



Statement of Remuneration and Service Standards

This statement is made in accordance with section 33F of the Gas Act 1986 (as amended) (the Act) on behalf of Wales & West Utilities Limited.

In the regulatory year ending 31 March 2014, the non executive directors of the company were not remunerated under arrangements which fall under paragraph (3) of section 33F of the Act i.e. the arrangements for the non executive directors did not link their remuneration to levels of performance under service standards in connection with activities subject to price regulation, however, the executive directors' arrangements were.

The executive director's remuneration is based on their overall company responsibilities and the policy is to ensure that they are rewarded competitively by providing remuneration consisting of a basic salary, benefits and annual bonus, part of which is deferred, which require the achievement of demanding performance targets.

Under the annual bonus scheme, all of the executive directors' maximum bonus depends on the achievement of personal targets, which include the safety and environmental performance of the network, customer standards and satisfaction together with profit targets.

These arrangements applied during the regulatory year ended 31 March 2014.