ROWAN COMPANIES PLC

U. K. DIRECTORS' REMUNERATION POLICY
Approved by Shareholders at the Annual General Meeting held April 25, 2014

2. Directors' Remuneration Policy

The following section contains the material required to be set out as the directors' remuneration policy for the purposes of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, which amended The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This policy will take effect, subject to the approval of the shareholders, from April 25, 2014, the date of the 2014 annual general meeting of shareholders (the "Meeting").

2.1 Future Policy Table

Context of Policy:	We operate in a highly competitive global offshore drilling market with relatively few publicly traded peers. The offshore drilling environment is strongly influenced by the factors shown below that significantly affect strategic decision making and company performance over time. Recruiting, hiring and retaining executives who understand and can evaluate this environment is key to our success. These factors include: • complex technical expertise; • overarching effect of world oil markets; • large concentrated capital investments with long payback horizons; • cyclical nature of oil and gas demand and pricing; • significant hiring needs in a tight labor market for employees with highly specialized skill sets; • stringent and evolving customer demands; and • impact of laws, regulations, customs, safety and environmental considerations around the world. As a solely U.S. listed company, changing the domicile of the Company to the U.K. did not change the Committee's approach to compensation arrangements which continue to be set having regard to a U.S. context. For more information regarding the context of our compensation philosophy and objectives, please see CD&A.

The future policy tables set forth below apply in respect of:

- executive officers appointed to the Board of Directors ("Executive Directors"); and
- non-executive directors ("Non-Executive Directors").

Currently, Mr. Ralls is the only executive officer appointed to the Board. However, in connection with Dr. Burke's appointment as CEO in April 2014, the Board has nominated him for election to the Board at the Meeting.

In accordance with U.K. law, the policy has mandatory force pursuant to which, after the effective date of the poli§cy, payments may not be made which are outside the scope of the policy without prior shareholder consent. If the policy is not approved at the Meeting, it will result in the Company incurring expense as, to comply with U.K. law, the Company will be required to hold additional shareholder meetings during 2014 until the policy is approved. In addition, if the directors' remuneration policy is not approved, the Company may not be able to pay expected compensation to its directors, including its CEO and Executive Chairman, which could materially harm the Company's ability to retain its top executives and manage its business.

In accordance with guidance endorsed by the U.K. government, we aim to provide sufficient flexibility in the policy for unanticipated changes in compensation practices and business conditions to ensure the Committee has appropriate discretion to react as it deems prudent. As the U.K. legislation is new, the Committee will continue to review market practice and shareholder input to determine the appropriate level of flexibility in the policy and frequency of the mandatory vote in future years. Nothing in the following policy is intended to broaden or change the powers currently available to the Committee or to impact the manner in which the Committee assesses decisions. Maximum caps are provided to comply with the required legislation and should not been taken to indicate an intent to make payments at that level. The Committee will continue to consider whether, in its view, compensation arrangements are in the overall interests of shareholders.

Slightly different formats have been used in respect of the tables for the Executive Directors and the Non-Executive Directors. All dollar amounts are shown in U.S. dollars, unless indicated otherwise.

Executive Directors

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
Base Salary	Helps attract and retain Executive Directors as part of a competitive total pay package.	Executive Director base salaries are reviewed annually by the Committee. The Committee reviews pay information among the Company's offshore drilling peer companies (and/or such other peers as it considers appropriate) to ensure that salaries remain competitive. The Committee does not target a specific percentile of the market data, but instead takes into consideration the competitive conditions and the circumstances of the individual, such as tenure in the position, level of expertise and responsibilities of the position, as well as a subjective judgment of the individual's performance. There is no specific weighting given to each factor.	The U.K. legislation requires the policy to set a maximum level. The policy maximum for any individual is $1.3 million in annual base salary. The Committee will consider the factors set out under "Operation" when determining the appropriate level of base salary within the formal maximum.	None.

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
		The Committee considers the appropriateness of the constituents of the peer group and makes changes as it considers appropriate prior to each annual review.		
Implementation of Policy in 2013 and 2014 ***(this section is here for informational purposes only but does form part of the Directors' Implementation Report)***	**<u>2013 Base Salary</u>:** Mr. Ralls is currently the Company's Chief Executive Officer ("CEO"). Mr. Ralls' annual base salary was $950,000 in 2013. As of the Meeting, Mr. Ralls will retire as CEO and become the Executive Chairman of the Board. Dr. Thomas Burke will be appointed CEO. **<u>2014 Base Salary</u>:** The Committee has approved compensation packages for Mr. Ralls and Dr. Burke in anticipation of the transition of Mr. Ralls to Executive Chairman and Dr. Burke to CEO and Executive Director in 2014. Mr. Ralls' base salary will be reduced to $700,000 effective as of his appointment as Executive Director on April 25, 2014 while Dr. Burke's base salary as CEO will be $800,000, effective as of the same date. Both these rates have been set lower than Mr. Ralls' previous salary as CEO and demonstrate the Committee's approach to setting pay at such level as it considers appropriate. The current peer group for the purposes of salary comparison is set forth on page 35 of CD&A.			
Annual Bonus **(Annual Incentive Plan ("AIP"))**	Motivates Executive Directors and rewards the achievement of strategic financial and operational measures, as well as individual performance.	At or following the commencement of each fiscal year, the Committee determines the individual AIP incentive target (denominated as a percentage of base salary) for Executive Directors and the annual performance metrics and discretionary component(s) of the AIP plan. In order to meet the Company's 162(m) deductibility objectives pursuant to the U.S. tax code, the Committee also approves the "plan within the plan" approach. If required EBITDA or net income thresholds are met, then a bonus pool under the AIP for all AIP awards is funded at the maximum opportunity. This threshold performance hurdle is designed to ensure all AIP payouts within the plan are	The U.K. legislation requires a formal maximum to be set. The maximum AIP target is set at 150% of base salary for Executive Directors. The Committee believes this reserves sufficient flexibility for changes in circumstances. For 2013, Mr. Ralls' AIP target was 110% of base salary. The Committee will increase the AIP target bonus percentage for Executive Directors when it considers it appropriate to do so having regard to performance, market factors and/or competitive practice and retention needs of the Company.	The Committee may set such conditions to the AIP plan as it considers appropriate. Those conditions may be financial, non-financial, corporate, divisional, team or individual measures and in such proportions as the Committee considers appropriate. The AIP metrics address the challenges of managing a highly complex and cyclical global business and drive and reward performance that supports the Company's core values.

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
		deductible under Section 162(m) and does not reflect the operational or financial metrics contained in the applicable AIP plan. Once the bonus pool is funded, the Committee determines the actual bonus payout by using its discretion and assessing the Company's performance against the financial and operational metrics set forth in the AIP plan. The Committee believes the AIP performance metrics are an appropriate mix of operational and financial measures. An additional portion of the AIP payout may be awarded at the discretion of the Committee having regard to achievement of strategic measures and/or personal performance that are, in the view of the Committee, relevant to the creation of long-term shareholder value. AIP payout levels are determined by the Committee after the fiscal year-end. AIP payouts are made in cash following the determination of the amount earned. Such payouts are normally paid in the first quarter following the year-end. While not currently intended, the Committee reserves the right to add additional features such as the compulsory deferral of part of a payout into shares. Notwithstanding the formal	Depending upon performance, a payout of 0 – 200% of the target level may be earned (with 0% currently earned if the threshold levels of performance are just met although the Committee may change the threshold level for future performance periods). The Committee may reduce the maximum range below 200% for future awards should it consider that to be appropriate. Consistent with U.S. practice, the Committee reserves the right to make other bonus payments on an exceptional basis which it considers to be a fair reflection of the particular contribution of an executive and, in the view of the Committee, appropriate and in the interests of shareholders. While there is no current intent to utilize this flexibility, the Committee has reserved discretion to make such further bonus payments up to an extra amount equal to the AIP cap.	

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
		AIP metrics, the Committee reserves the right to make any adjustment to any payout as it considers appropriate, subject to the overall stated maximum. All AIP awards are subject to potential clawback provisions as described on page 45 of CD&A.		

Implementation of Policy in 2013 and 2014

(this section is here for informational purposes only but does form part of the Directors' Implementation Report)

<u>2013 AIP</u>:
Details of the performance measures and targets for the 2013 AIP are set out in CD&A on pages 38 and 39 except to the extent that the information is considered commercially sensitive. Such information will remain so and will not be disclosed subsequently.

Mr. Ralls received a 2013 AIP payout of $1,280,763, which was 134.8% of his base salary and 124.6% of his AIP target.

<u>2014 AIP – Performance measures and targets</u>:
The Committee's approach within this policy for 2014 is to set 75% of the AIP payout pool by reference to financial and operational targets and 25% by reference to strategic and/or individual performance factors (the latter being subjective in nature). For 2014, the financial and operational metrics and weighting of such metrics for the 2014 AIP are set out below. Specific targets are not disclosed in that they are considered commercially sensitive. The Company expects to report targets and resulting 2014 performance in the U.S. proxy statement for the 2015 annual meeting of shareholders.

Metric	Weighting
EBITDA	50%
HSE (a)	20%
Contracted Non-Productive Time (b)	10%
Newbuild Capital Projects (c)	10%
Upgrade Capital Projects (d)	10%

(a) Safety performance is derived from our internal incident reporting by comparing the trailing total recordable incident rate ("TRIR") with Company goals.
(b) Contracted Non-Productive Time ("NPT") refers to any period when one of our rigs is on location and under contract but not operational due to equipment failure or other unplanned stoppage.
(c) Our Newbuild Capital Projects metric is based on our rig construction projects remaining on time and on budget.
(d) Our Upgrade Capital Projects metric is based on our upgrade capital projects remaining on time and on budget.

For 2014, Mr. Ralls' AIP target as Executive Chairman will be 100% of his base salary and Dr. Burke's AIP target as CEO will be 100% of his base salary, in each case, prorated from the effective date of their appointment to their new roles.

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
Long-Term Incentive Compensation ("LTI")	Aligns Executive Director behavior with long-term strategic imperatives for the Company. Rewards the creation of long-term shareholder value. Aligns Executive Director and shareholder interests.	The Company operates a long-term incentive plan that was approved by the shareholders at the 2013 annual general meeting of shareholders and this policy reserves the ability to use all aspects of that plan. In particular, the following awards may be made: • <u>Restricted Share Units ("RSUs")</u>: the right to receive one share or its equivalent in cash. • <u>Share Appreciation Rights ("SARs")</u>: a right to receive a payment, in cash or shares, equal to the excess of the fair market value of a specified number of shares on the date the award is exercised over a specified grant price. • <u>Performance Units ("PUs")</u>: an award of cash and/ or shares, subject to performance measures; PUs may be expressed as a fixed number of units with a cash equivalent per unit or may be made in respect of a notional number of shares and settled in cash. Currently, the Company anticipates that all PUs will be settled in cash. • <u>Dividend Equivalent Rights ("DERs")</u>: the right to receive in shares or cash the value of dividends paid on shares subject to awards (not applicable to Options or SARs). In addition, the following	The Company's shareholder approved current incentive plan, provides that no participant may be granted Options, SARs, RSUs, RS, bonus shares, performance awards (which include the PUs) or dividend equivalents in any one year period covering more than 1,500,000 shares or $5,000,000 (based on grant date value) if cash settled. The Committee expressly reserves discretion to make such awards as it considers appropriate within these limits having regard to such factors it considers appropriate including performance, market factors and/or competitive practice and retention needs of the Company. The Committee may also increase or decrease the multiple of awards made in any year (subject to the plan maximum) and the mix of performance based awards in any year in light of performance and/or competitive practice.	Other than vesting periods, RSUs, RS, SARs and Option awards are not presently subject to additional pre-vest performance conditions. This is consistent with U.S. practice for simplicity in the reward structure and to align a portion of our Executive Directors' compensation with shareholder outcomes. PUs (and other awards as determined by the Committee) may be awarded subject to such performance conditions as the Committee considers appropriate (whether financial or non-financial, relative or absolute and whether corporate, divisional, team or individual). Currently outstanding PUs are subject to a total shareholder return ("TSR") performance measure relative to an offshore drilling peer group. The Committee reviews and selects the peer group annually based on the Company's competitors within

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
		awards may be made under the Company's incentive plan although these types of awards are not currently part of our 2013 or 2014 annual LTI program: • Restricted Shares ("RS"): restricted grants of shares that remain subject to a substantial risk of forfeiture until vesting. • Options: market value exercise price share options. • Bonus Shares: awarded based on performance and not subject to restrictions. • Other Performance Awards: granted subject to performance criteria specified by the Committee and applying such business criteria and other measures of performance as it may deem appropriate to determine the amounts or proportions of awards that will vest. The terms of each form of award, including vesting periods and the application of any performance conditions, will be determined by the Committee prior to each grant. All LTI awards are subject to potential clawback provisions as described on page 45 of CD&A. Currently, RSUs, RS, SARs and Option awards are settled in shares, or with		the drilling industry and Company's business strategy and underlying operations. Pursuant to the Company's incentive plan and grant agreements, such peer group may be modified as deemed necessary by the Committee. The Committee applies TSR to PUs as it links an element of reward to relative performance against the Company's peers. However, pursuant to the terms of the Company's incentive plan, the Committee may, from time to time, use other business criteria and other measures of performance as it may deem appropriate. Any such goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index or internal benchmark deemed applicable by the Committee. Performance measurement periods for PUs awarded in 2013 and 2014 are described in note

<table>
<tr><th>Element</th><th>Purpose and link to strategy</th><th>Operation</th><th>Maximum</th><th>Performance Conditions</th></tr>
<tr><td></td><td></td><td>regard to SARs and Options, in cash at the discretion of the Committee. PUs deliver cash based on the attainment of the performance conditions described herein.

The Company’s policy is to honor the vesting of all awards granted under previous policies.</td><td></td><td>(2) below.</td></tr>
<tr><td>Implementation of Policy in 2013 and 2014

(this section is here for informational purposes only but does form part of the Directors’ Implementation Report)</td><td colspan="4"><u>LTI Compensation in 2013</u>:
Details of LTI awards made in 2013 are set out at Section 4.3 of this Part II.
Details of LTI awards vesting in 2013 are set out beginning on page 42 of the Executive Compensation in CD&A.

<u>LTI Compensation in 2014</u>:
The Committee’s current approach within this policy is to make awards with a maximum target multiple of base salary for Executive Directors, other than Mr. Ralls as Executive Chairman, across all types of LTI awards, valuing awards on a grant-date value basis.

For 2014, Mr. Ralls will receive an annual LTI grant of RSUs with a grant date value of $3,000,000 which will vest on the second anniversary of the grant date (with a further grant in 2015 of the same value which will vest on the first anniversary of its grant). As explained at page 44 of CD&A, Dr. Burke’s LTI multiple as CEO will be 450% of base salary. The proposed weighting of the types of LTI awards to be made in 2014 within the policy for Dr. Burke is 50% RSUs and 50% PUs, with the percentage of each type of award to be determined at the discretion of the Committee on a year-to-year basis. Dr. Burke was awarded an annual LTI grant as President and COO in the normal course in March 2014 and will receive an additional grant to be made in April 2014 following his appointment as CEO in April 2014 to achieve the policy level anticipated.

The performance measures for PUs granted in 2014 will be measured based on TSR relative to a selected peer group of offshore drillers comprised of the following companies:

• Atwood Oceanics, Inc.
• Diamond Offshore Drilling, Inc.
• Ensco plc
• Noble Corporation plc
• Seadrill Limited
• Transocean Ltd.

For PU awards made in 2014, the peer group above was selected as it represents the Company’s primary competitors in the markets in which it operates, for customers, investors and employees. The Committee determined to omit Hercules Offshore from the relative TSR peer group because the share price of Hercules is generally driven by different factors than the Company’s. The performance targets will operate in the same manner as for the 2013 awards.</td></tr>
</table>

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
Benefits (3)	Helps recruit and retain Executive Directors, although the general approach is to de-emphasize indirect elements of compensation.	Executive Directors are eligible to receive all benefits available to senior staff from time to time as determined by the Committee and the Committee periodically considers both the range of such benefits and whether such benefits may be appropriate for a particular Executive Director or more generally. Benefits typically include medical, dental, vision, life and accidental death and dismemberment (“AD&D”) insurance and short term and long-term disability benefits on the same terms as other employees. As for all senior executives, the Company pays for Executive Directors to periodically have a complete professional personal physical exam. In addition, the Company pays for expenses related to business travel and accommodations and for preparation of a U.K. tax return.	Unlike other elements of compensation, the cost of providing benefits may change without any action by the Committee. This is particularly the case for the Company because it has chosen to self-insure medical benefits because this is less expensive compared to having third party insurance. The Company determines the value of such benefits based on the projected average claim costs for an employee and their covered dependents (and will use such calculation in determining the cap on benefits). However, the actual cost to the Company of an Executive Director’s medical costs could be more than the average projected cost in any given year based on the actual claims the Executive Director and his or her covered family members incur. The Company monitors the overall costs to ensure that the provision of benefits remains an appropriate use of the Company’s funds. The maximum value of all health and welfare benefits	N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
			(calculated as explained above) together with any other benefits will not exceed a maximum of $150,000 per year. The Committee may agree that the Company pay for certain relocation expenses the Committee considers to be appropriate, up to a maximum of $150,000 for a domestic relocation and $500,000 for an international relocation.	
Pensions	To attract and retain our Executive Directors.	The Company operates pension arrangements in which Executive Directors may participate as follows: Under our cash balance pension plan (the "Pension Plan"), such percentage as determined by the Company of an employee's eligible compensation (which, consistent with U.S. practice, includes cash bonuses) are credited to a notional account, subject to U.S. Internal Revenue Service ("IRS") caps on the value of eligible compensation (in 2014, $260,000). The Company has defined the percentage of pay credit that is provided to each employee in the governing plan document. Most participants receive the same percentage of pay credit; however, some longer service employees receive an additional transition pay credit.	Assessing the maximum cost of pension arrangements involves some element of judgment using a wide range of methodologies. Using the single figure basis within the U.K. legislation (which looks at the value of any annual contribution), and because the U.K. legislation requires a maximum figure for each element to be set, the Committee has set a maximum annual cost of pension arrangements of $430,000 per individual. The Committee anticipates the actual annual cost of pension benefits to be less than this figure and will	N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
		Under the restoration plan (the “Restoration Plan”), the Company credits the percentage, as determined by the Committee, of an employee’s eligible compensation over the IRS cap mentioned above to the employee’s Restoration Plan account. Under the Savings Plan (the “Savings Plan”), the Company matches contributions up to 6% as made by the employee. As with the Pension Plan, amounts in excess of the IRS cap for Savings Plan contributions are credited to the Executive Director’s Restoration Plan account. The Company reserves the right to change the precise terms of such arrangements within the overall permitted cost maximum. The Company periodically reviews pension provisions and reserves the right to amend the level of benefits provided to Executive Directors. The Company will honor the pensions obligations entered into under all previous policies in accordance with the terms of such obligations.	monitor the overall costs to ensure it is satisfied that the provision of pension benefits remains an appropriate use of the Company’s funds.	

<table>
<tr><th>Element</th><th>Purpose and link to strategy</th><th>Operation</th><th>Maximum</th><th>Performance Conditions</th></tr>
<tr><td>Implementation of Policy in 2013 and 2014

(this section is here for informational purposes only but does form part of the Directors' Implementation Report)</td><td colspan="4">Details of the pension arrangements that Mr. Ralls participated in 2013 are set out beginning on page 57 of the proxy statement.

No changes are anticipated for fiscal year 2014. Accordingly, for both Mr. Ralls and Dr. Burke:
Contributions equivalent to 5% of eligible compensation will be credited under the Pension Plan;
Savings Plan contributions are made at the level of 6% of an employee's eligible compensation up to a U.S. IRS cap (in 2014, a maximum Company contribution of $15,600 per year, but subject to annual adjustment under U.S. tax laws); and
Additional contributions in excess of the IRS caps are credited under the Restoration Plan at an 11% level to make up for limits under the Pension Plan and Savings Plan.</td></tr>
<tr><td>Stock Ownership Guidelines</td><td>For the Executive Directors to build and maintain a long-term ownership position.</td><td>The Company has adopted share ownership guidelines which apply to executives serving on the Board of Directors. To facilitate the implementation of these guidelines, any Executive Director is required to retain a percentage of "available shares" as determined from time to time (presently 35%) until the guideline level is achieved, at which time the retention level reduces. The retention requirement ceases to apply once the Executive Director reaches 200% of the applicable ownership guideline or upon reaching age 60.

Available shares includes shares remaining from award vestings after payment of taxes, fees, commissions and any exercise price payments.

The guidelines are not contractual and no penalty arises for non-compliance.</td><td>The value of the available shares held must equal or exceed five times base salary for each of the CEO and Executive Chairman.

It is intended that any other Executive Directors would be subject to the same requirement (although the Committee reserves the right to set a lower level).

The Committee reserves the right to make these guidelines more (but not less) onerous.</td><td>N/A</td></tr>
<tr><td>Miscellaneous</td><td>To honor an Executive Director's contributions</td><td>Upon retirement from the Board, the Company may make a charitable contribution on behalf of a</td><td>As the U.K. legislation requires a maximum figure for each element to be</td><td>N/A</td></tr>
</table>

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
	to the Board and Company.	retiring Executive Director to a charity of his or her choice and/or present a retirement gift.	set, the Committee set an annual maximum of $25,000 per individual.	

Notes:

(1) Where the Company's pay policy for directors differs from its pay policies for groups of employees, this reflects the appropriate market rate position for the relevant roles.

(2) Performance for PUs awarded in 2012, 2013 and 2014 is measured in each year of the three-year measurement period with 25% of the final value determined in each year, and the final 25% based on performance over the entire 3-year performance period. There is no vesting or payout until the third anniversary of grant. PUs pay out on a range of 0% to 200% of initial unit values of $100 per unit, dependent upon the Company's relative TSR performance with a 0% pay out for finishing last, a 200% payout for finishing first and with interpolated payouts between these points as explained on pages 40 and 41 of CD&A.

(3) While the Committee does not consider it to form part of benefits in the normal U.S. usage of that term, the Committee has been advised that corporate hospitality (including the hosting of a dinner on retirement) and attendance at other events (including travel) for a director and/ or members of his or her family (whether paid for by the Company or another) may technically come within the U.K. definition of benefits so the Committee expressly reserves the right for the Company to authorize attendance at such activities within its agreed policies and not to count such items towards the limit if so certified.

Non-Executive Directors

The future policy table set forth below applies in respect of Non-Executive Directors: (1)

Element	Purpose and link to strategy	Operation	Maximum	Performance Conditions
Directors' Fees	To appropriately recruit, retain and compensate Non-Executive Directors of the highest caliber.	Fee levels are periodically reviewed by the Committee having regard to external comparators such as the Company's peer group and other market factors. The Committee does not target a specific percentile of the market data, but instead the Committee exercises judgment as to what it considers to be reasonable in all the circumstances regarding both quantum and the mix of pay having regard to competitive position and such other factors as it considers relevant.	Under the new U.K. legislation, non-employee directors are equally subject to policy caps as their executive colleagues. Accordingly, the Committee will operate within an annual cash cap per individual of $350,000. However, should the Committee reduce or cease to make equity awards as detailed below, the cap for directors' fees stated above may be increased by the unused element of the maximum value of	N/A

		Within the stated maximum, the Committee reserves the right to consider how to structure the Non-Executive Directors' fees and whether to utilise a general retainer, committee membership, chairmanship, attendance fees, or board attendance or time based or travel allowances. Non-Executive Directors typically receive an annual cash retainer fee plus additional fees for serving as non-executive Chair, Lead Director and Chair of board committees.	the cap relating to equity awards.	
Equity Awards	To appropriately recruit, retain and compensate Non-Executive Directors of the highest caliber. To align Non-Executive Directors' interests with shareholders.	The Board determined to no longer make initial equity grants to new Non-Executive Directors upon joining the Board. New Non-Executive Directors will receive a pro-rated annual equity grant instead. Annual equity awards are typically granted to Non-Executive Directors around the time of the Company's annual general meeting but may be awarded in connection with a special shareholders' meeting if the annual general meeting would otherwise be delayed beyond the usual meeting date. Such equity awards may be in the form of RSUs, RS, SARs, options or any other equity awards permitted under the Company's incentive plan. All such awards shall be subject to vesting periods as set by the Committee. The value of equity awards granted to Non-Executive Directors is periodically reviewed alongside the level of cash fees and the	Pursuant to the Company's current shareholder approved incentive plan, no Non-Executive Director may be granted awards in any one year period worth more than $600,000 (based on grant date value) which is the formal cap for the purposes of the U.K. legislation. Any increases or changes in the type and value of equity awards will reflect the Committee's assessment of competitive conditions and the caliber of the directors.	No performance conditions apply to Non-Executive Director equity grants in order to ensure Non-Executive Directors maintain their independence. Pursuant to the Company's share ownership guidelines, Non-Executive Directors must retain shares, which include equity grants, with a value at least equal to five times the annual retainer. Non-Executive Directors have five years from initial appointment to the Board to

		Company does not adopt a quantitative approach to pay positioning. The Committee exercises judgment as to what it considers to be reasonable in all the circumstances regarding both quantum and the mix of compensation. The outstanding non-vested RSU awards granted to Non-Executive Directors in 2013 vest in full on the earlier of (i) the date of the annual meeting subsequent to the grant date and (ii) the first anniversary date of the grant. RSUs awarded to Non-Executive Directors are settled in shares or in cash, at the discretion of the Committee, upon termination of service from the Board. The Company's policy is to honor the vesting of all awards granted under previous policies.		meet the ownership threshold. The Committee reserves the right to make these guidelines more (but not less) onerous. The guidelines are not contractual and no penalty arises for non-compliance.

<table>
<tr><td>Benefits (2) /Pensions</td><td>N/A</td><td>Non-Executive Directors are not eligible for Company benefits or pension.

The Company pays for, or Non-Executive Directors receive reimbursement of, expenses such as travel and accommodations.</td><td>Reimbursement or payment by the Company for expenses, such as travel and accommodations, are not considered to be benefits in the normal U.S. sense. Given the mandatory nature of the new U.K. legislation, a formal annual cap of $200,000 per individual Non-Executive Director has been set for such expenses.</td><td>N/A</td></tr>
<tr><td>Miscellaneous</td><td>To honor a director’s contributions to the Board and Company.</td><td>Upon retirement from the Board, the Company may make a charitable contribution on behalf of the retiring Non-Executive Director to a charity of his or her choice and/or a retirement gift.</td><td>As the U.K. legislation requires a maximum figure for each element to be set, the Committee has set an annual maximum of $25,000 per individual.</td><td>N/A</td></tr>
<tr><td>Implementation of Policy in 2013 and 2014

(this section does not technically form part of the policy and is here for information only but does form part of the Directors’ Implementation Report)</td><td colspan="4"><u>Directors’ Fees</u>:
2013 Directors' fees:
Board annual fee: $80,000
Non-executive Chair annual fee (in addition to annual Board fee): $150,000
Committee Chair annual retainer (in addition to annual Board fee):
Health, Safety & Environment/Nominating & Corporate Governance: $10,000
Audit/Compensation: $15,000
The 2014 annual fee for Lead Director (in addition to annual Board fee) will be $20,000. Increases in 2014 fees, if any, will be determined later in 2014.

<u>Equity Awards</u>:
Non-Executive Directors typically receive grants of RSUs. In 2013, Non-Executive Directors received the following:
Initial Equity Award for new directors: $25,000 based on the grant date market price
Annual Equity Award: $200,000 based on the grant date market price (and prorated for new directors)
The 2014 annual grant is expected to be determined and awarded on or around the 2014 annual general meeting. For 2014, the Board has determined to no longer make initial sign-on equity grants to new Non-Executive Directors. Instead, new Non-Executive Directors will only receive a pro-rated annual equity grant.</td></tr>
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Notes:

(1) The table above for Non-Executive Director compensation policy does not include a section for the AIP or annual bonuses as Non-Executive Directors are not eligible to participate in such arrangements. Any other differences in the table reflect terminology for the different roles.

(2) While the Committee does not consider it to form part of benefits in the normal usage of that terms, the Committee has been advised that corporate hospitality (including the hosting of a dinner on retirement) and attendance at other events (including travel) for a director and/ or members of his or her family (whether paid for by the Company or another) may technically come within the U.K. definition so the Committee expressly reserves the right for the Company to authorize attendance at such activities within its agreed policies and not to count such items towards the limit if so certified.

2.2 Recruitment Remuneration Policy

As previously announced, it is expected that upon retirement as CEO, Mr. Ralls will be appointed Executive Chairman in 2014 and Dr. Burke will succeed him as CEO and also be appointed to the Board. In anticipation of the transition of Mr. Ralls and Dr. Burke to their new roles at the Company, the Committee has approved compensation packages for each new role. As set forth in the table above, the initial base salary for Mr. Ralls as Executive Chairman has been set at $700,000 (i.e., a reduction of some 25%) while Dr. Burke's initial base salary as CEO will be $800,000 (both of which are lower than Mr. Ralls' current base salary as CEO).

• In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to look to the general policy for Executive Directors as set out above and structure a package in accordance with that policy. Consistent with the U.K. legislation, the caps contained within the general policy for fixed pay do not apply to a recruit either on joining or for any subsequent annual review within the life of this policy as approved by shareholders although the Committee does not envisage exceeding those levels in practice. • Ignoring any special buy-out arrangements which may prove to be necessary, the annual bonus and long-term incentive compensation arrangements will operate (including the maximum award levels) as detailed in the general policies in relation to any newly appointed director. • For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment, as appropriate. In the year of promotion for an internal appointment, additional equity-related incentive awards may be made to the individual. • The Company may make a contribution towards legal fees in connection with agreeing employment terms. The Company may also agree to pay certain taxes should an Executive Director be asked to relocate to a different	• Where it is necessary to make a recruitment related pay award to an external candidate, the Company will not pay more than the Committee considers necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing pay structure. Details of any recruitment-related awards will be appropriately disclosed. • All such awards for external appointments (whether to buy-out forfeited awards or negotiated as a sign-on grant), whether under the AIP or LTI program, will take account of the nature, time-horizons and performance requirements for any remuneration relinquished by the individual when leaving a previous position, and will be appropriately discounted to ensure that the Company does not, in the view of the Committee, over-pay. • For the avoidance of doubt, where recruitment related awards are intended to replace existing awards held by a candidate in an existing employer, the maximum amounts for incentive pay as stated in the general policies will not apply to such awards. The Committee has not placed a maximum limit on any such awards which it may be necessary to make as it is not considered to be in shareholders' interests to set any expectations for prospective candidates regarding such awards. Any recruitment-related awards which do not replace awards with a previous employer will be subject to the limits as detailed in the general policy.

country, such that the Executive Director pays no more than would have been required in the home location.	

2.3 Policy on Payments for loss of office

The U.K. legislation does not require the inclusion of a cap or limit in relation to payments for loss of office. The Committee will take all relevant factors into account in deciding whether any discretion should be exercised in an individual's favor in these circumstances, and the Committee will aim to ensure that any payments are appropriate in a U.S. context and are fair and reasonable.

In addition to any such payment, the Committee reserves discretion to:

- Authorize retention of perquisites by directors which they currently receive for a period;
- Pay an annual bonus for the year of departure;
- Retain or accelerate vesting of any outstanding equity awards;
- Pay any unvested PUs at the greater of target or actual performance; and
- Provide outplacement services in an amount not to exceed $25,000.

Any amounts already accrued under non-qualified deferred compensation arrangements, any pension related arrangements or the Savings Plan have already accrued to the executive and will be retained and will not be a termination payment.

As described more fully beginning at page 46 of CD&A:

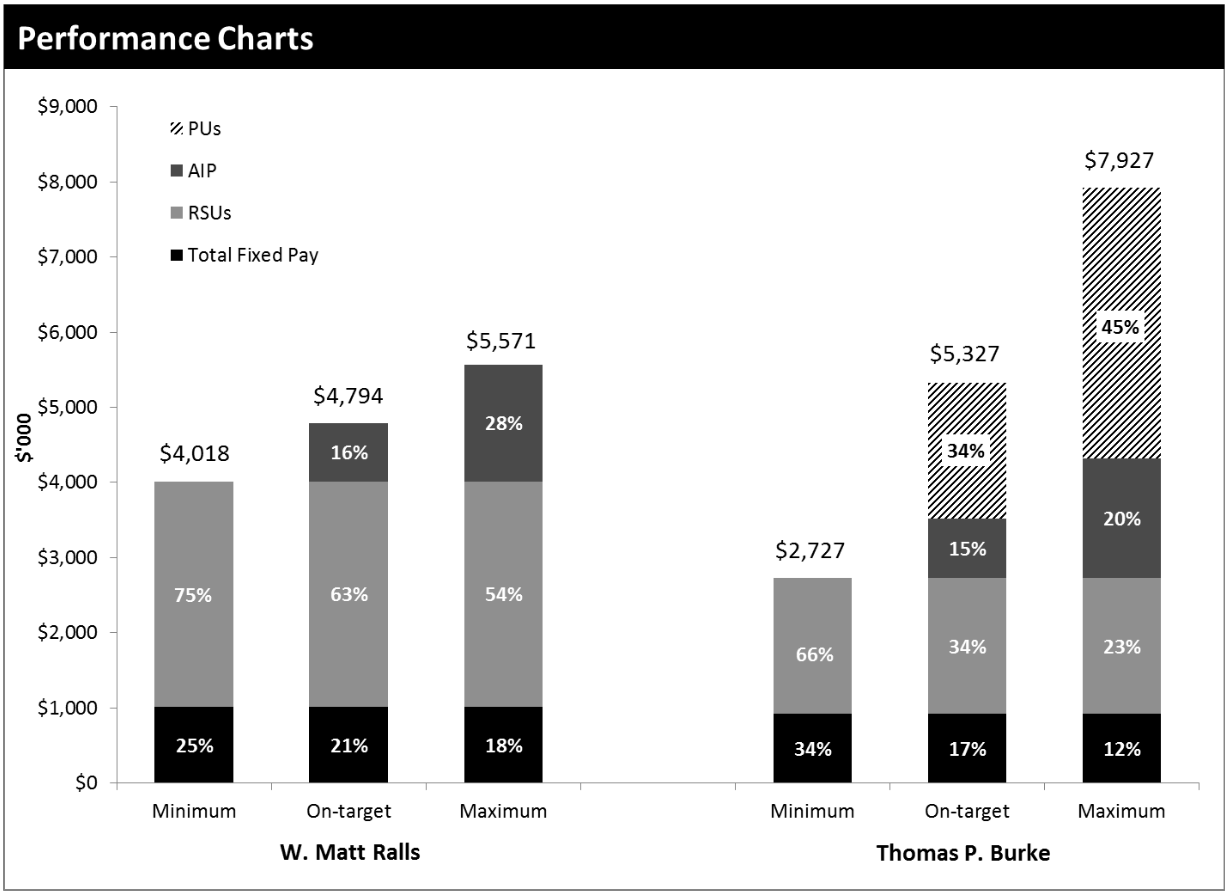
- The Company does not have an employment agreement with executives (and therefore there are no such agreements with a notice period). It is the Company's policy to have change in control agreements with its Executive Directors from time to time which govern payments made where a termination arises following a change of control of the Company. The principles regarding the potential amounts payable under the change in control agreements (including in respect of LTI awards) are set out beginning on page 46 of CD&A.
- Upon a departure, the Committee's policy will be to determine whether any payments are prudent or due to the departing executive dependent upon the actual circumstances.
- Pursuant to the Company's retirement policy for acceleration of certain equity awards, for awards made on or after March 6, 2013, upon an employee attaining age 60 with five years of consecutive service ("retirement eligibility"), outstanding RSUs, SARs and PUs held for at least six months will no longer be subject to risk of forfeiture upon reaching retirement eligibility. The accelerated vesting may be made contingent on such conditions (including post-termination covenants relating to non-competition or non-solicitation of employees and customers) as the Committee may determine.

As explained at page 46 of CD&A under the heading "Employment Contracts and Severance Arrangements", it is proposed to amend certain change in control agreements with certain executive officers to remove, from April 2016 the tax gross-ups included with these agreements. It is also proposed to enter into a new change in control arrangement with Mr. Ralls as Executive Chairman and to increase the multiple due to Dr. Burke to 2.99 to align it with Mr. Ralls' current change in control agreement as CEO and with U.S. practice. See page 46 of CD&A for further details.

Non-Executive Directors do not have any notice periods prior to termination of service and are not entitled to any compensation on termination. However, all vested equity awards will be settled in cash or shares, at the discretion of the Committee, upon termination of service. The Committee also reserves the right to accelerate vesting of any unvested equity awards.

2.4 Performance Scenarios

The U.K. legislation requires the inclusion of scenario charts showing the levels of compensation that an Executive Director could earn in respect of his or her service over the coming year under the policy in certain circumstances. The legislation was drafted with U.K.-oriented compensation practices in mind and does not make clear how to treat certain U.S.-oriented compensation such as RSUs. The Committee considers these awards to be performance related and aligning the interests of executives to those of our shareholders. For the purposes of the scenarios below, based on advice regarding the interpretation of the U.K. legislation, we have shown RSUs as fixed pay even though the Committee considers RSUs as a key element of variable compensation. To assist the reader, the tables distinguish between such awards and the other elements of fixed pay.



Percentages in the above tables have been rounded to the nearest whole percent. The assumptions used in the tables above are as follows:

<table>
<tr><td rowspan="5">Minimum</td><td colspan="5">• Total Fixed Pay consists of three components:
o Base Salary
o Benefits
o Pension</td></tr>
<tr><td>Name</td><td>2014 Salary (a)</td><td>2013 Benefits (b)</td><td>2013 Pension (c)</td><td>Total Fixed Pay</td></tr>
<tr><td>W. Matt Ralls</td><td>$776,528</td><td>$27,956</td><td>$213,180</td><td>$1,017,664</td></tr>
<tr><td>Thomas P. Burke</td><td>$800,000</td><td>$17,354</td><td>$109,441</td><td>$926,795</td></tr>
<tr><td colspan="5">(a) Base salary is the salary to be paid in respect of 2014.</td></tr>
</table>

	o For Mr. Ralls, base salary has been pro-rated for the period before and after he becomes Executive Chairman. o For Dr. Burke, base salary has been annualized from the date of his anticipated appointment to the Board.
	(b) Includes the Company's portion of projected average medical costs plus actual premiums for other health and welfare benefits and other U.K. taxable benefits. For Mr. Ralls, $17,648 constitutes health and welfare benefit costs borne by the Company and $9,525 constitute other items taxable as benefits in the U.K. For Dr. Burke, $16,179 constitute health and welfare benefit costs borne by the Company and $1,175 constitute other items taxable as benefits in the U.K. Figures for 2013 benefits are used as a fair estimate of actual figures because 2014 amounts are not yet known.
	(c) Pension is measured as the Company's contributions to the Savings Plan plus the additional amounts credited in the Pension Plan and the Restoration Plan. Figures for 2013 benefits are used as a fair estimate as actual figures for 2014 are not yet known.
	• For Mr. Ralls the value of RSUs is $3,000,000, and for Dr. Burke is $1,800,000 (being 50% of the total target long-term incentive value of 450% of salary.
On-target	Based on what the Executive Director would receive if performance was on-target: • Short term incentives consist of the AIP payout at target set by the Committee for the 2014 fiscal year o Ralls: 100% of base salary o Burke: 100% of base salary • LTI consists of the 2014 values for Dr. Burke's PUs with a target value of 50% of the 450% of salary target valued at $100 per unit.
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): • Short term incentives consist of the maximum AIP payout for the 2014 fiscal year: o Payout at 200% of target • LTI assumes maximum performance achieved for the 2014 fiscal year for Dr. Burke's PUs at $200 per unit.

2.5 Consideration of employment conditions elsewhere in the group

In accordance with prevailing commercial practice, the Committee evaluates the compensation and conditions of employees of the Company group in determining the compensation policy and the compensation payable to the Executive Directors. Each year the Committee approves the overall AIP percentage payout and material changes to employee benefit plans. Consistent with practice in the industry in which the Company operates, it is not the Company's policy to consult with staff on the pay of its directors.

2.6 Consideration of shareholders' views

As described further at page 49 of CD&A, each year the Committee takes into account the results of the shareholder vote on compensation related matters when making future compensation decisions.

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