

## 11 EARNINGS PER SHARE (EPS)

Earnings per share is presented both before exceptional items and specific IAS 39 mark to market movements and after exceptional items and specific IAS 39 mark to market movements in order to allow a better understanding of the financial information presented, and specifically the Group's underlying business performance. Further details of the exceptional items and specific IAS 39 mark to market movements can be found in note 8 to these consolidated financial statements.

	Year ended 31 December 2006 pence	Year ended 31 December 2005 pence
<b>a) Earnings per share (basic)</b>		
Before exceptional items and specific IAS 39 mark to market movements	22.4	14.6
After exceptional items and specific IAS 39 mark to market movements	27.6	19.4
<b>b) Earnings per share (diluted)</b>		
Before exceptional items and specific IAS 39 mark to market movements	21.3	14.0
After exceptional items and specific IAS 39 mark to market movements	26.2	18.5
<b>c) Basis of calculation (basic) – earnings</b>		
	£m	£m
Profit attributable to equity holders of the parent before exceptional items and specific IAS 39 mark to market movements	332	214
Exceptional items and specific IAS 39 mark to market movements (net of tax and minority interests)	78	71
<b>Profit attributable to equity holders of the parent after exceptional items and specific IAS 39 mark to market movements</b>	<b>410</b>	<b>285</b>
<b>d) Basis of calculation (diluted) – earnings</b>		
	£m	£m
Profit attributable to equity holders of the parent before exceptional items and specific IAS 39 mark to market movements	332	214
After tax dilutive effect of interest on convertible bonds	7	7
Profit attributable to equity holders of the parent before exceptional items and specific IAS 39 mark to market movements	339	221
Exceptional items and specific IAS 39 mark to market movements (net of tax and minority interests)	78	71
<b>Profit attributable to equity holders of the parent after exceptional items and specific IAS 39 mark to market movements</b>	<b>417</b>	<b>292</b>
<b>e) Basis of calculation (basic) – number of Ordinary Shares</b>		
	Million	Million
Weighted average number of issued Ordinary Shares for the purposes of basic EPS	1,486.2	1,473.5
Weighted average number of shares held by Employee Share Ownership Plans (ESOPs)	(1.4)	(2.8)
<b>Weighted average number of shares</b>	<b>1,484.8</b>	<b>1,470.7</b>
<b>f) Basis of calculation (diluted) – number of Ordinary Shares</b>		
	Million	Million
Weighted average number of shares – basic	1,484.8	1,470.7
Dilutive potential Ordinary Shares:		
Employee share schemes	14.0	19.8
Convertible bond	91.1	89.1
<b>Weighted average number of Ordinary Shares for the purposes of diluted EPS</b>	<b>1,589.9</b>	<b>1,579.6</b>

In July 2006 the Group issued 3.25% convertible euro bonds 2013, which in 2006 were anti-dilutive and have therefore been excluded from the diluted earnings per share calculation. In future periods this financial instrument could potentially dilute basic earnings per share.