Tullett Prebon plc

Remuneration Disclosure Statement – April 2015

This statement discloses the information as required under both CRD IV and section 11.5 of the FCA's BIPRU Handbook and as further set out in FCA's Finalised Guidance published in September 2012 for Remuneration Code Proportionality Level Three firms.

- **Information concerning the decision-making process used for determining the remuneration policy, including if applicable, information about the composition and the mandate of the remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders.**

A draft Remuneration Policy Statement was considered and approved by the Remuneration Committee in February 2015.

As a listed company subject to the UK Corporate Governance Code and the Listing Rules, Tullett Prebon plc has a Remuneration Committee of the Board, with published terms of reference which are periodically reviewed and approved by the Board. The Remuneration Committee is composed of four non-executive directors of the Company.

The Remuneration Committee terms of reference sets out how the Remuneration Committee ensures that remuneration decisions take into account the implications for risk and risk management of the firm.

The Remuneration Committee has the ability to apply discretion to variable remuneration payments for Senior Management and reviews all variable remuneration paid to Remuneration Code staff.

As a UK company subject to the provisions of the Companies Act 2006, the directors must act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard for, amongst other matters, the interests of the Company's employees.

Taking into account the fact that all broking subsidiaries are either Limited Licence or Limited Activity firms, the Board has not sought to use external consultants to determine remuneration policy generally. The risk assessment undertaken during the drafting of the 2014 Remuneration Policy Statement has confirmed the view of the Remuneration Committee that the Company's remuneration policy reflects the low risk profile of the Company, is consistent with and promotes sound and effective risk management, and does not encourage risk taking.

This 2015 Remuneration Disclosure Statement was approved by the Board on 26 February 2015.

- **Information on link between pay and performance**

Tullett Prebon's remuneration practices, policies and procedures ensure an employee's remuneration is consistent with and does not encourage excessive risk taking. They also reflect the fact that all broking entities are either Limited Activity or Limited Licence firms.

Variable remuneration is discretionary and its determination takes into account different factors including performance of the individual, desk/area and firm as appropriate. The purpose of variable remuneration is firstly to reflect the performance of individuals in their roles during the previous year and secondly to incentivise them to remain with Tullett Prebon.

With limited exceptions, Remuneration Code staff variable remuneration is paid annually. Internal and external breaches are escalated to senior management by Compliance, HR, Legal and other Control Functions to allow these to be taken into consideration.

The Chief Executive and Finance Director are required to invest 50% of their net bonus in Tullett Prebon shares and to hold these for a period of at least three years. The deferred element of the bonus is subject to claw back in the event of material misstatement of the financial statements on which the bonus was based such that the bonus was awarded at too high a level, or in the event that during the deferral period the Remuneration Committee determines that the Executive Director's conduct (whether before or after the bonus payment date), constitutes gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

The Company has one Long Term Incentive Plan ("LTIP") in operation which was approved by shareholders in November 2006. Awards under this scheme were last made in 2012 to the Executive Directors and no further awards are intended to be made. The 2012 awards were structured to reward growth in relative and absolute shareholder value.

In 2013 a new cash settled Long Term Incentive Scheme ("LTIS") was introduced for the Executive Directors and was approved at the 2014 AGM. The LTIS is subject to a number of performance conditions measured over three calendar years or more and which aim to improve operating performance. Performance conditions are based on relative TSR compared with other FTSE 250 companies (excluding investment trusts), cash flow generation and average returns on capital equity compared with IDB competitors.

The unvested element of awards made under the LTIS is subject to malus in the event of material misstatement of the financial statements such that the award was made at too high a level or in the event that the Remuneration Committee determines that an Executive Director's conduct (whether before or after the grant of the LTIS award) amounts to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

The LTIS has been put in place for the Executive Directors only.

- **Aggregate quantitative information on remuneration, broken down by business area**

For the year ended 31 December 2014 (including bonuses paid in 2015) total remuneration is broken down by business area as follows:

Broking staff: **£330.8m**

Non-broking staff: **£78.5m**

- **Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the firm**

For the year ended 31 December 2014 (including bonuses paid in 2015) total remuneration is broken down as follows:

Remuneration Code staff: **£26.7m**

Non-Remuneration Code staff: **£382.6m**