

REMUNERATION REPORT

This report sets out the Group's remuneration policy and details the remuneration of each of the directors for the financial year ended 31 March 2009 and, as far as practicable, for subsequent years.

The remuneration committee is responsible for making recommendations to the board on the Company's remuneration policy and, within the terms of the agreed policy, determining the total individual remuneration packages of the executive directors.

Unaudited information Remuneration committee

Members

James McNulty (chairman)
Nicholas Cosh
William Nabarro
David Puth

All the remuneration committee members are independent non-executive directors and served on the committee throughout the year.

The remuneration committee does not determine the fees payable to the non-executive directors, which are considered and approved by the executive directors and the Chairman of the board.

The committee consults the Chairman of the board and the Group Chief Executive Officer about its proposals relating to the remuneration of the executive directors.

Details of the number of meetings and attendance at committee meetings during the year are set out in the table on page 47.

Advisors to the committee

The remuneration committee has appointed Towers Perrin to assist in its considerations on executive directors' remuneration but were not consulted during the year as no changes in policy were considered. Towers Perrin does not have any other connection with the Group.

Advice was sought during the year from Ashurst on legal issues. Ashurst has also provided advice on a broad range of legal issues for the Group during the year to 31 March 2009.

Activities

During the year the committee considered:

- the approval of the 2008 performance bonus payments;
- the executive directors' objectives for the year ended 31 March 2009;
- awards under the Company's share and share option plans;
- the hedging strategy for share purchases; and
- the regulatory and market developments and guidelines published in respect of remuneration practices.

Remuneration policy Principles

The principles of the remuneration policy have been developed over a number of years to recognise and reward the rapid and substantial growth of the Group. The principles are designed to ensure that the structure and level of the executive directors' remuneration are:

- appropriate in light of remuneration arrangements among senior executives and managers employed by competitors and other participants in the markets in which ICAP is active;

- compatible with the remuneration of senior brokers and managers employed within the Group who are not directors of ICAP plc;
- structured directly to take account of the absence of committed future revenue in the Group's businesses, which means that the major part of revenue has to be secured in the year in which it is earned;
- structured to reflect Group profit, with low fixed-base salaries and negligible pension and other benefits;
- simple, with the amounts to which executive directors are entitled capable of being calculated by reference to the published financial statements of the Group;
- integrated, so that executive directors participate in a single comprehensive bonus and incentive structure rather than participating in several different schemes;
- structured rather than discretionary: remuneration is primarily determined arithmetically by reference to the published financial performance of the Group, with the non-arithmetic element (which will be smaller, other than in exceptional circumstances) determined by reference to progress towards specific management objectives agreed at the start of the relevant financial year;
- structured to maximise the likelihood of retaining a proven and stable senior management team; and
- structured to align executive directors' interests with those of ICAP's shareholders.

The remuneration strategy and policy is reviewed annually for executive directors but no significant changes to the policy are envisaged in the forthcoming year.

In determining the remuneration policy and the size of the awards, the remuneration committee takes account of structures and levels of remuneration for executive directors in other substantial companies that it regards as appropriate comparators and of such companies' stated remuneration policies. The comparator companies, selected because their and the Group's activities are in broadly comparable areas of the financial services sector, include Chicago Mercantile Exchange, Collins Stewart, Tullett Prebon, Deutsche Borse, BGC Partners, Euronext, GFI, Jardine Lloyd Thompson, London Stock Exchange and Man Group.

Components of executive remuneration

The executive directors' remuneration comprises:

- basic salary;
- performance-related bonus;
- participation in the Bonus Share Matching Plan (BSMP);
- pension contribution;
- life assurance; and
- medical insurance.

John Nixon's remuneration is based on his executive responsibilities as Chief Executive Officer of ICAP Electronic Broking and the information business and as an executive director of ICAP plc. His performance-related bonus comprises a bonus based on the profitability of ICAP Electronic Broking and participation (on a limited basis) in the bonus arrangements of the other executive directors. John Nixon's participation in the BSMP is based on his bonus payment under the executive directors' arrangements.

REMUNERATION REPORT CONTINUED

Salaries and benefits

The executive directors did not receive a salary increase in 2008/09 and have not done so since 1999 as the remuneration committee believes that performance-related pay should be the major component of the package in order to align executives' interests with those of shareholders.

Bonus and other entitlements under the Company's incentive schemes are not pensionable.

Set out below are the salaries and benefits received by the executive directors in (or, in the case of bonuses, in respect of) 2008/09.

The remuneration committee considered the achievements of the executive directors against the specified agreed priorities and objectives as well as the financial goals for the year ended 31 March 2009. While the agreed priorities and objectives were substantially met, the FX adjusted profit fell 16% short of the 2008/09 target. The committee identified a range of possible bonus payouts based on levels of profitability below target and used its discretion to arrive at a total bonus payout (excluding John Nixon's ICAP Electronic Broking bonus) of £9.5 million. In applying their discretion the committee noted that ICAP had continued to operate effectively and made material steps in pursuing its strategy during the most difficult conditions for financial markets in recent history.

Michael Spencer received a salary of £360,000, a pension contribution of 5% of salary being £18,000 for the year ended 31 March 2009 (2008 – £18,000), life assurance, long-term disability insurance, private medical insurance and a performance-related bonus of £4,750,000 comprising cash of £2,375,000 and £2,375,000 which will be used to buy shares to be held in trust for the basic award under the BSMP. 71% of total compensation was performance related for the year ended 31 March 2009.

As non-executive Chairman of Numis Corporation plc Michael Spencer received fees of £50,000 which were paid to IPGL. Michael Spencer was non-executive Chairman of Numis Corporation plc from April 2003 until his resignation in May 2009.

Matthew Lester received a salary of £250,000, a pension contribution of £11,082 for the year ended 31 March 2009 (2008 – £11,082), life assurance, long-term disability insurance, private medical insurance and a performance-related bonus of £1,100,000 comprising cash of £550,000 and £550,000 which will be used to buy shares to be held in trust for the basic award under the BSMP. 79% of total compensation was performance related for the year ended 31 March 2009.

John Nixon received a salary of \$439,770 from 15 May 2008 (the date of his appointment as a director) to 31 March 2009. Benefits included the maximum pension payment of \$5,000 equivalent to £2,900 for the year ended 31 March 2009 (2008 – not applicable), various insurances and a performance-related bonus of £3,071,064, part of which will be used to fund a promise to deliver a number of shares currently valued at £250,000 in three years' time. 91% of total compensation was performance related for the period ended 31 March 2009.

Mark Yallop received a salary of £225,000, a pension contribution of £9,973 for the year ended 31 March 2009 (2008 – £9,973), life assurance, long-term disability insurance, private medical insurance

and a performance-related bonus of £3,150,000 comprising cash of £1,575,000 and £1,575,000 which will be used to buy shares to be held in trust for the basic award under the BSMP. 89% of total compensation was performance related for the year ended 31 March 2009.

In addition, Michael Spencer, Matthew Lester and Mark Yallop will be granted matching award options under the BSMP and John Nixon a promise to receive matching shares in respect of the bonus amount of £250,000.

Remuneration of the non-executive directors

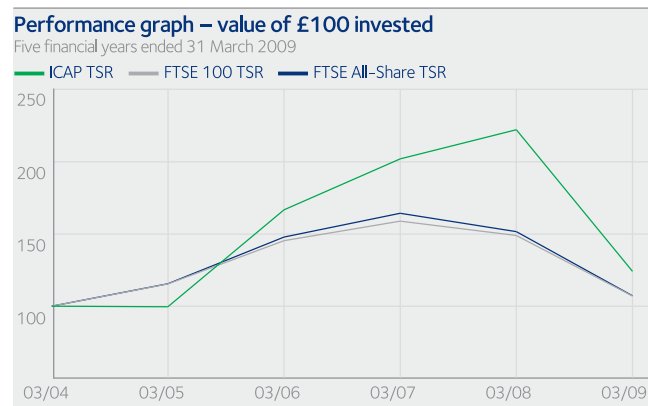
The remuneration of the non-executive directors is considered and approved by the executive directors within the limits set in the articles of association. The basic remuneration for Nicholas Cosh, James McNulty, William Nabarro and David Puth was £60,000 per annum.

Nicholas Cosh as chairman of the audit committee, James McNulty as chairman of the remuneration committee and William Nabarro as chairman of the nomination committee received an additional £20,000, £10,000 and £5,000 per annum respectively for those functions.

The Chairman, Charles Gregson, received a fee of £200,000 per annum.

Total shareholder return

The graph below shows, for the five financial years to 31 March 2009, the total shareholder return on a holding of the Company's ordinary shares compared with the FTSE 100 and the FTSE All-Share indices. ICAP plc was a constituent of the FTSE 250 index until its entry into the FTSE 100 index on 30 June 2006.



Calculation of the executive directors' variable remuneration

The structure put in place by the remuneration committee, by which executive directors' variable remuneration is determined, comprises three elements. A bonus pool is created representing a fixed percentage of profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items and after all remuneration costs. As noted above, the remuneration committee has agreed that the structure of John Nixon's performance-related remuneration be based primarily on his services as Chief Executive Officer of ICAP Electronic Broking and therefore he participates in this bonus pool on a limited basis.

Of this pool:

(i) half is paid in cash;

(ii) the other half is used to purchase shares of the Company held by the ICAP Trust and over which the executive directors are granted awards (the basic award) but which are not released to the respective executive directors until the end of three years unless they cease employment earlier; and matching awards of shares are granted to executive directors equal in total to the number purchased as the basic award, to be secured through market purchase or by the use of Treasury Shares. An award will usually be released after three years only if the executive director to whom the particular award was made is still employed and has not disposed of his basic award and, for matching awards in respect of 2003/04 onwards, provided performance-related criteria are met.

The performance-related criteria for the release of the matching awards granted under the BSMP for the year ended 31 March 2004 and subsequent years is that adjusted basic EPS must have grown by at least 9% over RPI over the three years from the date of grant.

The structure is designed to result in two-thirds of each executive director's variable remuneration in respect of each year being locked into the Company's shares for the subsequent three years, its value varying in direct relation to the price of the Company's shares. The matching award is then usually released after three years if the executive director is still employed and has not disposed of his basic award and if the financial performance of the Company is such that the performance-related criteria have been met during the subsequent three-year period.

Under the structure adopted by the remuneration committee, which establishes the pool from which executive directors' bonuses will be paid, the bonus pool comprises:

(i) a fixed percentage of the Group's profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items and after all remuneration costs, subject to the achievement of a minimum level of profit for the year set by the remuneration committee at the beginning of the year; and

(ii) a smaller, variable percentage set by the remuneration committee to reflect, first, the progress made towards agreed specific priorities and objectives and, second, financial results outperforming the minimum level in the relevant year.

The remuneration committee does not consider it appropriate to put a cap on the size of the bonus pool that may be generated in light of remuneration practices prevalent in the financial services sector and because the major part of the bonus pool is set as a direct reflection of the financial performance of the Group.

Bonus arrangements for year ended 31 March 2009

The bonus arrangements in effect for the executive directors' bonuses for the year ended 31 March 2009 were set down in the financial statements for the year ended 31 March 2008 and are as follows:

- so long as profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items, is greater than £368 million at an exchange rate of \$2.00 (and provided there is a year-on-year increase in adjusted basic EPS), the executive directors' bonus pool will be 2.87% of that profit;

- an additional amount of up to 1.43% of that profit may be payable as determined by the remuneration committee based on the actual financial performance for the year and progress made towards specified agreed priorities and objectives for the executive directors;
- if adjusted profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items is below £368 million the amount of the executive directors' bonus pool will be at the discretion of the remuneration committee;
- the remuneration committee will retain the overriding discretion to make such changes to the bonus arrangements as it believes the circumstances warrant. Such changes may lead to either an increase or a decrease in the bonus pool; and
- the matching award will be released only if adjusted basic EPS has grown by at least 9% above RPI over the three financial years beginning with the financial year in which the matching award is granted. If this performance-related criteria is not met at the end of the three years the matching award will lapse.

Bonus arrangements for year ending 31 March 2010

The arrangements for the year ending 31 March 2010 are as follows:

- so long as profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items, is greater than £350 million at an exchange rate of \$1.55 (and provided there is a year-on-year increase in adjusted basic EPS), the executive directors' bonus pool will be 2.87% of that profit;
- an additional amount of up to 1.43% of that profit may be payable as determined by the remuneration committee based on the actual financial performance for the year and progress made towards specified agreed priorities and objectives for the executive directors;
- if adjusted profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items is below £350 million the amount of the executive directors' bonus pool will be at the discretion of the remuneration committee;
- the remuneration committee will retain the overriding discretion to make such changes to the bonus arrangements as it believes the circumstances warrant. Such changes may lead to either an increase or a decrease in the bonus pool; and
- the matching award will be released only if adjusted basic EPS has grown by at least 9% above RPI over the three financial years beginning with the financial year in which the matching award is granted. If this performance-related criteria is not met at the end of the three years the matching award will lapse.

Share schemes and long-term incentive arrangements

The Company has a number of share schemes which are described in detail in note 26 to the financial statements.

Following the approval of the BSMP, executive directors no longer receive awards under any of the schemes with the exception of the ICAP 1998 Sharesave Scheme (SAYE). John Nixon was granted 250,000 options under the UCSOP prior to his appointment as an executive director of ICAP plc.

As a continuation of the policy to align the interests of senior managers with those of shareholders, the ICAP plc Senior Management Long Term Incentive Plan (LTIP) was introduced in 2008. Executive directors are not eligible to participate in the LTIP.

REMUNERATION REPORT CONTINUED

The policy in respect of the share schemes and long-term incentive arrangements is that they will be restricted and allocation made to key executives, senior brokers and senior management only. Awards will be of a size, up to the limits allowed by the schemes, to provide a meaningful incentive and an effective retention tool for these particular groups of employees. The SAYE scheme is open to eligible employees to encourage regular saving linked to investment in the shares of the Company.

The Traiana, Inc 2000 Stock Plan (the Traiana Plan), adopted by the board at the time of the acquisition of Traiana in December 2007, had been open to eligible employees of the Traiana group of companies. No new options will be granted under the Traiana Plan.

Performance conditions

The table on page 56 shows the share options and interests under long-term incentive schemes held by directors of the Company. Details of the performance conditions applicable to those options are described in note 26 to the financial statements.

Where performance conditions are attached to options, these were selected to act as a mechanism to safeguard the progress that has been made in the performance of the Group and to underpin continuing forward movement in the Group's earnings.

Directors' service contracts

The Company's policy is for executive directors to have service contracts with notice periods of no more than one year as recommended by the Combined Code and to provide a reasonable balance between the need to retain the services of key individuals and the need to limit the liabilities of the Company in the event of the termination of a contract. The table below shows details of directors' service contracts.

No director received compensation for loss of office during the year.

	Date appointed director	Contract/letter of appointment date	Term	Expiry/review	Compensation on early termination
Executive directors					
Michael Spencer	09.09.99	30.09.98	1 year	Rolling	Note 1
Matthew Lester	06.09.06	24.05.06	1 year	Rolling	Note 2
John Nixon	15.05.08	31.12.02	1 year	Rolling	Note 2
Mark Yallop	13.07.05	23.05.05	1 year	Rolling	Note 2
Non-executive directors					
Charles Gregson (Chairman)	06.08.98	11.02.09	No notice	01.11.09	Note 3
Nicholas Cosh	05.12.00	08.05.07	3 months' notice on change of control	05.12.09	Note 4
James McNulty	30.03.04	08.05.07	3 months' notice on change of control	30.03.10	Note 4
William Nabarro	28.10.98	11.02.09	3 months' notice on change of control	28.10.09	Note 4
David Puth	15.11.07	24.10.07	3 months' notice on change of control	15.11.09	Note 4

Notes

- The contract of Michael Spencer, dated 30 September 1998 as amended on 22 July 1999, may be terminated by the Company with no notice in which case the Company is obliged to make a payment of salary and contractual benefits (excluding any bonus) for 12 months.
- The contracts of Matthew Lester, John Nixon and Mark Yallop may be terminated by the Company with no notice in which case the Company is obliged to make a payment of salary and contractual benefits (excluding any bonus) for 12 months.
- The Chairman does not have a contract with the Company and no notice is required to be given by the Company on termination.
- The non-executive directors, Nicholas Cosh, James McNulty, William Nabarro and David Puth, do not have contracts with the Company and no notice is required to be given by the Company on termination except on change of control.

Group pension arrangements

In the UK, the Group operates a corporate Self Invested Pension Plan (the Plan) which is open to all employees. Contributions made to the Plan by non-broking employees are matched by the Group, up to a limit of 5% of basic salary. In addition, the Group allows all UK employees to sacrifice bonus into the Plan. The Plan is administered by Standard Life Assurance Limited.

The Group also administers a number of historic pension arrangements (including the Group Personal Pension Scheme) for existing employees.

Various 401k plans are run in the US. These are retirement savings schemes with a choice of investment funds and US federal tax law sets savings limits for employees.

The Group operates defined benefit pension schemes in the US and Germany. Further information can be found in note 29 to the financial statements.

Audited information Directors' remuneration

The remuneration of the directors of the Company for the year ended 31 March 2009 was as follows:

	Note	Salaries/ fees £	Benefits £	Bonus in lieu of dividend on the BSMP awards £	Cash bonus £	Amounts over which basic awards will be granted under BSMP £	Year ended 31 March 2009 Total £	Year ended 31 March 2008 Total £
Executive directors								
Michael Spencer	1,2,4	360,000	5,198	1,613,161	2,375,000	2,375,000	6,728,359	9,131,837
Matthew Lester	1,2,4	250,000	4,516	31,905	550,000	550,000	1,386,421	1,463,545
John Nixon	1,2,3	255,091	56,455	–	2,821,064	250,000	3,382,610	Not applicable
Mark Yallop	1,2,4	225,000	4,516	143,437	1,575,000	1,575,000	3,522,953	3,794,319
Non-executive directors								
Charles Gregson – Chairman		200,000					200,000	200,000
Nicholas Cosh		80,000					80,000	80,000
James McNulty		70,000					70,000	70,000
William Nabarro		65,000					65,000	65,000
David Puth		60,000					60,000	22,769
Total							15,495,343	14,827,470

Notes

The remuneration shown above represents amounts payable in respect of services provided by the directors to the Company and its subsidiaries during the year in which they held office as directors of the Company.

- In addition to the basic award an equivalent matching award will be granted under the BSMP. Matching awards may, in normal circumstances, be exercised only if the directors still hold office in three years' time and retain their basic awards. Exercise of matching awards is also subject to the performance criteria attached to the award being satisfied.
- Benefits may include car allowance, premiums for private medical insurance, permanent health insurance and disability insurance and mobile telephone.
- The elements of John Nixon's remuneration that are paid in dollars have been converted to sterling using the average exchange rate for the year of \$1.7238/£.
- A bonus in lieu of dividend on the BSMP was received on the basic awards granted in 2003, 2004, 2005, 2006, 2007 and 2008 and on the vested matching awards granted in 2003, 2004 and 2005 which were unexercised during the year.
- The figures stated above exclude pension contributions to defined contribution schemes which are shown under salaries and benefits for each executive director on page 52.

Bonus Share Matching Plan (BSMP)

The BSMP was approved by shareholders at the annual general meeting held in 2003. One half of each director's bonus has been used to purchase ordinary shares (a basic award) which are held by the ICAP Trust. Matching award options will normally be exercisable at the end of three years as long as the basic award options are still held and the executive director remains in employment. The performance-related criteria for the release of the matching awards granted under the BSMP for the year ended 31 March 2004 and subsequent years is that adjusted basic EPS must have grown by at least 9% over RPI over three financial years beginning with the financial year in which the matching award is granted. This condition has been met for the awards granted in 2004, 2005 and 2006.

The table below sets out the performance year for each grant together with the market price of an ICAP share on the grant date.

Grant date	Market price on date of grant	Performance year ended
16 July 2003	248.7p	
4 June 2004	283.5p	31 March 2004
10 June 2005	292.5p	31 March 2005
22 June 2006	482.8p	31 March 2006
24 May 2007	523.8p	31 March 2007
29 May 2008	610.0p	31 March 2008

The exercise price for a basic award is £1 and the exercise price for a matching award is £1.

REMUNERATION REPORT CONTINUED

The table below sets out the shares awarded as part of the executive directors' variable remuneration.

	Options under the BSMP held at 1 April 2008	Grant date	Basic award options	Matching award options	Exercised	Lapsed	Total options under the BSMP held at 31 March 2009	Exercise period/note
Michael Spencer		16.07.03	766,300	766,300	–	–		1
		04.06.04	810,153	810,153	–	–		2
		10.06.05	701,712	701,712	–	–		3
		22.06.06	525,959	525,959	–	–		4
		24.05.07	541,985	541,985	–	–		5
	6,692,218	29.05.08	631,973	631,973	–	–	7,956,164	6
Matthew Lester		24.05.07	51,932	51,932	–	–		5
	103,864	29.05.08	98,810	98,810	–	–	301,484	6
Mark Yallop		22.06.06	177,056	177,056	–	–		4
		24.05.07	212,450	212,450	–	–		5
	779,012	29.05.08	288,196	288,196	–	–	1,355,404	6

Notes

- 1 Exercise period 28 May 2006 – 27 May 2011.
- 2 Exercise period 23 May 2007 – 22 May 2012.
- 3 Exercise period 20 May 2008 – 19 May 2013.
- 4 Exercise period 19 May 2009 – 18 May 2014.
- 5 Exercise period commences on the day of the announcement of the Company's annual results for the financial year ending 31 March 2010 and will last for five years.
- 6 Exercise period commences on the day of the announcement of the Company's annual results for the financial year ending 31 March 2011 and will last for five years.

Company long-term incentive schemes

The interests of the directors in options over the Company's shares resulting from the UCSOP, the SAYE and the SEEPP are shown below at 31 March 2008 and 31 March 2009.

	Date of grant	Options held at 31 March 2008	Granted during period	Exercised during period	Options held at 31 March 2009	Exercise period from	Exercise period to	Exercise price (p)
Michael Spencer								
SAYE	21.06.05	4,229	–	4,229	–	01.08.08	31.01.09	224.0
SAYE	18.06.08	–	1,926	–	1,926	01.08.11	31.01.12	488.0
Matthew Lester								
SAYE	22.06.07	2,225	–	–	2,255	01.08.10	31.01.11	419.0
UCSOP	07.09.06	333,000	–	–	333,000	07.09.09	06.09.16	460.0
John Nixon								
UCSOP	01.06.06	250,000	–	–	250,000	01.06.09	30.05.16	493.0
Mark Yallop								
UCSOP	01.07.05	1,000,000	–	–	1,000,000	01.07.08	30.06.15	297.0

The market price of the Company's shares on the date Michael Spencer exercised options under the 2005 SAYE (26 January 2009) was 252.0p.

No other options were exercised during the year. All option figures shown as at 31 March 2009 remained unchanged as at 12 May 2009.

At the close of business on 31 March 2009 the market price of the Company's ordinary shares was 304.25p per share and during the year fluctuated in the range 206.5p–670.0p per share.

By order of the board

James McNulty

Chairman of the Remuneration Committee