

Remuneration Committee

The Remuneration Committee of the Board (the "Committee") is responsible for determining and reviewing the terms of employment and remuneration of the Executive Directors and Senior Executives. The remuneration principles established for this senior group of employees provide the framework for the remuneration packages of all other Executives. The Committee also has responsibility for determining the remuneration of the Chairman.

The Committee meets as necessary and in 2008 there were seven meetings including three held by written resolution and one by telephone conference. The Committee comprised three members in 2008, of whom one, Mr Bellamy, is not considered independent since he has served on the Board for more than nine years. As a result the constitution of the Remuneration Committee is non-compliant with Combined Code provision B.2.1. The Board considers that Mr Bellamy should remain a member of the Remuneration Committee in light of his considerable experience and much valued contribution to the working of the Committee.

Judith Sprieser has served as Chairman of the Committee since June 2004. She joined the Committee in November 2003. Graham Mackay has served on the Committee since February 2005, and Adrian Bellamy since 1999. A search is currently underway for an additional Non-Executive Director to join the Committee.

As well as reviewing Executive Directors' base salaries and benefits, the Committee determines the incentive arrangements that will apply. It aims to set challenging and demanding performance targets and to ensure that incentive awards at the end of each year fully

reflect the Company's performance. The Committee's terms of reference are available on the Company's website.

Policy on remuneration

The Committee's overriding objective is to ensure that Reckitt Benckiser's remuneration policy encourages, reinforces and rewards the delivery of outstanding shareholder value. This approach has been a key ingredient in Reckitt Benckiser's success. Management, incentivised by the remuneration system, is delivering outstanding performance. The graphs below show that the Company has outperformed both the UK FTSE 100 and the US remuneration peer group in terms of Total Shareholder Return (TSR) over the last five years. £100 invested on 31 December 2003 in Reckitt Benckiser would have resulted in a shareholding worth £226 on 31 December 2008, compared to £118 and £134 if invested in the FTSE 100 and peer group respectively.

Reckitt Benckiser is a global Company operating a global remuneration policy, and the core principles on which that policy is based are as follows: first, in order to attract and retain the best available people, the Committee has – and will continue to adopt – a policy of executive remuneration based on competitive practice. Reckitt Benckiser competes for management skills and talent in the same international marketplace as its main competitors, the vast majority of which are based in the US. In accordance with this policy principle, total remuneration for Executive Directors and other Senior Executives will be benchmarked against the upper quartile of a peer group comprising Reckitt Benckiser's main competitors, together with a range of comparable companies in the US consumer goods industry.

The second principle is to align the interests of Executive Directors and Senior Executives with those of shareholders through a variable performance based compensation policy and the Company's share ownership policy.

In this context, variable pay is, and will continue to be, the major element of our current Executive Directors' and Senior Executives' total compensation package. Accordingly, the Executive Directors' compensation package comprises, in addition to base salary, an annual cash bonus and share based incentives. Highly leveraged annual cash bonuses, linked to the achievement of key business measures within the year, are designed to stimulate the achievement of outstanding annual results.

To balance the management's orientation between the achievement of short- and long-term business measures, the Committee believes that longer-term share based incentives are also appropriate. In broad terms, if the Group achieves its target levels of performance, the variable elements will amount to over 80% of Executive Directors' total remuneration. If performance is unsatisfactory, then no cash bonuses will be paid and long-term incentives will not vest.

The Company believes that the remuneration package in place, and the mix of fixed and variable pay within that package, meets these core principles. The Committee's market-driven approach to remuneration requires that it regularly reviews its policies and will discuss changes with shareholders as appropriate.

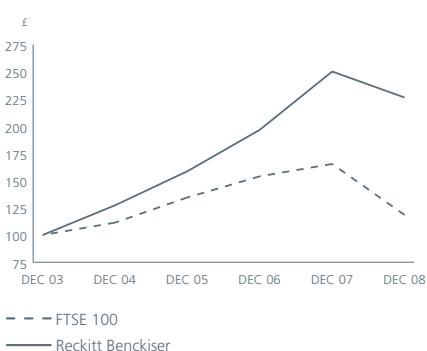
Base salaries

Base salaries are normally reviewed annually with effect from 1 January. Increases are determined by reference to competitive practice in our remuneration peer group, individual performance and in the context of salary increases across the Company as a whole. The policy is that salaries for Executive Directors and other Executive Committee members should typically be around the median of competitor market practice.

The approach to reviewing the base salaries of Executive Directors is the same as that for other employees. Base pay increases for Executive Directors from 1 January 2008 were 4% in line with typical base pay increases for Executives in Reckitt Benckiser. The base pay increase for Executive Directors from 1 January 2009 will also be 4%, again in line with typical base pay increases for other Executives.

Historical TSR performance

Growth in the value of a hypothetical £100 holding over five years. FTSE 100 comparison based on spot values.

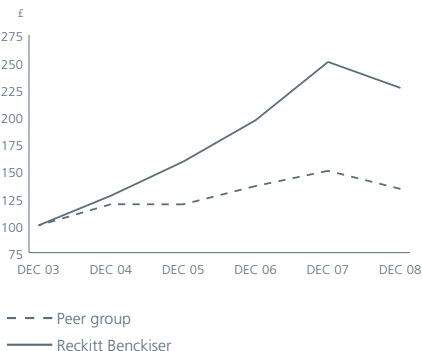


Notes

The graph above shows the performance of Reckitt Benckiser in terms of TSR performance against the UK FTSE 100 index over a five-year period and conforms to the Directors' Remuneration Report Regulations 2002. The index was selected on the basis of companies of a comparable size in the absence of an appropriate industry peer group in the UK.

Historical TSR performance

Growth in the value of a hypothetical £100 holding over five years. Peer group comparison based on spot values.



Notes

The graph above shows the performance of Reckitt Benckiser in terms of TSR performance against our current US remuneration peer group over a five-year period. These companies include Church & Dwight, Clorox, Colgate-Palmolive, Johnson & Johnson, Procter & Gamble and Sara Lee.

Annual cash bonus

The annual cash bonus is closely linked to the achievement of demanding pre-determined targets geared to above-industry performance. The current performance measures are net revenue and net income growth. The Remuneration Committee each year sets performance standards with reference to prevailing growth rates in the Company's peer group and across the consumer goods industry more broadly. Target bonus will only be earned where the Company's performance is above the industry median. Still more stretching percentage growth rates have been set above target, and the achievement of these delivers higher bonus payments for superior performance.

For 2009, as in 2008, the Executive Directors will participate in the annual cash bonus scheme under which they may receive 100% (CEO) and 75% (CFO) of base salary for achieving target performance. For the achievement of outstanding performance, which the Board sets at a level approximately double the industry median, the bonus potential is 357% (CEO) and 268% (CFO) of base salary.

Similar incentive arrangements are used for other Executives worldwide. Annual bonuses are not pensionable. The Committee also reserves the right, in exceptional circumstances, to make individual cash awards.

Long-term incentives

The Committee believes that a significant element of share based remuneration ensures close alignment of the financial interests of the Executive Directors and other key Executives with those of shareholders. This is underpinned by a significant share ownership requirement on Senior Executives, with penalties for non-compliance, which are described in more detail below.

Long-term incentives comprise a mix of share options and performance shares. Both the levels and combination of share options and performance shares are reviewed on an annual basis with reference to competitive market data and the associated cost of share provision.

The Committee benchmarks total remuneration for Executives against the upper quartile of its peer group. This is then delivered through a combination of base salary, annual cash bonus and long-term incentives. In carrying out the benchmarking exercise, the Company's long-term incentives and those of the peer group are valued using an expected value valuation methodology which is widely accepted and enables "like-for-like" comparisons.

The Committee will continue to review the award levels and market data on an annual basis, and make appropriate adjustments when required. Following the 25% reduction in the number of share options and performance shares awarded to Mr Becht and Mr Day in 2008, the Committee is comfortable that their total target remuneration is now appropriately positioned.

While the use of performance conditions attached to the vesting of long-term incentive awards is still a minority practice among Reckitt Benckiser's peer group, the Committee believes that the vesting of the Company's options and performance share awards should be subject to the satisfaction of appropriate performance conditions.

As such, long-term incentives only vest subject to the achievement of earnings per share (EPS) growth targets that exceed industry benchmarks. EPS has been selected as the performance condition for three reasons:

- it focuses Executives on real profit growth;
- it provides the most appropriate measure of the Company's underlying financial performance;
- it is a measure that the performance of the Executive Directors can directly impact.

EPS is measured on an adjusted diluted basis as shown in the Company's reported accounts as this provides an independently verifiable measure.

The vesting schedule for the options and performance shares rewards superior performance. For 2009, the Committee has set the same targets and levels of awards as in the previous year, having regard to: the industry context in which the Company operates, sensible expectations of what will constitute performance at the top of the peer group, and factors specific to the Company.

For the full vesting of options and performance shares, the Committee has set an exceptional performance target of an average EPS growth of 9% per year. This is equivalent to almost 30% over a three-year period. The threshold when options and shares start to vest is when EPS grows by an average of 6% per year. This is equivalent to 19% over a three-year period, which the Committee considers, based on past and future expected performance, exceeds the industry growth average.

Average EPS growth per year (%)	EPS growth over three years (%)	% of options and shares vesting
9	29.5	100
8	26.0	80
7	22.5	60
6	19.1	40

The Committee decided that the performance target attached to the vesting of awards to Executive Directors, EVPs and other Senior Executives will not be re-tested in respect of awards made from 2005 onwards. As a result, if any target has not been met three years after the date of grant, any remaining shares which have not vested will lapse.

If the performance condition is met, then the option term is ten years from the date of grant. Awards under the long-term incentive plans are not pensionable.

Share ownership policy

Executive Directors and other Senior Executives are subject to a compulsory share ownership policy. The objective of this policy is to emphasise the alignment of Senior Executives to the Company and its business targets.

In order to fulfil the share ownership policy, Executive Directors and other Senior Executives must own the following number of shares:

Individual/Group	Ownership requirement
CEO (1)	600,000 shares
CFO/EVPs (6)	200,000 shares
Other Senior Executives (30)	30-75,000 shares

The total number of ordinary shares held by Mr Becht at 31 December 2008 is 3,038,490 of which 1,774,669 are beneficial and 1,263,821 are non-beneficial. The total number of ordinary shares held by Mr Day at 31 December 2008 is 364,624.

As these shareholding requirements are significantly more stringent than market practice, executives, including those newly-recruited or promoted into Senior Executive positions, are allowed eight years to reach these targets.

If the Executive does not meet these requirements within the required time period, the Committee will not make any further option grants or awards of performance shares to the Executive until the targets have been met. Further, if, in the Committee's opinion, an Executive is not making sufficient progress towards satisfying the requirement, then it will reduce the level of grants and awards to that Executive until improvement is demonstrated.

Pensions

In line with the Committee's emphasis on the importance of only rewarding the Executive Directors for creating shareholder value, Reckitt Benckiser operates a defined contribution pension plan, the Reckitt Benckiser Executive Pension Plan. Mr Becht and Mr Day are both members of this plan.

Mr Becht's Company pension contribution was 30% of pensionable pay during 2008. Mr Day's Company pension contribution was 25% of pensionable pay in 2008.

In 2008 only Mr Becht continues to be affected by the new lifetime limit brought about by the UK tax changes effective from April 2006. In 2006 the Committee decided the most cost-effective approach was to maintain his current pension commitment, and to make pension contributions in excess of the lifetime allowance into a funded and unapproved defined contribution pension arrangement.

Service agreements

Service contracts for future Executive Directors will be rolling and terminable on six months' notice. Termination payments may include payment in lieu of notice, and contracts will provide liquidated damages of six months' base salary plus twelve months' bonus calculated as the average of the annual bonus paid (if any) in the two years up to the termination. Any bonus earned will be included in the termination payment on the basis that a high proportion of pay is related to performance and that in the event of termination for poor performance it is unlikely that any bonus will have been paid. The service contracts for current Executive Directors are detailed on Table 3 of the Directors' Remuneration Report.

Non-Executive Directors do not have service agreements, but are subject to re-election by shareholders every three years.

Remuneration policy for the Chairman and Non-Executive Directors

The Board, in the light of recommendations from the CEO, Mr Becht, and the CFO, Mr Day, determines the remuneration of the Non-Executive Directors.

Adrian Bellamy's annual fee as Chairman in 2008 was £300,000, and the net proceeds of £50,000 of this fee were used to acquire shares in the Company which he is obliged to retain until he steps down from the Board.

Non-Executive Directors' remuneration consists of fees for their services in connection with Board and Board Committee meetings. In 2008, the basic level of fees was £65,000. Of this, £12,000 must be used to acquire shares in the Company and these shares must be retained until the Non-Executive Director steps down from the Board. The Chairmen of the Remuneration Committee and Audit Committee received an additional £15,000 per annum on top of the basic fee. Other Non-Executive Directors received an additional £5,000 per annum Committee membership fee on top of the basic fee.

It is the policy of the Board – which the Board has no plans to change – that Non-Executive Directors are not eligible for pension fund membership and will not participate in any of the Company's bonus, share option or long-term incentive schemes.

Fee levels are reviewed every two years, with the Board taking external advice on best practice and competitive levels, taking into account the responsibilities and time commitment of each Non-Executive Director. Following the 2008 scheduled review, the fee levels for 2009 will be as follows:

Adrian Bellamy's annual fee as Chairman in 2009 will be £345,000, and the net proceeds of £62,000 of this fee must be used to acquire shares in the Company which he is obliged to retain until he steps down from the Board.

Peter Harf's annual fee as Deputy Chairman in 2009 will be £80,000, and the fees of the other Non-Executive Directors will be £75,000. The Chairmen of the Remuneration Committee and Audit Committee will receive an additional £15,000 per annum on top of the basic fee. The other Non-Executive Directors will receive an additional £10,000 per annum Committee membership fee on top of the basic fee, plus Graham Mackay will receive a further £7,000 as Senior Independent Director. The Non-Executive Directors must use £13,500 of their total fee to acquire shares in the Company, with the exception of Peter Harf who must use £14,500 of his total fee to acquire shares in the Company.

External appointments

Mr Day is a Non-Executive Director of WPP Group plc and in 2008, it has been agreed, subject to certain specific conditions, that he be allowed to join the Board of Cadbury plc, which he did on 1 December 2008. This is non-compliant with Combined Code Provision A.4.5 which requires that no full time Executive Director should hold more than one Non-Executive Directorship in a FTSE 100 company. Both WPP Group plc and Cadbury plc are FTSE 100 companies. This exception has been made because the Board believes that experience as the Chairman of the Cadbury plc Audit Committee will be useful in Mr Day's role as Chief Financial Officer of Reckitt Benckiser.

Mr Day's gross annual fee for his appointment with WPP Group plc was £65,000 for his services in 2008. His gross annual fee with Cadbury is £55,000, and he was paid a pro-rated amount of £4,583 for his services in 2008. The Company allows Mr Day to retain the fees paid for these external appointments.

The process of the Committee

The Committee has formally appointed Mercer Limited as its external and independent adviser and, during the year, they have provided advice to the Board on Executive compensation levels, structure and design, plus issues relating to retirement benefits. Additional advice was provided by Deloitte LLP during the last two months of the year.

Internal advisers include the CEO, Mr Becht, and the SVP Human Resources, Mr Ruether. No individual is present when their own remuneration is being discussed.

The Committee has the discretion to consider corporate performance on environmental, social and governance (ESG) issues when setting remuneration of executive directors; and has oversight that the incentive structure for senior management does not raise ESG risks by inadvertently motivating irresponsible behaviour. Throughout 2008, the Company complied with the relevant sections of the 2003 Combined Code. It has complied fully with Section B and Schedule A (relating to the design of performance-related remuneration) of the provisions of the Combined Code published in 2006 relating to the Directors' remuneration. The contents of this report also comply with the Schedule 7A of the Companies Act 1985.

Approved by the Board on 10 March 2009 and signed on its behalf by:

Judith Sprieser

Chairman of the Remuneration Committee

The information on pages 33 to 35 (except where labelled) comprises the auditable disclosures of the Report on Directors' Remuneration.

In 2008, Reckitt Benckiser continued to perform very well against its peers, and for two years in succession has exceeded the maximum stretch targets designed to achieve maximum bonus payments. Bonus payments for Executive Directors accordingly increased by an average of 4%. This increase is due to above industry average performance for the core business operations.

Remuneration disclosures

Table 1

	Notes	Base salary and fees £000	Bonus £000	Benefits in kind £000	Other payments £000	Pension contri- butions £000	2008 Total £000	2007 Total £000
Chairman								
Adrian Bellamy	1	300					300	300
Executive Directors								
Bart Becht	2	949	3,387	85	48	282	4,751	4,552
Colin Day	2	415	1,112	18	–	104	1,649	1,582
Non-Executive Directors								
Peter Harf	3	70					70	70
Kenneth Hydon	3	80					80	80
Graham Mackay	3	70					70	70
Gerard Murphy (resigned 17 July 2008)	3	46					46	70
Judith Sprieser	3	80					80	80
Peter White (resigned 1 May 2008)	3	27					27	70
David Tyler (appointed 26 Feb 2007)	3	70					70	59
Andre Lacroix (appointed 1 Oct 2008)	3	18					18	n/a
Total		2,125	4,499	103	48	386	7,161	6,933

Notes

- Mr Bellamy's fees as Chairman for 2008 were £300,000. These fees include £50,000 (gross), the net amount of which was applied to buy ordinary shares in the Company. These shares must be retained by Mr Bellamy while in office.
- The remuneration reported under "Other payments" in respect of Mr Becht relates to other international transfer related benefits (2007 £35,000).
- Non-Executive Director fees include £12,000 (gross), the net amount of which was applied to buy ordinary shares in the Company. These shares must be retained by the Director while in office.
- The total emoluments of the Directors of Reckitt Benckiser Group plc as defined by schedule 6 of the Companies Act were £6,775,000 (2007 £6,564,000).
- The aggregate gains made by the Directors on the exercise of share options and vesting of restricted shares during the year were £36,298,064 (2007 £23,529,591). The gains are calculated based on the market price at the date of exercise for share options and vesting of restricted shares, although the shares may have been retained and no gain realised.
- The total emoluments of the highest paid Director (excluding pension contributions) were £4,469,686 (2007 £4,281,259).

The 2008 remuneration package for Executive Directors comprised base salary, annual cash incentive bonus, long-term incentives in the form of share options and restricted shares, non-pensionable cash supplement, pension contributions, fully expensed company car (or cash equivalent) and health insurance, and school fees and preparation of tax returns in the case of the Chief Executive Officer.

Pensions

Mr Becht and Mr Day are both members of the Reckitt Benckiser Executive Pension Plan, a defined contribution plan, with a standard company contribution rate of 30% of pensionable pay for Mr Becht (2007 30%), and 25% for Mr Day (2007 25%).

Table 2 – Directors' options and restricted share awards

Table 2 sets out each Directors' options over or rights to ordinary shares of the Company under the Company's various long-term incentive plans. The middle market price of the ordinary shares at the year end was £25.78 and the range during the year was £30.10 to £23.14.

Long-term incentives	Notes	Grant date	At 01.01.08	Granted during the year	Exercised/ vested during the year	At 31.12.08	Option price (£)	Market price at date of award (£)	Market price at date of exercise/ vesting (£)	Exercise/ vesting period
Bart Becht										
Options	1	29.09.99	967,000		967,000	–	7.040	26.96-29.74		May 03-Dec 09
	2	17.12.01	715,834			715,834	9.504			May 05-Dec 11
	2	22.11.02	1,000,000			1,000,000	11.186			May 06-Nov 12
	2	8.12.03	800,000			800,000	12.760			May 07-Dec 13
	2	6.12.04	800,000			800,000	15.470			May 08-Dec 14
	2	5.12.05	800,000			800,000	18.100			May 09-Dec 15
	2	8.12.06	800,000			800,000	22.570			May 10-Dec 16
	2	11.12.07	600,000			600,000	29.440			May 11-Dec 17
	2	8.12.08		600,000		600,000	27.290			May 12-Dec 18
Performance-based restricted shares										
	2	22.12.99	80,000			80,000		5.810		May 03-Dec 09
	2	6.12.04	400,000		400,000	–		15.370	29.21	May 2008
	2	5.12.05	400,000			400,000		18.160		May 2009
	2	8.12.06	400,000			400,000		23.000		May 2010
	2	11.12.07	300,000			300,000		29.720		May 2011
	2	8.12.08		300,000		300,000		27.800		May 2012
Colin Day										
Options	2	8.12.03	160,000		160,000	–	12.760	25.81-25.98		May 07-Dec 13
	2	6.12.04	160,000			160,000	15.470			May 08-Dec 14
	2	5.12.05	160,000			160,000	18.100			May 09-Dec 15
	2	8.12.06	160,000			160,000	22.570			May 10-Dec 16
	2	11.12.07	120,000			120,000	29.440			May 11-Dec 17
	2	8.12.08		120,000		120,000	27.290			May 12-Dec 18
Performance-based restricted shares										
	2	6.12.04	80,000		80,000	–		15.370	29.21	May 2008
	2	5.12.05	80,000			80,000		18.160		May 2009
	2	8.12.06	80,000			80,000		23.000		May 2010
	2	11.12.07	60,000			60,000		29.720		May 2011
	2	8.12.08		60,000		60,000		27.800		May 2012
Sharesave Scheme										
		Grant date	At 01.01.08	Granted during the year	Exercised during the year	Lapsed during the year	At 31.12.08	Option price (£)	Market price at exercise	Exercise period
Bart Becht		04.09.06	1,011				1,011	16.900		Feb 14-July 14
Colin Day		04.09.06	553				553	16.900		Feb 10-July 10

Notes

- For compound average annual growth (CAAG) in earnings per share over a three-year period of 6%, 9%, 12% and 15%, the percentage of options vesting under the initial grant on 29 September 1999 is 40%, 60%, 80% and 100% respectively. This grant vested 100% on 7 May 2003 but is exercisable as to one-third of the grant from that date, the second one-third exercisable from 1 January 2004 and the final one-third from 1 January 2005.
- Vesting of long-term incentives is subject to the achievement of the following compound average annual growth (CAAG) in earnings per share over a three year period.

	Proportion of grant vesting (%)			
	40	60	80	100
CAAG for long-term incentives granted in December 99 and September 00	6	9	12	15
CAAG for long-term incentives granted in December 00	6	8	10	12
CAAG for long-term incentives granted in December 01, November 02, December 03-08	6	7	8	9

- The grant made in December 2004 vested in full following the Company's Annual General Meeting in May 2008. The Company exceeded its target compound average actual growth (CAAG) in earnings per share over a three year period (2005-2008) of 9%.

Table 3 – Service contracts for Executive Directors

	Date of original service contract	Date of amendment	Unexpired term	Notice period	Compensation for early termination
Bart Becht	3 December 1999	19 November 2003	n/a	6 months	0.5 x base salary, 1 x average bonus in previous two years
Colin Day	21 July 2000	9 December 2003	n/a	6 months	0.5 x base salary, 1 x average bonus in previous two years

Table 4 (not auditable)

In 2008, members of the Executive Committee (9) received around 38%, Senior Executives (next 27) around 17% and other Executives (next 380) around 45% of the total awards made under the long-term incentive plans. The total grants have resulted in 0.8% (based on the current issued share capital) being used for discretionary long-term incentive plans in 2008 and 7.9% over a rolling ten-year period from 1999 to 2008. See table below.

Shares placed under option in all schemes in the last ten years, less lapsed

	Total (millions)
Discretionary Plans	
Reckitt Benckiser Executive Plans	55.3
Reckitt & Colman Executive Plans	1.3
Share Ownership Policy Plan	0.3
Employee	
Sharesave UK	1.4
Sharesave US	2.7
Sharesave Overseas	4.0
Share Participation Scheme	0.2
Total	65.2