Remuneration Report

The Remuneration Committee presents its Report which has been adopted by the Board and which shareholders will be asked to approve at the forthcoming Annual General Meeting.

The Report covers the following:

– committee membership and responsibilities;

– policy on Directors' and senior executives' remuneration;

– details of each Director's remuneration and awards under share or share option schemes;

– graphs comparing the performance of the Company against the FTSE 250, its comparator group; and

– details of the fees of non-executive Directors (for which the Board rather than the Remuneration Committee is responsible).

Remuneration Committee

The Remuneration Committee consists exclusively of independent non-executive Directors (as defined under the Combined Code) plus the Chairman of the Company, who was independent at the time of his appointment as Chairman on 22 July 2004. The members during the year were: Gill Rider (Chairman) (until 26 February 2009), Nicholas Brookes, Sir Jeremy Greenstock, Keith Hodgkinson and Philip Nolan (acting Chairman from 26 February 2009). Their biographical details appear on page 47.

The Committee met eight times and attendance details are set out on page 54. The Committee's terms of reference are set out in full on De La Rue's website and its key responsibilities are to approve:

– elements of the remuneration, including base salaries, benefits, pensions, performance measures and targets of the Company's executive Directors and senior executives reporting to the Chief Executive;

– all contracts with executive Directors and any compensation arrangements arising from the early termination of these contracts;

– all grants of shares and options under the Company's share schemes; any changes to existing schemes and the introduction of any new schemes;

– the design of bonus schemes for divisions of the Company;

– the Chairman's fee.

Details of how the Committee has carried out these responsibilities are described in this report.

Advisers

The Committee is authorised to and does use independent consultants. During 2008/2009 Watson Wyatt Limited advised on remuneration issues including: benchmarking against comparator companies; the share plan consequences of the divestment of the Cash Systems business; share plan design; compensation and employee benefits including termination packages for executive Directors and employees reporting to the Chief Executive; and compensation and employee benefits for employees below the level of executives reporting directly to the Chief Executive. This ensures consistency of reward policy throughout the Company. Watson Wyatt Limited are also actuaries to the Company in respect of the UK Pension Scheme. Hewitt New Bridge Street advised only on whether performance targets in share option schemes were achieved.

In addition, Leo Quinn, Chief Executive (until his resignation on 31 December 2008), James Hussey (Chief Executive from 1 January 2009), Jane van Ammel, Group Director of Human Resources and, from time to time, Stephen King, Finance Director, were requested to attend meetings on an ad-hoc basis to provide assistance to the Committee. Louise Fluker, General Counsel & Company Secretary, the Committee's Secretary (until her resignation on 31 March 2009), advised the Committee on governance issues. No-one is present when his or her own remuneration or contractual terms are discussed. The Chief Executive is consulted on the remuneration of executives directly reporting to him and other senior executives and will seek to ensure a consistent process across the Group.

Remuneration Policy for Executive Directors and Senior Executives

De La Rue's remuneration policy, which applied in 2008/2009 and applies in 2009/2010, is designed to support the achievement of the Company's key business strategies and is linked to its performance. It is regularly reviewed to ensure that the incentive structure remains appropriate and continues to drive behaviours which are aligned with shareholder interests. It reflects the need to attract and retain employees who have the necessary skills and commitment and to motivate them by providing outstanding reward opportunities linked to the achievement of outstanding results. The structure of the reward package for executive Directors and senior executives in 2008/2009, as in previous years, comprises:

– basic salary set at competitive levels relative to the external market and individual contribution;

– an annual incentive award, providing a substantial total earnings opportunity, to reward achievement of short term results and specific business objectives;

– a long term incentive for senior management comprising a deferred bonus to be satisfied by shares vesting in three years plus an allocation of matching shares which vest only if stretching performance targets have been achieved; and

– pension and other benefits in line with competitive practice.

Performance related elements of remuneration form a significant proportion of total remuneration packages. The maximum annual incentive bonus combined with the maximum allocation of Deferred Shares and expected value of conditional Matching Shares (using the Watson Wyatt Present Economic Value methodology) provide approximately 58 per cent of the executive Directors' direct remuneration.

The Committee adopted a policy in 2002 that certain key executives (being executive Directors and other members of the Operating Board) should be encouraged to hold and retain a personal shareholding in the Company equivalent to one times salary over a period of five years.

Salaries for Executive Directors and Senior Executives

The Committee regularly benchmarks key jobs against similar positions in comparable companies and obtains detailed information from external and internal sources about current market practices. Key jobs include executive Directors and members of the Operating Board. Details of each individual executive Director's remuneration are set out on page 63. Basic salaries reflect the responsibilities, market value and sustained performance level of executive Directors and senior executives.

Salaries are based on the rate for similar posts in benchmarked companies although individual salaries may be above or below this level, reflecting performance and seniority in the position while having regard to employees' pay and conditions elsewhere in the

Group. Basic salaries are reviewed annually by the Remuneration Committee. The primary external comparator group used by the Committee is companies of similar size and complexity in the FTSE 250. This group was reviewed following the divestment of the Cash Systems business and a number of changes made to reflect the change in the Group's size and structure. At the most recent market benchmarking review Leo Quinn's level of annual basic salary was positioned broadly at the median of composite comparator data for chief executives, comprising Watson Wyatt's proprietary remuneration survey data and a bespoke group of predominantly FTSE 250 companies. Stephen King's level of annual basic salary was positioned slightly above the median of composite comparator data for Finance Directors on the same basis. With the appointment of James Hussey as Chief Executive from 1 January 2009 and Simon Webb as Group Finance Director Designate on 2 February 2009 (subsequently becoming Group Finance Director and executive Director on 1 April), as well as changes in other Operating Board appointments, the Committee has sought to adjust salary levels to reflect the reduced size of the Company. The objective is to ensure that total remuneration packages are fair and competitive, simple to understand and transparent.

The Committee also seeks to ensure that the interests of the executives are aligned with those of the shareholders pursuing a policy of high rewards only for high performance.

Annual Incentive Award

The annual incentive award, which is paid as a percentage of basic salary, is based on achieving targets for the year set by the Remuneration Committee. The maximum bonus opportunity as a percentage of salary is 100 per cent for the outgoing Chief Executive, Leo Quinn and, with effect from 1 April 2009 for his successor, James Hussey, and 70 per cent for the Finance Director, Stephen King and his successor, Simon Webb. The Committee considers each year what are appropriate performance measures to align the reward strategy with the business strategy. Typical measures for executive Directors and senior executives will include headline earnings per share, operating cash flow and operating profit together with an element based in 2008/2009 on the achievement of key business imperatives. For the executive Directors, the Annual Incentive Award measures for 2008/2009 were set against Group Operating Profit and Group Cash Flow targets for the full year which were subsequently adjusted to reflect the disposal of the Cash Systems business on 1 September 2008. These measures were chosen as they represent the key business drivers that reflect the underlying financial performance of the Company. To maximise the sale of the Cash Systems business a performance related incentive was put in place. This incentive retained key executives during this transition period and maximised returns to shareholders from the disposal of the Cash Systems business.

There are appropriate divisional measures for managing directors and senior executives of business units. The incentive plan is structured so that there is no payment unless a minimum performance threshold has been achieved and that the maximum payout will only be made if stretching and challenging targets are met.

The 2008/2009 Annual Incentive Award achieved maximum payout for executive Directors and some senior management.

Once the design of the incentive scheme has been approved by the Committee it is then introduced throughout the Group with appropriate measures for individual business units and eligible employees. Measures may include increase in turnover, productivity improvements, working capital management, order growth, cash flow and relevant profit targets. The Committee has used a combination of these measures for the past eight years, including the annual incentive award for 2008/2009.

The Remuneration Committee has discretion to consider other factors, such as corporate responsibility, environment, health and safety matters as it sees fit when determining the final outcome of the annual incentive award.

Targets set for 2009/2010 follow a similar plan design as for 2008/2009, with appropriately challenging performance targets.

Executive Directors' Service Contracts

The executive Directors have rolling service contracts with 12 months' notice period (except as set out below) and provision for compensation on termination not exceeding 12 months' gross basic salary, excluding benefits in kind.

The following table summarises the terms of the executive Directors' service contracts.

	Date of contract	Unexpired term	Notice period company	Notice period individual
James Hussey	25 Nov 2008	12 mths	12 mths	12 mths
Leo Quinn (resigned 31 December 2008)	3 Mar 2004	(a)	12 mths	12 mths
Stephen King (resigned 31 March 2009)	7 Oct 2002	(b)	12 mths	6 mths
Simon Webb	26 Jan 2009	12 mths	12 mths	12 mths

Notes

(a) Leo Quinn resigned as Chief Executive on 31 December 2008 and left the Company on 7 April 2009.

(b) Stephen King resigned as Finance Director on 31 March 2009 and will leave the Company on 30 June 2009.

Details of termination arrangements for Leo Quinn and Stephen King are set out on pages 63 and 64.

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. During the year it was agreed that the contracts of both Leo Quinn and Stephen King would be terminated following the successful completion of the sale, of the Cash Systems business, return of cash to shareholders and the subsequent reorganisation of central operations.

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. Leo Quinn is a non-executive director of Tomkins plc. Stephen King is a non-executive director of the Weir Group plc. In each case both Directors were permitted to retain the relevant directors' fees as shown in the table below:

External directorship fees

	Payment received £
Leo Quinn	59,290
Stephen King	47,500

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Benefits
All executive Directors and senior employees are eligible for a range of taxable benefits which include: the provision of a company car and payment of its operating expenses excluding fuel for private mileage or a cash alternative; membership of a private medical scheme; life assurance and reimbursement of the annual subscription to an appropriate professional body. In addition, the Chief Executive is, and for 2008/2009 the Finance Director was, provided with a permanent health insurance scheme.

Details of the emoluments of the executive Directors during the year are in the table on page 63.

Pension
All executive Directors and senior executives in the UK may join the HM Revenue and Customs ('HMRC') registered De La Rue Pension Scheme. Executives who are members of the closed senior section are required to pay a contribution of 8 per cent of pensionable salary to the Scheme and are provided with a pension of up to 71.66 per cent of final pensionable salary on retirement. The actual level of pension depends upon the number of years' service with the Group. Executives who are members of the retirement plan section are required to pay a contribution of 3.5 per cent of pensionable salary to the Scheme. Pension accrues at a maximum rate of 1 per cent for each year of pensionable service. In addition members of this section may pay up to an extra 3 per cent of pensionable salary into a defined contribution plan and receive equal matching contributions from the Company.

The current normal retirement age is 65 (except for Leo Quinn whose normal retirement age is 63) although pension accrued on service before 1 June 2007 may be drawn in full from age 60. Pension accrued after 1 June 2007 is subject to a variable accrual rate which is adjusted annually to reflect changes to life expectancy. The Scheme also provides a lump sum death in service benefit and pensions for dependants of members on their death. Executive Directors and senior executives who reach the Lifetime Allowance will be offered the option of leaving the Scheme at that point and receiving a cash allowance in lieu of pension provision, or remaining in the Scheme and incurring a personal tax charge, known as the Lifetime Allowance Charge, on any excess benefits. The Committee has decided that the Company will not compensate any executive Director or employee for any additional tax which may be payable as a result of a member reaching the Lifetime Allowance.

Details of each executive Director's pension arrangements are as follows:

Leo Quinn is eligible for a target pension from all sources of 71.66 per cent of basic salary at the age of 63. Part of this benefit arises from previous employment. He was required to make a contribution to the senior section of the Scheme of 8 per cent of basic salary and was covered for a lump sum on death in service based on four times basic salary, with a widow's pension of 60 per cent of target pension payable on death in service. Before A-Day his pension on earnings in excess of the earnings cap was unfunded. From 6 April 2006 it was agreed that his pension should be provided through the Scheme. To ensure that the HMRC Annual Allowance was not breached, the Company made payments each year to the Scheme up to the Annual Allowance to secure the unfunded pension. For 2008/2009 the Company made a payment to the Scheme of £124,700 (2007/2008: £100,400) increasing the pension funded under the defined benefit Scheme as at 5 April 2009 to £71,020 per annum.

The increase in defined benefit scheme pension does not represent an increase in either the target pension or the Company's liability but is a consequence of taking steps to cancel previously unfunded liabilities.

Leo Quinn left service on 7 April 2009, and has been granted a deferred pension of £71,020 per annum payable from his normal retirement age. In addition, he was paid a lump sum of £121,695 in lieu of the balance of his unfunded pension in 2009/2010.

Stephen King is eligible for a target pension from all sources of 71.66 per cent of basic salary at the age of 65. Part of this benefit arises from previous employment. His target pension is provided through a combination of a closed FURBS and membership of the senior section of the De La Rue Pension Scheme. He is required to make a contribution of 8 per cent of basic salary to his pension arrangement and is covered for a lump sum on death in service based on four times basic salary, with a widow's pension of 60 per cent of target pension in the event of death in service. His pension under the defined benefit Scheme as at 28 March 2009 was £45,900 per annum.

James Hussey is eligible for a pension of up to 71.66 per cent of his notional pensionable salary at age 65. He is required to make a contribution to the senior section of the De La Rue Pension Scheme of 8 per cent of his notional pensionable salary. He is covered for a lump sum on death in service of four times his basic salary, with a widow's pension of 60 per cent of his prospective pension in the event of death in service. His pension under the defined benefit Scheme as at 28 March 2009 was £89,740 per annum. His notional pensionable salary for 2008/2009 was £220,500. James Hussey receives a cash allowance of 20 per cent on the difference between his basic salary and his notional pensionable salary. Notional salary increases annually in line with the Retail Price Index.

Simon Webb is entitled to a pension from the retirement plan section of the De La Rue Pension Scheme. The accrual rate from 1 April 2009 allowing for adjustments for mortality is $^{1}/_{101.59}$ for each year of pensionable service. He is required to make a contribution of 3.5 per cent of his basic salary towards his defined benefit pension and has elected to pay additional top up contributions of 3 per cent to the defined contribution section. In the event of death in service he is covered for a lump sum of four times his basic salary and a widow's pension of 25 per cent of basic salary. His pension under the defined benefit Scheme as at 28 March 2009 was £370 per annum.

Directors' Pension Entitlements (audited information)
The table on page 61 sets out the pension benefits to which each executive Director is entitled. It shows:

- the accrued pension entitlement at the end of the year, payable from normal retirement age;
- the additional pension accrued during the year, payable at normal retirement age; and
- the transfer value amounts as at 29 March 2008 and 28 March 2009 and the increase in transfer value between the two periods net of Directors' contributions. The transfer values have been calculated in accordance with Actuarial Guidance Note GN11.

Pensions accruing to executive Directors during the full or part year are set out below:

Directors' Pension Entitlements (£'000)

	Pension accumulated at 28 March 2009	Increase pension during year	Increase pension during year (net of inflation)	value of the increase in pension (excluding Directors' contributions)	Transfer Transfer value of accumulated pension at 29 March 2008	Transfer value of accumulated pension at 28 March 2009	Change in transfer value (excluding Directors' contributions)
Leo Quinn (full year)	**71**	23	21	232	672	**1,000**	331
Leo Quinn (to date of resignation of 31 December 2008)	**65**	18	18	197	672	**967**	265
Stephen King	**46**	10	8	55	392	**514**	98
James Hussey (full year)	**90**	8	4	16	902	**1,028**	109
James Hussey (from date of appointment of 1 January 2009)	**0.9**	0.9	0.9	4	–	**8**	4
Simon Webb (appointed Group Finance Director Designate on 2 February 2009 and Group Finance Director and executive Director on 1 April 2009)	**0.4**	0.4	0.4	2	–	**3**	2

The number of options over De La Rue plc shares held by executive Directors under the executive share option and sharesave schemes is detailed below:

Directors' Share Options (audited information) – De La Rue Executive Share Option Plan and Sharesave Scheme

	Date of Grant	29 March 2008	Exercised during year	Granted during year	Lapsed during year	Number of Options 28 March 2009 (or date of resignation if sooner)	Exercise price (pence)	Market price at exercise date (pence)	Performance targets (see below)	Date from which exercisable	Expiry date	Average fair value per share (pence)(c)
Leo Quinn (resigned 31/12/08)												
Executive share options	Jul '04	352,422	–	–	–	352,422[1]	340.50	–	(a)	Jul '07	–[1]	88.0
Sharesave options	Dec '04	5,448	–	–	–	5,448	303.31	–	(b)	–[3]	–[3]	89.0
Stephen King												
Executive share options	Jul '04	149,779	149,779	–	–	–	340.50	903.39[2]	(a)	Jul '07	–[2]	88.0
Sharesave options	Dec '07	1,287	–	–	–	1,287	745.74	–	(b)	Mar '11	–[4]	288.0

Notes

(a) Earnings per share growth over three years of at least 3 per cent per annum over rate of increase in retail prices index; headline earnings per share at the start of the performance period were 24.2p.

(b) No performance conditions are attached to the Options under the Sharesave Scheme as it is open to all UK employees.

(c) Estimated value of award at time of grant (see also note 21b to the financial statements).

(1) Leo Quinn exercised his options on 9 February 2009 in accordance with the Rules of the Executive Share Option Plan. Leo Quinn made a total gain of £1,401,037.84 net of deductions for any applicable tax and national insurance contributions.

(2) Stephen King made a gain of £494,035.75 net of deductions for any applicable tax and national insurance contributions on the exercise of his options on 20 June 2008.

(3) Exercisable for a period of six months from date of termination of 7 April 2009.

(4) Exercisable for a period of six months from date of termination of 30 June 2009.

James Hussey does not hold any options under the Executive Share Option Plan or the Sharesave Scheme.

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Deferred Bonus and Matching Share Plan (audited information)

Allocation of shares held by executive Directors is as follows:

	Date of allocation	Total allocation as at 29 March 2008 (or date of appointment if later)	Allocation during year	Allocation vesting during year	Lapsed during year	Total allocation as at 28 March 2009 (or date of resignation if sooner)	10 Day Average Mid market share price preceding date of allocation (pence)	Market price at date of vesting (pence)	Vesting date	Average fair value per share[b] (pence)
James Hussey (appointed 1 January 2009)										
Deferred Allocation	Jun '06	12,505	–	–	–	12,505	531.80	–	Jun '09	540
	Jun '07	9,691	–	–	–	9,691	758.40	–	Jun '10	792
	Jun '08	8,494	–	–	–	8,494	908.50*	–	Jun '11	889
Maximum Matching Allocation[a]	Jun '06	25,010	–	–	–	25,010	531.80	–	Jun '09	380
	Jun '07	19,380	–	–	–	19,380	758.40	–	Jun '10	552
	Jun '08	16,988	–	–	–	16,988	908.50*	–	Jun '11	639
		92,068	–	–	–	92,068				
Leo Quinn (resigned 31 December 2008)										
Deferred Allocation	Jul '05	51,796	–	51,796[1]	–	–	386.13	870.5	Jul '08	391
	Jun '06	40,429	–	–	–	40,429[2]	531.80	–	Apr '09	540
	Jun '07	32,964	–	–	–	32,964[2]	758.40	–	Apr '09	792
	Jun '08	–	28,894	–	–	28,894[2]	908.50*	–	Apr '09	889
Maximum Matching Allocation[a]	Jul '05	103,592	–	103,592	–	–	386.13	870.5	Jul '08	284
	Jun '06	80,858	–	–	–	80,858[3]	531.80	–	Apr '09	380
	Jun '07	65,928	–	–	–	65,928[3]	758.40	–	Apr '09	552
	Jun '08	–	57,788	–	–	57,788[4]	908.50*	–	Apr '09	639
		375,567	86,682	155,388	–	306,861				
Stephen King (resigned 31 March 2009)										
Deferred Allocation	Jul '05	19,811	–	19,811[5]	–	–	386.13	870.5	Jul '08	391
	Jun '06	17,770	–	–	–	17,770[6]	531.80	–	Jun '09	540
	Jun '07	14,075	–	–	–	14,075[6]	758.40	–	Jun '09	792
	Jun '08	–	12,336	–	–	12,336[6]	908.50*	–	Jun '09	889
Maximum Matching Allocation[a]	Jul '05	39,622	–	39,622	–	–	386.13	870.5	Jul '08	284
	Jun '06	35,540	–	–	–	35,540[6]	531.80	–	Jun '09	380
	Jun '07	28,150	–	–	–	28,150[6]	758.40	–	Jun '09	552
	Jun '08	–	24,671	–	–	24,671[6]	908.50*	–	Jun '09	639
		154,968	37,007	59,433	–	132,542				

Notes
*Middle market value of an Ordinary Share on the dealing day immediately preceding date of allocation.

(a) Details of the performance condition attached to matching shares are set out on page 65. The performance condition for the 2005 awards under the Plan was met in full and the shares vested on 28 July 2008.

(b) Estimated value of award at time of grant (see also note 21b to the financial statements).

An additional award of shares will be released on the vesting date in respect of all Deferred Shares released equal in value to the amount of dividends which would have been payable on the Deferred Shares over the performance period. As at 28 March 2009 and based on the prevailing share price on that date dividend shares accrued were as follows:

James Hussey: 2,689 Ordinary Shares
Stephen King: 3,860 Ordinary Shares

Leo Quinn and Stephen King retained the shares acquired on vesting of the July 2005 award under the Plan after either providing funds or selling sufficient number of shares to meet their PAYE and NI liability.

The Remuneration Committee approved the following termination arrangements (notes 2, 3, 4 and 6) for Leo Quinn and Stephen King.

Leo Quinn
(1) A total of 8,449 dividend shares were released to Leo Quinn on Deferred Allocations vesting in 2008/2009.

(2) Deferred Allocations for the years 2006, 2007 and 2008 were released in full on 7 April 2009. A total of 9,392 dividend shares relating to these allocations were also released on 7 April 2009.

(3) Matching Allocations for the years 2006 and 2007 were released in full on 7 April 2009 without pro rating for time served subject to measurement of the EPS condition to 31 March 2008 and the TSR condition to 1 September 2008 which were both met.

(4) Matching Allocation for the year 2008 was released pro rated (15,025) to 7 April 2009 subject to the measurement of the EPS condition to 31 March 2008 and the TSR condition to 1 September 2008 which were both met.

Stephen King
(5) A total of 3,231 dividend shares were released to Stephen King on Deferred Allocations vesting in 2008/2009.

(6) The 2006 and 2007 Deferred Allocations will vest in full when Stephen King leaves the Company on 30 June 2009 with full Matching Allocations and Dividend Allocations to 30 June 2009. The 2008 Deferred Allocation will vest in full on 30 June 2009 and the Matching Allocation and Dividend Allocation relating to the Deferred Allocation will also vest on 30 June 2009 pro rated to that date. The performance targets for the Matching Share Allocations in 2006, 2007 and 2008 were subject to performance targets which measured EPS to 31 March 2008 and TSR to 1 September 2008 and were met in full.

The closing mid-market price of De La Rue plc shares at 28 March 2009 was 955p and the highest and lowest mid-market prices during the year were:

	Ordinary shares of $29\frac{16}{21}$p to 14 November 2008	**Ordinary shares of $44\frac{152}{175}$p to 28 March 2009**
High	980.5	**1,074.0**
Low	815.5	**802.5**

Directors' Emoluments (audited information)	2009 Salary and fees £'000	2009 Benefits £'000	2009 Bonus £'000	Compensation for loss of office £'000	2009 Total £'000 to 28 March 2009 (or date of resignation if sooner)	2008 Total £'000
Executive Directors						
James Hussey (appointed 1 January 2009)(1)	**81**	**11**	**129**	**–**	**221**	–
Leo Quinn (resigned 31 December 2008)	**394**	**25**	**1,225**(2)	**677**	**2,321**	1,033
Stephen King (resigned 31 March 2009)	**320**	**20**	**651**(3)	**–**	**991**	541
Simon Webb (appointed Group Finance Director Designate on 2 February 2009 and Group Finance Director and executive Director on 1 April 2009)(4)	**37**	**3**	**26**	**–**	**66**	–
	832	**59**	**2,031**	**677**	**3,599**	1,574
Non-executive Chairman						
Nicholas Brookes	**163**	**–**	**–**	**–**	**163**	163
Non-executive Directors						
Warren East	**40**	**–**	**–**	**–**	**40**	38
Sir Jeremy Greenstock	**40**	**–**	**–**	**–**	**40**	38
Keith Hodgkinson	**47**	**–**	**–**	**–**	**47**	45
Philip Nolan	**41**	**1***	**–**	**–**	**42**	40
Gill Rider	**43**	**–**	**–**	**–**	**43**	42
Aggregate Emoluments	**1,206**	**60**	**2,031**	**677**	**3,974**	1,940

*Relates to reimbursement of travelling expenses from Ireland to attend Board meetings.

(1) 2009/2010 salary for James Hussey is £325,000.

(2) Includes price related bonus of £700,000 on successful sale of Cash Systems which was paid in two tranches. The second tranche of £350,000 was paid on 7 April 2009.

(3) Stephen King qualified for a price related bonus of £427,000 in respect of the sale of the Cash Systems business.

(4) 2009/2010 salary for Simon Webb is £225,000.

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Leo Quinn's termination arrangements
Leo Quinn received, as part of his termination arrangements 12 months' annual basic salary as stipulated in his contract of employment. He also received his full Annual Incentive Award for the 2008/2009 year. The Company paid Leo Quinn the following amounts after his contract terminated on 7 April 2009:

	£
Payment in lieu of notice	555,000
Balance of unfunded pension as lump fund	121,695

Stephen King's termination arrangements
Agreement was reached with Stephen King so that on termination of his employment on 30 June 2009 he will receive:

	£
Payment in lieu of notice	366,200
12 months additional pension contribution	71,680

Stephen King will also be eligible for a potential performance maximum pro rated payment of £58,835 under the annual incentive arrangements for 2009/2010.

Details of the release of shares under the Deferred Bonus and Matching Share Plan for Leo Quinn and Stephen King are set out above in notes 2, 3, 4 and 6.

Payments made to former Directors of the Company
Lord Wright, who retired as a Director on 19 July 2000, continues to provide up to 20 days consultancy each year pursuant to an agreement with the Company dated 20 July 2000 which has been extended to 18 July 2009. He is paid a fee of £20,000 per annum.

Directors' share interests (audited information)
The interests of Directors holding office at the end of the financial year in the Ordinary Shares of the Company are set out below.

	29 March 2008 Ordinary Shares of $29\frac{16}{21}$p each	Following share consolidation on 17 November 2008 Ordinary Shares of $44\frac{152}{175}$p each	28 March 2009 Ordinary Shares of $44\frac{152}{175}$p each
Nicholas Brookes	12,138	7,780	7,780
Warren East	3,266	2,093	2,093
Keith Hodgkinson	3,887	2,491	2,491
James Hussey (appointed 1 January 2009)	–	–	13,298
Stephen King	46,620	29,884	–
Philip Nolan	8,400	5,384	5,384
Gill Rider	709	454	454

Sir Jeremy Greenstock and Simon Webb (appointed 1 April 2009) have no interest in the Company's Ordinary Shares. There have been no changes in Directors' interests in Ordinary Shares since 28 March 2009. All interests of the Directors and their families are beneficial.

Current Schemes
Sharesave Scheme
All UK employees of the Company may join its HM Revenue and Customs approved SAYE Scheme. Options are granted over De La Rue plc shares, at the prevailing market price at the time of grant (with a discretionary discount to the market price), to employees who agree to save between £5 and £250 per month over a period of three or five years. A grant was made in January 2009 at a price of 714.14p which was at a 15 per cent discount and 41 per cent of eligible employees participated.

US Employee Share Purchase Plan
The US Employee Share Purchase Plan, established under Section 423 of the US Internal Revenue Code, provides a competitive incentive for US employees to invest up to 10 per cent of basic salary each year in the Company, subject to the statutory limit (currently US$25,000 worth of shares). No performance conditions are attached to options under the Plan. The Seventh Offering under the Plan began on 1 January 2009 and 33 per cent of eligible employees participated. The purchase price of 906p is 85 per cent of the lower market value of a De La Rue share either at the beginning or end of the Offering Period on 31 December 2009.

Deferred Bonus and Matching Share Plan
The Company established the Deferred Bonus and Matching Share Plan in July 2005 which, following a review in 2007, was extended until 2010.

Awards of Deferred Allocations of shares to executive Directors and selected senior executives are made based on the achievement of annual performance targets to be satisfied before the awards are made.

The maximum value of the Deferred Allocation based on the market value of a share at the date of allocation is 50 per cent of the maximum bonus, that is: 50 per cent of salary in the case of Leo Quinn and 35 per cent of salary in the case of James Hussey and Stephen King. The number of Deferred Shares will be matched by additional free shares ('Matching Shares') which will be released on the third anniversary of the allocation of the Deferred Shares provided pre-determined performance targets are satisfied and the participant is still employed by the Company.

There are two performance targets, each one of which applies to allocations of up to 50 per cent of the Matching Shares. 50 per cent is based on the achievement of an annual rate of increase in earnings per share ('EPS') of a De La Rue share over the annual rate of increase in the retail prices index which is at least a minimum of three per cent per annum. If the minimum target is not achieved no matching share allocation subject to the EPS test will be awarded. If EPS increases by five per cent or more above the annual rate of increase in the retail prices index, the eligible participant will receive 100 per cent of Matching Shares subject to the EPS test, with intermediate straight line vesting.

The remaining 50 per cent of the Matching Share element is based on De La Rue's Total Shareholder Return ('TSR') relative to the TSR of the companies comprising the FTSE Mid 250 (excluding investment trusts) over the relative period. The proportion of any matching allocation subject to this test will be 50 per cent for median performance, and 100 per cent for upper quartile performance, with intermediate straightline vesting.

For executive Directors and certain selected senior executives up to two Matching Shares will be allocated for each Deferred Share. No shares will be released for performance below that which qualifies for the minimum number of Matching Shares.

An additional award of shares will be released on the vesting date in respect of all Deferred Shares released equal in value to the amount of dividends which would have been payable on the Deferred Shares over the performance period.

The Remuneration Committee regularly reviews the operation of the Plan and its specific terms, including performance measures. At the time the Plan was introduced in 2005 the EPS and TSR performance measures were adopted following consultation with shareholders as being the most transparent and appropriate. Before making any award the Remuneration Committee considers the appropriateness of the performance targets for matching awards, recognising in particular that the average earnings per share growth target of Retail Price Index +3-5 per cent is the minimum.

In the case of Leo Quinn, Stephen King and other senior executives whose employment would terminate following the disposal of Cash Systems the Committee exercised its discretion pursuant to the Plan Rules in order to incentivise the executive directors and other employees to complete the necessary restructuring of the Group after 1 September 2008. The Committee agreed to: (i) waive pro rating of Deferred, Dividend and Matching Allocations; and (ii) set 29 March 2008 and 1 September 2008 as the respective reference dates for measuring the performance targets. Details are set out on pages 62 and 63.

Long Term Incentive Plan
The Long Term Incentive Plan ('LTIP') was introduced in 2006 to retain key individuals who are not already eligible for the Deferred Bonus and Matching Share Plan. The LTIP is a cash based plan under which participating employees may, subject to the performance measure being met, receive up to 20 per cent of their annual salary as a cash payment at the end of three years after an allocation is made.

The performance measure is EPS based and on a straight line basis. The test is an achievement of an annual rate of increase in earnings per share which is at least three per cent over the annual rate of increase in the retail prices index. At the minimum achievement a cash payment equivalent to 15 per cent of annual salary is payable whilst an earnings per share increase of five per cent or more above the annual rate of increase in the retail price index means 20 per cent of annual salary is payable with intermediate straight line vesting in between.

Superseded Schemes
Executive Share Option Plan
The Executive Share Option Plan (the 'Plan'), which expired on 17 July 2006 for the purpose of grants of options, provided for the grant of options at a price equal to the average market value of a De La Rue plc Ordinary Share over the three dealing days immediately preceding the date of grant, with a performance condition based on the achievement of an earnings per share growth target.

The Plan is in two parts. Part A is approved by HM Revenue and Customs and so confers tax relief on UK resident employees on any gains arising on exercise. Part B is unapproved to enable the grant of options to an individual where the cumulative value of the employee's subsisting options at the date of grant exceeded £30,000. Options were granted for nil payment and could normally only be granted within 42 days of any announcement of results. Options vested if they achieved the performance condition over three years of earnings per share growth of at least three per cent per annum over the rate of increase in the retail prices index. If this condition was not met at the end of the performance period the options lapsed. All options under the Plan vested with the exception of the 2002 grant of options which failed the performance condition.

The Plan was replaced by the Long Term Incentive Plan.

A Phantom Share Option Scheme is operated under similar rules to provide an equivalent cash incentive to senior executives in jurisdictions where the tax or securities laws make it impracticable to operate a share option scheme. Grants will not be made under the Scheme whilst awards are made under the Long Term Incentive Plan.

Dilution Limits
The Executive Share Option Plan and Deferred Bonus and Matching Share Plan incorporate the current (December 2008) ABI Guidelines on headroom which provide that over a 10 year period in relation to the Company's issued share capital (or reissue of treasury shares):

– no more than 10 per cent can be issued to satisfy options granted under both executive share option schemes and any other employee share scheme of the Company; and

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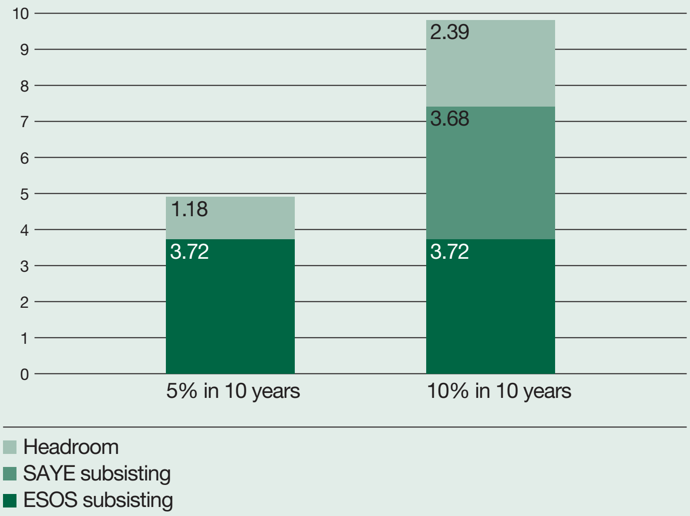
– no more than 5 per cent can be allocated to satisfy executive share option schemes or share awards;

– the Remuneration Committee monitors monthly the effect of potential vesting of share options or share awards to ensure that the Company remains within these dilution limits. Options for which a market purchase of shares has been made are excluded from the headroom calculations.

As at 19 May 2009 the current headroom in relation to all outstanding share options or deferred share awards is shown below:

Scheme limits headroom
(m shares)



Shareholder Return
The performance chart below illustrates total shareholder return.

Total shareholder return
(£)

This graph shows the value at 28 March 2009 of £100 invested in De La Rue plc on 27 March 2004 compared with the value of £100 invested in the FTSE 250 excluding investment trust Index. The other points plotted are the values at intervening financial year-ends

Source: Thomson Financial

Non-Executive Directors
Non-executive Directors do not have service contracts and have letters of appointment specifying fixed terms of office. Originally terms of appointment were for three years, renewable for a further three years subject to satisfactory performance but the Board agreed, with effect from 1 April 2008, that they would be reduced to two year appointments. The Board may invite non-executive Directors to serve a third term after a detailed review. The non executive Directors' current letters of appointment are dated as follows:

Non-executive Director	Date of letter of appointment	Date of first appointment
Warren East	29 March 2009	9 January 2007
Keith Hodgkinson	29 March 2009	19 April 2000
Philip Nolan	30 March 2008	1 September 2001
Sir Jeremy Greenstock	29 March 2009	1 March 2005
Gill Rider	30 March 2008	22 June 2006

Nicholas Brookes was initially appointed as a non-executive Director on 19 March 1997 and as Chairman of the Company on 22 July 2004.

Remuneration for Non-Executive Directors
The Board determines the fees paid to other non-executive Directors taking into account market norms, comparisons with comparator companies and the duties required of non-executive Directors. Watson Wyatt Limited advised the Board during 2008/2009. Details of fees to the Chairman and other non-executive Directors are set out on page 63 and remain unchanged for the year 2009/2010. The Chairman of the Audit and Remuneration Committees each receive an additional fee of £7,000 per annum for their work. Non-executive Directors are not eligible for pension scheme membership and do not participate in any of the Group's bonus or share option schemes.

By order of the Board

Philip Nolan
Acting Chairman of the Remuneration Committee
19 May 2009