

Remuneration report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 ("the Regulations"). As required by the Regulations, a resolution to approve the report will be proposed at the Company's AGM at which the financial statements will be presented for approval.

This report has been divided into separate sections for unaudited and audited information. The Regulations require the independent auditors to report to our shareholders on the "audited information" section of this report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations).

UNAUDITED INFORMATION

Remuneration Committee

Our Remuneration Committee comprises Sir Peter Williams, Lord Boyce, James Morley and Ed Wallis. Sir Peter Williams, Lord Boyce and James Morley are independent non-executive directors.

Ed Wallis, our chairman, who was considered independent on his appointment in 2006, was appointed as a member of the committee on 1 January 2007. His appointment followed changes to the Combined Code. The committee is chaired by Sir Peter Williams. Details of attendance at committee meetings can be found on page 41.

The committee reviews the remuneration policy for the chairman and executive directors and, more generally, the remuneration policy of the Group. The committee determines the level of remuneration, incentives and other benefits, compensation payments and terms of employment of the chairman and each executive director. The committee seeks to provide appropriate incentives to enhance performance and align the interests of the executive directors with those of shareholders. The committee also reviews the salaries and benefits of members of the Group Executive, the company secretary and other senior managers reporting directly to the chief executive.

In determining remuneration, the committee consulted the chief executive, the Group HR director and, where required, the company secretary about its proposals. No director or senior manager participates in meetings at which his own remuneration is under consideration.

The committee appointed, and continued to use, New Bridge Street Consultants LLP (NBSC) to provide advice on structuring executive remuneration packages. NBSC do not provide any other services to the Group.

Remuneration policy

The objectives of the Group's remuneration policy are to attract, retain and incentivise management with the appropriate professional, managerial and technological expertise to realise our business objectives and to align their interests with those of our shareholders. We continue to strive to link payment to performance and thereby create a performance culture. A significant proportion of the executive directors' total remuneration is linked to performance through participation in the performance bonus plan and long-term share incentives.

To ensure that we offer the best available incentive to enhance shareholder value, the committee continued to assess the following constituent elements of the remuneration of the executive directors and review the same for members of the Group Executive and senior managers:

- (i) basic salary and other benefits
- (ii) performance bonus payments
- (iii) long-term share incentives
- (iv) all employee share plan
- (v) retirement benefits.

(i) Basic salary and other benefits

The committee reviews the basic salary of the executive directors, members of the Group Executive and senior managers each year to ensure they remain appropriate and competitive. A wide range of data is utilised, together with assistance from NBSC as appropriate.

In accordance with the Group's remuneration policy, Keith Clarke's salary was increased to £403,000 per annum and Robert MacLeod's was increased to £273,000 per annum with effect from 1 April 2007. The committee considered that the basic salary paid to Robert MacLeod should be significantly increased to bring it more closely into line with that paid to finance directors in comparable companies. The increase was based on data obtained from NBSC as part of its review conducted in 2006. Alun Griffiths' salary was increased to £183,000 with effect from 1 April 2007 following his appointment as an executive director.

For the year ended 31 March 2007 the executive directors and members of the Group Executive participated in the Performance Salary Incentive (PSI), which pays a cash bonus subject to exceeding budgeted Group targets. Under PSI, payments range from 0-12% of basic salary and are contractual and non-pensionable. No PSI payments have been made in respect of the year. With effect from 1 April 2007, however, the committee determined that PSI should be incorporated into the performance bonus plan for executive directors and Group Executive members outlined in paragraph (ii) below.

Other benefits for executive directors include a car allowance or a car and payment of its operating expenses, life assurance and entitlement to a non-contributory private healthcare scheme.

Keith Clarke received no remuneration for his services as non-executive chairman of Metronet in the year ended 31 March 2007.

The Company's bonus and long-term incentive plans seek to provide executive directors and members of the Group Executive with the opportunity to increase overall remuneration levels to the upper quartile for comparable businesses but only following demanding performance targets being achieved.

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(ii) Performance bonus payments

Following the amalgamation of PSI with the performance bonus plan, executive directors are now eligible to receive a bonus of up to 80% of their basic salary for achieving Group financial and individual performance targets.

The targets against which bonuses are paid, which include non-financial targets relating to management of issues such as health and safety and staff retention, have also been reviewed by the committee. In exceptional circumstances, the committee may increase the bonus to pay out up to 100% of basic salary. Members of the Group Executive also participate in the bonus plan.

Executive directors are required to take approximately one-third of any bonus in the form of an award over shares, under the terms of the Atkins Deferred Bonus Plan (DBP). The DBP is designed to aid retention, with the award being subject to forfeiture on resignation within three years from grant. There are no further performance conditions once the award has been made. Dividends declared on DBP awards since 2006 are rolled up and delivered to participants in cash on release of the award to further align their interests with those of shareholders. Members of the Group Executive have until the present time also participated in the DBP. However, with effect from the current year, the committee intends to make awards to them under the Retention Bonus Plan (RBP), a newly adopted plan which is similar to the DBP but which allows for a shorter vesting period. It is intended that awards made to members of the Group Executive this year will vest two years following award.

Bonus awards are non-pensionable and non-contractual.

(iii) Long-term share incentives

Shareholders approved amendments to the Atkins Long-Term Incentive Plan (LTIP) in 2006. In particular, the performance targets for LTIP awards were changed to enable them to better motivate and retain the executive directors, members of the Group Executive and other senior executives. Under the amended LTIP, awards to executive directors and members of the Group Executive are made on the following basis:

- 50% of the award is subject to the Company's total shareholder return (TSR) performance relative to the constituents of the FTSE 250 Index (excluding investment trusts) on the date of award. Full vesting is achieved if the Company ranks in the upper quartile, 30% for a median ranking, and pro rata vesting for intermediate performance. No vesting occurs for a ranking below median
- 50% of the award is subject to the Company's real growth in normalised earnings per share (EPS) over the performance period. An increase in EPS of more than 10% per annum above the UK retail price index (RPI) over the three-year performance period enables the shares to vest in full; an increase of less than 4% per annum above the UK RPI means that none of the shares vest. A sliding scale to determine vesting operates for growth in EPS between 4% and 10% above the UK RPI.

Dividends declared on shares subject to LTIP awards are rolled up and delivered to executives in cash on release of the underlying award.

This year the committee intends to make LTIP awards at around the 100% of salary level to the executive directors. As in 2006, the number of shares subject to the awards will be based on a share price determined at the beginning of the financial year prior to the award date, a practice which the committee intends to continue to follow in future years. The upper limit in the LTIP is 150% of salary.

A full summary of the performance conditions attaching to existing share plan awards can be found in note 30 to the financial statements.

The Group encourages share ownership by its executives, and executive directors are encouraged to hold shares in the Company (either directly or through the DBP) equivalent to the level of their annual basic salary, based on the value of such shares at the time of their acquisition (or award), or their current market value from time to time, whichever is the higher.

(iv) All-employee share plan

The Company's Share Incentive Plan, as approved by HM Revenue and Customs, continues to be offered to all eligible UK employees, including the executive directors.

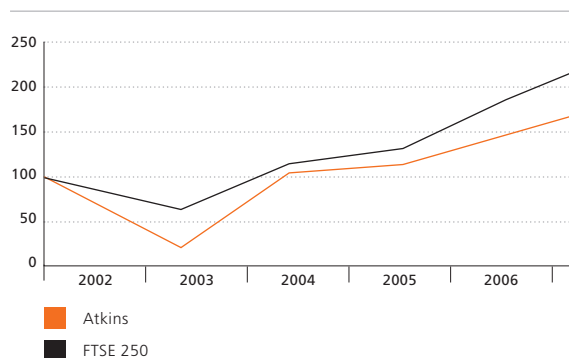
(v) Retirement benefits

Pension and retirement benefits provided to the executive directors are comparable to those provided by other companies.

Performance graph

The Company's performance, measured by TSR, is compared with the performance of the FTSE 250 Index (excluding investment trusts) over the past five years. This is considered the most appropriate index against which to measure performance as the Company has been a member of the FTSE 250 for the majority of the five year period.

TSR performance over period 31/03/02-31/03/07



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Table 4

	SALARY/FEES £000	PERFORMANCE SALARY INCENTIVE £000	BONUS £000	OTHER BENEFITS ⁴ £000	OTHER PAYMENTS £000	NON-CASH EMOLUMENTS £000	TOTAL 2007	TOTAL 2006
EXECUTIVE DIRECTORS								
KEITH CLARKE	380	–	–	15	95 ⁵	–	490	625
ALUN GRIFFITHS ¹	8	–	–	1	–	–	9	–
ROBERT MACLEOD	230	–	–	14	–	–	244	323
TOTAL EXECUTIVE DIRECTORS	618	–	–	30	95	–	743	948
CHAIRMAN AND NON-EXECUTIVE DIRECTORS								
LORD BOYCE	36	–	–	–	–	–	36	33
FIONA CLUTTERBUCK ²	–	–	–	–	–	–	–	–
CHRISTOPHER KEMBALL ³	27	–	–	–	–	–	27	31
JAMES MORLEY	42	–	–	–	–	–	42	38
ED WALLIS	158	–	–	–	–	–	158	150
SIR PETER WILLIAMS	42	–	–	–	–	–	42	35
TOTAL CHAIRMAN AND NON-EXECUTIVE DIRECTORS	305	–	–	–	–	–	305	287

1. Alun Griffiths was appointed as a director on 13 March 2007.

2. Fiona Clutterbuck was appointed as a director on 13 March 2007. She has elected to waive her fee in favour of a charity of her choice.

3. Christopher Kemball retired as a director on 31 December 2006.

4. Other benefits include such items as company cars or allowances, fuel and medical insurance.

5. Keith Clarke is entitled to a pension payment equivalent to 25% of his salary. He elected to receive this entitlement as a taxable payment.

RETIREMENT BENEFITS

Keith Clarke and Robert MacLeod receive retirement benefits on a defined contributions basis. Alun Griffiths accrues retirement benefits on a final salary basis. All executive directors receive life assurance cover equal to four times their basic salary.

Keith Clarke has a contractual entitlement to receive an amount equivalent to 25% of his basic salary as a pension payment. He elected to receive this entitlement as an additional emolument and this is reported in the directors' emoluments table above.

Robert MacLeod also has a contractual entitlement to receive an annual amount equivalent to 25% of his basic salary towards his pension benefits. During the year the Company has made payments of £57,500 (2006: £45,875) into the defined contribution section of the Atkins Pension Plan.

Alun Griffiths is 52 and had completed 21 years' service as at 31 March 2007. He is a member of a final salary arrangement under which he accrued benefits on a 60ths basis with a normal retirement age of 60. The value of his accrued benefit at the start of the financial year was £41,912 with a transfer value of the total accrued benefit of £425,575. His accrued pension increased by £12,559 during the year. The transfer value of the increase in accrued benefit was £139,294. As at 31 March 2007, the value of his accrued benefit was £54,471, with a transfer value of the total accrued benefit of £564,869. The difference between the transfer values of the total accrued benefit at the beginning and end of the financial year, less his contributions, was £126,065.

DIRECTORS' INTERESTS

The beneficial interests of the directors and their families in the ordinary shares of 0.5p each in the Company as at 31 March 2007 are shown in Table 5.

Table 5

	AT 26/06/07	AT 31/03/07 OR DATE OF TERMINATION	AT 31/03/06 OR DATE OF APPOINTMENT
CHAIRMAN AND NON-EXECUTIVE DIRECTORS			
LORD BOYCE	846	846	846
FIONA CLUTTERBUCK ¹	1,000	–	–
CHRISTOPHER KEMBALL ²	–	10,000	10,000
JAMES MORLEY	1,250	1,250	1,250
ED WALLIS	1,000	1,000	1,000
SIR PETER WILLIAMS	2,500	2,500	2,500
	6,596	15,596	15,596
EXECUTIVE DIRECTORS			
KEITH CLARKE	41,990	36,956	31,781
ALUN GRIFFITHS ¹	16,599	16,547	16,547
ROBERT MACLEOD	15,490	15,456	10,281
	74,079	68,959	58,609
TOTAL	80,675	84,555	74,205

1. Fiona Clutterbuck and Alun Griffiths were appointed as directors on 13 March 2007.

2. Christopher Kemball retired as a director on 31 December 2006.

Changes in the interests of Alun Griffiths and Robert MacLeod between 31 March and 26 June 2007 relate to shares acquired via the WS Atkins Share Incentive Plan. Changes in the interests of Keith Clarke are in respect of shares acquired via the WS Atkins Share Incentive Plan and the purchase of 5,000 shares on 25 April 2007. In respect of Fiona Clutterbuck, the change in her interests relates to the purchase of 1,000 shares on 26 June 2007.

As at 31 March 2007, each of the executive directors was deemed to be interested as a potential beneficiary under the Employee Benefit Trusts (EBT) in 3,247,622 ordinary shares of 0.5p each (2006: 4,364,253). Details of the directors' personal interests in the EBTs are given in Table 6 below.

DIRECTORS' SHARE OPTIONS AND LONG-TERM INCENTIVES

Directors' emoluments disclosed in Table 4 do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the directors, which are set out in Table 6.

Table 6

	PLAN NAME ¹	AWARD DATE	NUMBER OF SHARES UNDER OPTION AT 01/04/06 OR DATE OF APPOINTMENT	GRANTED	NUMBER OF SHARES UNDER OPTION AT 31/03/07 OR AT DATE OF TERMINATION	MID-MARKET PRICE AT DATE OF GRANT (PENCE)	FIRST DATE OF EXERCISE/ END OF PERFORMANCE CONDITION	DATE OF LAPSE OF OPTION
KEITH CLARKE	LTIP ²	01/10/03	95,000	–	95,000	401.5	01/04/07	01/10/13
	DBP	25/06/04	6,849	–	6,849	586.5	25/06/07	25/06/14
	LTIP ²	25/06/04	20,000	–	20,000	586.5	01/04/08	25/06/14
	DBP	24/06/05	8,574	–	8,574	670.0	24/06/08	24/06/15
	LTIP ²	24/06/05	25,000	–	25,000	670.0	01/04/09	24/06/15
	DBP	29/06/06	–	6,401	6,401	826.0	29/06/09	29/06/16
	LTIP ²	11/09/06	–	47,500	47,500	837.0	11/09/09	11/09/16
TOTAL			155,423	53,901	209,324			
ALUN GRIFFITHS ³	DBP	26/08/02	1,663	–	1,663	289.0	26/08/05	26/08/12
	LTIP ²	17/09/03	15,000	–	15,000	401.5	01/04/07	17/09/13
	DBP	25/06/04	3,424	–	3,424	586.5	25/06/07	25/06/14
	LTIP ²	25/06/04	10,000	–	10,000	586.5	01/04/08	25/06/14
	DBP	24/06/05	3,037	–	3,037	670.0	24/06/08	24/06/15
	LTIP ²	24/06/05	10,000	–	10,000	670.0	01/04/09	24/06/15
	DBP	29/06/06	3,099	–	3,099	826.0	29/06/09	29/06/16
LTIP ²	11/09/06	14,000	–	14,000	837.0	11/09/09	11/09/16	
TOTAL			60,223	–	60,223			
ROBERT MACLEOD	LTIP ²	17/09/03	15,000	–	15,000	401.5	01/04/07	17/09/13
	DBP	25/06/04	2,625	–	2,625	586.5	25/06/07	25/06/14
	LTIP ²	25/06/04	30,000	–	30,000	586.5	01/04/08	25/06/14
	DBP	24/06/05	4,287	–	4,287	670.0	24/06/08	24/06/15
	LTIP ²	24/06/05	10,000	–	10,000	670.0	01/04/09	24/06/15
	DBP	29/06/06	–	4,388	4,388	826.0	29/06/09	29/06/16
	LTIP ²	11/09/06	–	28,750	28,750	837.0	11/09/09	11/09/16
TOTAL			61,912	33,138	95,050			

There were no plans exercised or lapsed during this period.

1. Plan names: LTIP – Atkins Long Term Incentive Plan
DBP – Atkins Deferred Bonus Plan.

2. Subject to performance criteria described in note 30 to the financial statements.

3. Alun Griffiths was appointed as a director on 13 March 2007.

Additional Notes: No options were exercised or lapsed during the year. The aggregate gain on share options for the year ended 31 March 2007 was nil (2006: nil).

Mike Jeffries, who retired as a director on 1 January 2005, remained a director of a subsidiary company and, accordingly, retained his award over a total of 191,816 shares made under the terms of the LTIP. On 20 July 2006, Mr Jeffries exercised this award in full.

For each share under option that had not expired at the end of the financial year, the mid-market price on Friday 30 March 2007 was 970.5p and the highest and lowest market prices during the financial year were 970.5p and 746.0p respectively.

APPROVAL

Approved by the Board and signed on its behalf by

Sir Peter Williams,

Chairman of the Remuneration Committee

26 June 2007