were not met.

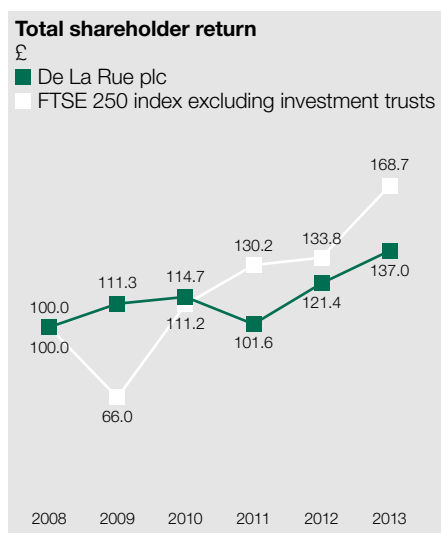
Executive Directors do not have any awards under the DBMSP.

Dilution limits

The share incentives operated by the Company comply with the Association of British Insurers share dilution guidelines.

Total shareholder return performance graph

The graph below shows the value, at 30 March 2013, of £100 invested in De La Rue plc on 29 March 2008 compared with the value of £100 invested in the FTSE 250 index excluding investment trusts, assuming in each case the reinvestment of dividends. The other points plotted are the values at intervening financial year ends. The FTSE 250 has been chosen as the index as De La Rue is a constituent. (Source: Thomson Reuters)



Gill Rider

Chairman of the Remuneration Committee
29 May 2013