Annual report

From the chairman

The Economist Group has delivered strong results again this year. Our ambition is still to deliver exceptional content and to pursue further growth in our core businesses.

Profit before tax was up by 14% at £31m. The growth in profitability has been driven by a strong revenue performance, with turnover up 11% year-on-year. Net earnings were £22m, which is lower than last year by £5m, mainly because we recognised one-off tax benefits last year. Operating cashflow has increased to £29m, £5m above the prior year. The Board is recommending a final dividend of 43.8p, payable in July 2006 and representing a 10% increase on last year's final dividend. Since my last report, we have also paid a special dividend of 79.4p per share.

The Economist's worldwide circulation was 1,096,154 copies in the July-December 2005 ABC audit period, 9% up on the previous year. This success reinforces our confidence in the continuing growth potential of the newspaper.

The Economist Intelligence Unit also had a good year, with revenue up 7%. It updated a number of its internet services with better navigation and additional features.

Roll Call has had another outstanding year and continues to be one of the first places advertisers go to when they seek to influence the legislative agenda in the United States.

CFO magazine was redesigned. The new look was well received by clients and advertising agencies. In January we bought EuroFinance Conferences, a respected name in cash and treasury-management events, which we are integrating into our CFO business. We continue to explore acquisition opportunities that fit our strategy.

Business performance has been very good, despite a year of considerable change in the top management team. As mentioned last year, Andrew Rashbass took over as publisher of *The Economist*, and Chris Stibbs became Group finance director. In April 2006 John Micklethwait was appointed editor of *The Economist* when Bill Emmott stepped down. The smoothness of these transitions has been a credit to the retirees, their replacements and Helen Alexander, who was responsible for ensuring that there was no loss of momentum.

We anticipate further growth in the advertising and sponsorship markets. The notable increase in online advertising seems sure to continue. Acceleration of revenue growth at both Economist.com and CFO.com shows little sign of diverting advertising from *The Economist*. Our priority will be to gain the best advantage of this changing environment.

We made a £5m (about £3.5m net of tax) contribution to the UK Pension Fund in July 2005. On an FRS 17 basis and including revised mortality data, the deficit in the fund at March 31st 2006 stood at about £25m net of tax. We made an additional contribution of £10.5m (about £7.3m net of tax) in April 2006, reducing the deficit further.

We expect to continue to generate a cash surplus. In recent years the company has been run with a net cash balance, reflecting the uncertainties about the market and the trend in our earnings. We now intend to manage with a more or less cash-neutral policy, which may result in some debt if material acquisition opportunities arise. This should enable us to make progressive increases in dividends as underlying earnings rise. As we implement the policy, there may be potential for further special dividends and, if necessary, further payment into the Pension Fund.

We believe that the outlook for the Group remains strong and aim to achieve further earnings improvement in the year ahead.

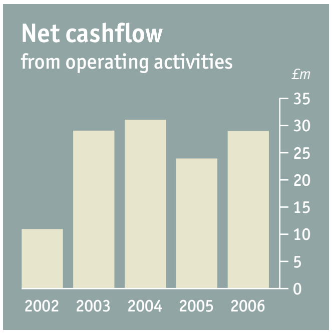
Robert Wilson

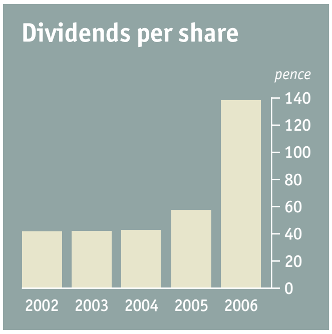
Five-year summary

Profit and loss	2006 £m	2005 £m	2004 £m	2003 £m	2002 £m
Turnover	218	197	191	192	227
Operating profit before exceptionals	31	28	25	24	15
Operating profit	28	24	25	22	9
Non-operating exceptional items	1	1	-	-	5
Profit on ordinary activities before interest	29	25	25	22	14
Net interest	2	2	(1)	1	1
Profit before taxation	31	27	24	23	15
Profit after taxation	22	27	18	17	11
Balance sheet and cashflow					
Fixed assets	38	24	25	28	30
Net cash balance	55	73	69	55	46
Net current (liabilities)/assets	(5)	27	18	6	(1)
Long-term creditors and provisions	(29)	(27)	(32)	(40)	(24)
Net assets/(liabilities)	4	24	11	(6)	5
Net cash inflow from operating activities	29	24	31	29	11

Ratios	2006	2005	2004	2003	2002
Operating profit (before exceptional items) to turnover	14.4%	14.1%	12.9%	12.4%	6.6%
Earnings per share	88.0p	109.1p	71.0p	67.9p	44.7p
Earnings per share before goodwill amortisation, exceptional items and disposals	95.4p	95.4p	70.8p	72.0p	40.4p
Dividends and shares					
Final and interim dividends per share	59.0p	57.5p	43.3p	41.8p	41.8p
Special dividend per share	79.4p	-	-	-	-
Total dividend per share	138.4p	57.5p	43.3p	41.8p	41.8p
Times covered (excluding all exceptional items and disposals)	0.7	1.7	1.6	1.7	1.0
Indicative share value	£16.00	£14.00	£12.50	£10.00	£16.00

The results for the years ended March 31st 2002 through to March 31st 2005 have been restated to reflect the adoption of FRS 17 “Retirement benefits” and FRS 21 “Events after the balance sheet date”.





From the chief executive

We have once again performed well, a result of our focus on the needs of readers, customers, clients and advertisers. I am clear that our success this year is a product of our belief in the long-term strength of all our businesses and our decision to invest behind them.

The Group's performance continues to be robust, with our revenues in total up 11% year-on-year, and our advertising revenue up 14%. We have achieved this in the context of changing advertising markets and a developing digital world. Some of our competitors have found this more challenging.

Our largest business is, of course, *The Economist*, and here our excellent advertising revenue performance has been underpinned by its continuing increases in circulation. Worldwide circulation is now 1,096,154, up 9%, and the driver of the performance is North America, which grew by 13% and accounts for 52% of total sales. I take particular satisfaction in the fact that as we grow bigger we are still able to innovate, developing new marketing techniques to keep ahead of our competitors.

The Economist is not the only part of the business that has had a good year. *Roll Call*'s revenue is up 40%. As the paper of choice in the advocacy advertising niche, *Roll Call* always benefits from a full legislative agenda. 2005 was not an election year, Congress was busy, legislation was contentious and we profited from this. The title's performance is a result of our decision two years ago to increase frequency to four issues a week, which made it possible to take advantage of explosive growth in the market.

Elsewhere the story is of renewal and vibrancy. We have invested in the CFO brand with a redesigned magazine and a marketing campaign to take our persuasive story to the widest possible group of advertisers. The Economist Intelligence Unit has continued its tradition of developing new products, most recently with *World Investment Service* and reconfigured internet services. And *European Voice* is seeing very rapid advertising growth as the advocacy market in Brussels begins to emulate that in Washington, DC.

We upgraded our financial systems, continued our programme to develop our people, partly in response to a staff survey in 2004, and in London over 300 people moved from Regent Street to Red Lion Square with the seamless professionalism I expect, but continue to be grateful for.

So 2005 was a busy year and all the signs are that 2006 will be too. Our world is changing fast; our readers want their news and analysis delivered electronically as well as on paper, and where readers go, advertisers follow. We are in an excellent position to address these digital challenges, and already 17% of Group revenues are from electronic products and services.

Over the coming year I will not only be looking for new ways in which we can continue to produce editorial in new media and build on the base that we already have in India and China, but also for continued improvement in profits. Our strategy to invest in media brands aimed at the high-end audience is working, and I would like to continue to refresh it with further acquisitions of high-quality businesses that improve our market position, as EuroFinance Conferences has done for the CFO brand.

Finally, I would like to pay tribute to Bill Emmott. Bill has left the newspaper in excellent shape and in capable hands—both editorially and commercially—with an exceptional team renowned for the highest standards of analysis and commentary.

With a new publisher and editor of *The Economist* and a new finance director for the Group, we have an excellent team to face the future.

Helen Alexander

The Economist brand family

The Economist brand family is a leading source of analysis on international business and world affairs, delivering information through a range of formats from magazines to conferences and electronic services. The brand is informed by an international outlook, rigorous analysis and an independent perspective.

At the centre of the brand family is *The Economist*, but the Economist Intelligence Unit, Economist Conferences, Economist.com and products such as *The World In* are important businesses taking the brand beyond its core.

The Economist brand family had a strong year. The high regard that the brand is held in around the world is a result of the focus on quality by both our editorial and commercial teams. Brand family revenues represented £182m of the total Group turnover, an increase of 9% on last year. Advertising and sponsorship revenue increased by 11%. Operating profit is also up at £23m.

The continuing increase in *The Economist*'s circulation and the ever greater demand for new products and services from the Economist Intelligence Unit demonstrate an eager desire in our audience for our independent view of a challenging and changing world.

The Economist

It has been a good year for *The Economist* and its associated businesses, including Economist.com, *The World In* and *Intelligent Life*. *The Economist*'s circulation has more than doubled over the last 12 years, demonstrating its increasing relevance, despite or even perhaps because of the vast information resources available on the internet.

Circulation of *The Economist* was 1,096,154 in the July-December 2005 ABC (Audit Bureau of Circulation) period, 9% ahead of the previous year. At constant exchange rates, advertising revenues were up 11% for *The Economist*, Economist.com, *Intelligent Life* and *The World In* combined.

Our relationship with advertising clients has also been strengthened online at Economist.com, which continues to grow and prosper. Turnover at Economist.com was up 32% on the previous year, driven mainly by advertising revenues. As well as delivering value to our subscribers and other regular readers, Economist.com is where many new readers sample *The Economist*. *The Economist*, Economist.com and the conference and research businesses of the Economist Intelligence Unit increasingly share the same audience which our clients seek to reach through advertising and sponsorship.

The Economist, unlike most other publications, has a single editorial product for all its readers around the world. *Economist* readers in different countries often have more in common with each other as global citizens than they do with citizens of their own country. Our leadership in international—pan-regional and worldwide—advertising reflects our clients' understanding of this fact. *The Economist* also competes for domestic advertising in the UK, and increasingly in the United States too. Having a stake in multiple advertising markets is powerful and has undoubtedly contributed to our commercial success. Newspaper advertising revenues were up 8% at constant exchange rates.

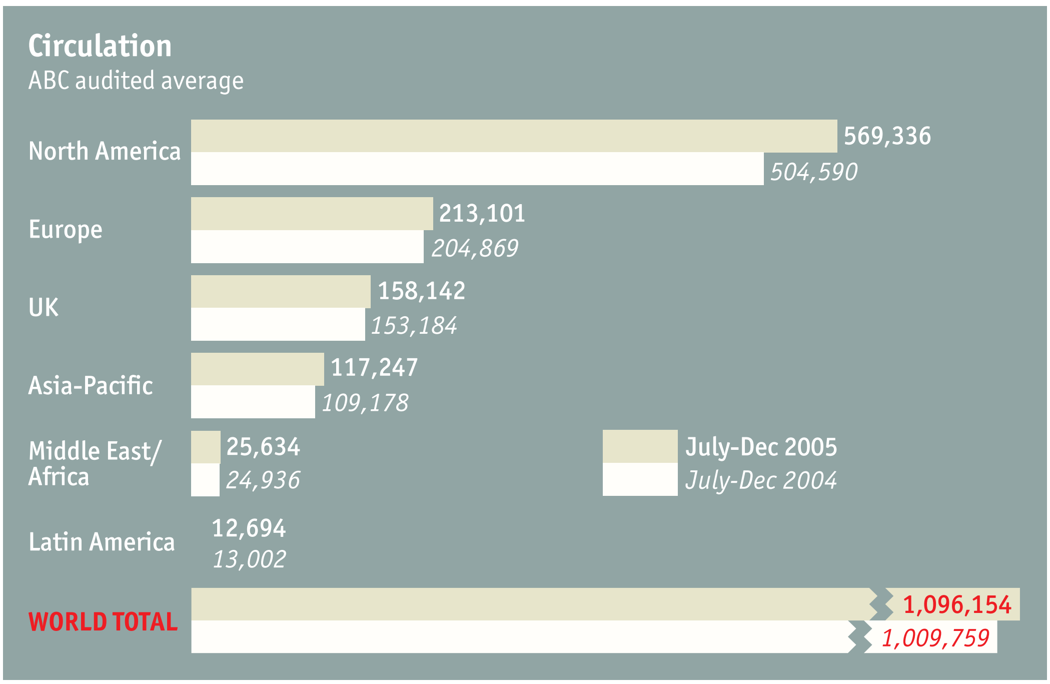
We remain convinced of the great potential in all our regions for increasing our circulation; our prospects in print and online advertising are encouraging in both domestic and international markets. We shall continue to invest around the world, and in particular in the United States, to make the most of these opportunities.

Other businesses within the Economist brand are doing well. *The World In* had a record year in terms of circulation, revenues and contribution, with advertising revenues up 27% on the previous year. We published the second issues of *Intelligent Life* and the Chinese language edition of *The World In*. The former included a launch in the United States, and saw a doubling of advertising revenues in Europe, the Middle East and Africa. Our rights and syndication revenues grew by 24% at constant exchange rates, and we signed our largest ever rights and syndication deal, with a Russian magazine. When the Group offices moved to Red Lion Square in December 2005, we closed the Economist bookshop in Regent Street, and instead are investing in our online facility.

A busy year for our journalists included our coverage of the London bombings on July 7th; Hurricane Katrina and its debilitating effect on the Bush presidency; France's rejection of the European constitution; the prospect of a worldwide housing bubble; and the continuing challenges of China and India for business people and politicians.

Bill Emmott marked his stepping down as editor with a valedictory leader celebrating the economic success of globalisation, but warning of its political frailties. Under Bill's editorship the circulation of the newspaper more than doubled to nearly 1.1m copies. We were delighted to be able to appoint our new editor, John Micklethwait, from the editorial team, and are confident that he will foster and further develop the outstanding editorial quality of *The Economist*.

The Economist has seen circulation gains, as well as revenue growth, in all our main markets. In North America, the average circulation of the newspaper in the July-December ABC period reached 569,336 copies, a year-on-year increase of 13%. *The Economist* now outsells *BusinessWeek, US News and World Report, Forbes, Fortune* and *The New Yorker* on the news-stands in the United States. The region's advertising revenues continued to grow, with an increase this year of 11% for the newspaper and 44% for Economist.com. The second half of the year was particularly strong, with newspaper advertising revenues up 20% and Economist.com's up 59%. We expanded our San Francisco operation to target West Coast clients; improved our



advertising marketing capabilities; and upgraded our sales management systems.

We will continue to invest in the United States to develop the audience there that advertisers want to reach. New initiatives such as our pilot project on multi-channel marketing in Baltimore are showing promising early results.

The Economist's readership in the United States is now 1.9m (Mediamark Research, autumn 2005). Our demographic profile remains attractive. For instance, the median age of *Economist* readers is 38—younger than the readers of other major business or news publications—and their median household income is $97,000 per year, which is higher than that of readers of *BusinessWeek, Forbes, Fortune* and *The New Yorker*.

The annual Mendelsohn readership survey among the affluent in the United States showed last year that *The Economist* was one of the few publications that increased its audience year-on-year despite the wealth criterion having been made more stringent. The affluent readership of *BusinessWeek* decreased by 19%, *Forbes* by 5% and *Fortune* by 0.5%.

An independent 2005 study of readership satisfaction placed *The Economist* as the number one title—out of 199—for overall excellence (MMR Press Study 2005) and the American Society of Magazine Editors voted our "Trouble with Mergers" cover (September 10th 1994) one of the top 40 magazine covers of the past 40 years.

Our UK circulation grew to 158,142 copies in the July-December 2005 ABC period. In the 2006 National Readership Survey, *The Economist* had over 400,000 readers each week in the UK. Newspaper advertising revenues grew by 11% in the UK, in a market where many national newspapers are struggling and much classified advertising is migrating to the web.

The Economist is able to reach a high-end audience in multiple advertising markets such as the UK, the whole of Europe, and worldwide. This once again allowed us to do well.

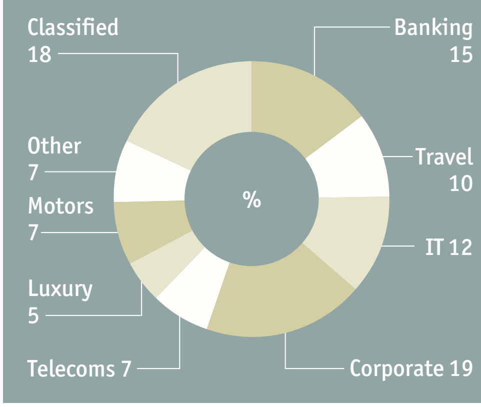
Now in its 18th year, *The Economist*'s outdoor campaign continues to win creative awards. This year's trophies include best poster and best poster campaign at the Campaign Poster awards, a gold and silver award at Creative Circle, and a gold and two silvers at the Cannes Lions. A new, additional, brand campaign started online in the UK in March 2006 with the objective of changing the way non-readers perceive *The Economist*. Using the strapline "Makes you think, doesn't it?", the campaign appears on websites, such as gay.com, not usually associated with our advertising.

In continental Europe, our circulation grew to 213,101 copies. A highlight was the country survey of Italy, which sold six times more copies than normal on the news-stand. At over 28,000 copies, this was the largest ever single-issue news-stand sale in one country in Europe.

Germany proved to be a difficult advertising market in the first half of the year, but improved in the second half. Two of our competitors, *BusinessWeek* and *Forbes*, closed their European editions during the year but pan-regional media, and *The Economist* in particular, retain their powerful position in our clients' minds and media schedules. Despite the slow start in Germany, overall advertising revenues in continental Europe finished ahead of those in the last financial year, with revenues from our Paris office up 15%.

The Economist's average issue sale in Asia-Pacific is now 117,247 (July-December 2005 ABC). This

The Economist
Advertising revenue by category



compares to *Fortune* at 86,307 and *The Wall Street Journal Asia* at 80,521. *BusinessWeek* has closed its Asia edition, whereas we have continued to grow and at the same time have substantially improved circulation profitability.

Readership of *The Economist* was up 41% among Asia's senior decision-makers as measured by the Asian Business Readership Survey 2006. *The Economist*'s advertising revenue for Asia continued to rise during the year. For the first time our largest client in Asia was a Chinese organisation, Huawei, a technology company. In China, more and more people are visiting Economist.com. China is regularly among the top five countries on the list as the home of visitors to Economist.com—more than 82,000 unique users in China visited Economist.com in January 2006—while India is regularly in the top ten. Our circulation across the Middle East and Africa and Latin America was 38,328 for the July-December 2005 ABC period, up on the previous year. We continue to manage the circulation volumes in these regions to improve profitability.

Over the coming year we will continue to focus on increasing the value that we derive from our top-quality editorial and the people who hold it in such high regard. We shall carry on investing behind our strategy of building for *The Economist* in print and online a senior, decision-making audience that advertisers want to reach, both globally and in various markets around the world.

Economist Intelligence Unit

The Economist Intelligence Unit has made the transition to a digital world, with 87% of publishing revenues generated from electronic sources. Our strategy is set in this context. We provide senior executives with information that allows them to make better-informed business decisions. We also offer analysis and meetings supported by sponsors who are keen to reach our audience of senior decision-makers.

This relationship was the basis of the rationale for merging our conference business with the Economist Intelligence Unit in 2004. Following the first full year of the merged operation we see opportunities in both the information and sponsorship parts of the business. In total, revenue at the Economist Intelligence Unit increased by 7% on the previous year. Revenue from business information services grew by 6%, while revenue from sponsorship activities increased by 10%.

At the core of the business is the publication of country analysis and data. Revenue in this area grew by 8% on last year. During the year we redesigned our daily briefing service, *ViewsWire*. This internet service is aimed at international executives rather than information specialists, and therefore requires an intuitive layout. It is now easier for users to find information on over 200 countries.

The *ViewsWire* service has also spawned a number of premium channels that share the same easy-to-use design. *Industry Briefing* provides top-down analysis and forecasts on eight key industries. As part of the redesign, these eight industry channels were unbundled to enable clients to choose specific industry sectors. This will support the targeting of sales efforts. We plan to deepen the level of our industry coverage over the next year.

Another channel is *Executive Briefing,* which focuses on management topics. To enhance our coverage in this area, *Executive Briefing* was relaunched with additional content from a new partnership with Harvard Business School Publishing.

The fastest growing part of our publications business has been the provision of data, where revenue increased by 31% on the prior year. The combination of our proprietary forecasts with carefully verified historical series in a manipulable electronic format is attractive to our users, and we have been working to develop further products. The latest of these is *World Investment Service,* which provides forecasts of foreign-direct-investment flows between major markets.

There is a trend among some clients to reduce the internal resources they devote to economic research. This affords an opportunity for us to take on research projects on the client's behalf. The work is confidential to the client and projects range from sophisticated cross-border benchmarking to special surveys and briefings for senior executives on current issues. These activities help to deepen our relationship with key customers of our subscription services, and we plan to extend our capabilities in this area.

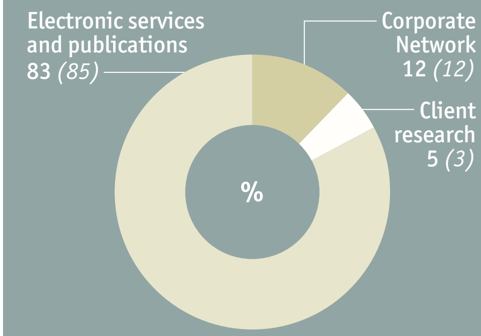
The Corporate Network is a meetings-based programme for executives operating in international markets. Here we have focused on honing editorial quality and simplifying the meetings component to reflect members' busy schedules. Part of the offering is a dedicated website for members, which was redesigned with additional features during the course of the year.

Our sponsorship activities concentrate on two main areas: reports and meetings. Although these offerings can be bought separately, they are sold by a single sales team and are increasingly purchased as a package. For example, we recently published a sponsored report which looks ahead to the global economy, industries and corporate structures of 2020. It drew on our own forecasts as well as on a global survey of senior executives. Our sales approach made it possible to include a series of meetings in the sponsorship package to launch the report's findings. These were organised around the world by our Economist Conferences team. We are also finding opportunities to create sales packages across The Economist Group. For example, the sponsor of a report on corporate priorities for 2006 also placed an advertisement in *The Economist* which highlighted the report's conclusions.

Although the sponsorship market for meetings linked to research has been buoyant, the more traditional conference-sponsorship market has been less so in some areas. Clients are looking to reach very specific audiences in the meetings they sponsor and it is important, therefore, that we focus on conference topics where we have the capability to lead the market. One such area is government Roundtables, where we saw another year of increasing activity. We have developed a successful formula which draws government leaders, delegates, sponsors and the media to high-profile events which we ran in countries as diverse as Australia, Colombia, Egypt, Nigeria, Spain and Ukraine.

Going forward, we will focus on strengthening our dominance in country analysis with an even wider geographic span, deepening our coverage of industry, resourcing our research businesses for further growth and recalibrating our meetings around topic areas in which we are particularly strong. Our early move into electronic publishing has created a business in tune with the changing media habits of our audience, while also allowing us to reach that audience directly for sponsorship activity. With margin and revenue increasing, the Economist Intelligence Unit forms an important part of the Group's strategy to serve and deliver the high-end audience.

Economist Intelligence Unit
Information services revenue



CFO brand family

CFO continued to bolster its position as a leading media brand serving a global audience of senior financial executives who are particularly valued by advertising clients for their spending power.

We have four areas of focus as we implement this strategy: enhancing the CFO brand in our core United States market; developing CFO.com and our research and conferencing activities; optimising our international business elsewhere; and seeking acquisitions for the brand family.

This year we made progress in each of these areas of focus by redesigning *CFO* magazine in the United States, elements of which were then rolled out to other *CFO* titles around the world. The redesign is helping *CFO* to increase its share of the advertising markets in which it competes because we now have an editorial environment which is more appealing to wider categories of advertiser.

CFO's strong position in the United States was underlined by *B2B* magazine, which ranked it as one of the top ten places to advertise for business-to-business marketers there. Similarly, the 2006 Global Capital Markets survey ranked *CFO* as the best route to chief financial officers in the world's top 2,000 companies. CFO brand family revenue grew year-on-year by 11% on the back of increased print advertising, conference revenue and online sales.

Editorially, *CFO* goes from strength to strength. We won a number of awards, including prizes from the National American Society of Business Press Editors, the New York State Society of Certified Public Accountants, and an award for the redesign from the US Society of Publication Designers.

CFO's international business generated $1.2m in revenue for the United States edition, but the regional magazines performed well in their own right. *CFO Europe* and *CFO Asia* launched Research Services and *CFO China* launched a meetings service around the CFO Leadership dinner series. Held in Beijing and Shanghai, these invitation-only dinners convened leading figures from China's top-tier banks and finance regulators.

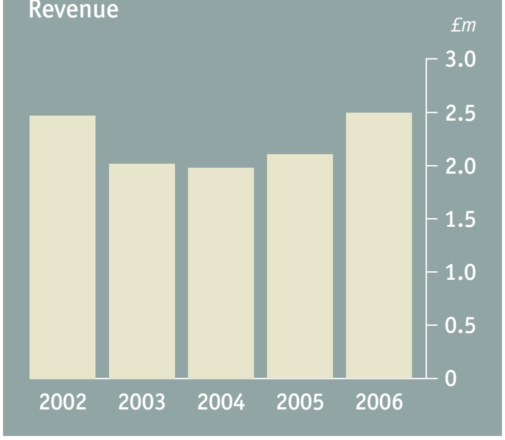
The successful CFO Rising event franchise from the United States was extended to Europe.

CFO.com had an excellent year. As part of its drive to expand online activities, the site launched a corporate-finance themed blog and expanded its "Today in Finance" topical coverage.

The acquisition of EuroFinance Conferences, a leading provider of events in the treasury and cash-management market, perfectly complements the CFO brand family's existing activities, and we are working on a number of good opportunities to expand its revenue streams, using the resources of the Group. We had been looking to acquire suitable businesses that fit with the Group's strategy, and this acquisition works well.

Senior finance executives will represent a vital segment of the high-end audience for our advertisers into the foreseeable future. Our ambition is to exploit our successful position in print and through events to make the most of our digital offering. This will be an increasingly important part of the CFO proposition to readers and advertisers.

CFO.com
Revenue



Roll Call

***Roll Call* is the leading title covering the affairs of Capitol Hill in Washington, DC and consequently a natural home for advocacy advertising. We have benefited from a surge in cause-related promotion in the United States. *Roll Call*'s revenue continued to grow, which was made possible because we now publish four times a week when Congress is in session.**

An outstanding year for *Roll Call* saw revenue up 40% to £11m, although this was in part due to some specific circumstances. A combination of no elections, a very heavy and controversial legislative agenda and Congress's decision to sit for much longer than usual, meant that *Roll Call* was able to publish 16 more issues than had originally been planned. In total we sold more than 1,960 national advertising pages and boosted electronic revenues by 42%.

The environment next year is likely to be more difficult as a result of the Congressional midterm elections. Based on previous years' experience, we are likely to see fewer hotly contested measures before Congress as the elections approach and members of Congress leave Washington, DC to spend more time in their constituencies, resulting in less cause-related advertising activity.

Roll Call's quality continues to be acknowledged by a number of awards won, with Chris Maddaloni taking first place in the "pictorial" category of the White House News Photographers' Association awards. *Roll Call* won five prizes in the annual Dateline Awards competition for excellence in local journalism, sponsored by the Society of Professional Journalists DC Chapter. RollCall.com was also nominated, one of only five nominees chosen for this category, for Best Political Website in the 10th Annual Webby Awards.

Roll Call will carry on taking advantage of its position in a growing advertising market by expanding its non-print revenue streams, especially online, where there are opportunities for us to deliver to advertisers an audience, keenly interested in the affairs of Washington, DC, that lives beyond the Beltway.

European Voice

***European Voice* is the leading publication in Brussels covering political and legislative issues concerning the European Union. Although still in its infancy, the European advocacy advertising market is developing, with *European Voice* playing a leading role in its expansion.**

The indicator we track most closely is advertising revenue, which was up 20% on the previous year. Advocacy pages, bought by clients to represent a particular point of view, doubled in the last year.

European Voice is now more influential than ever before among decision-makers in Brussels, as demonstrated by the array of European heads of state at the EV50 awards. Six current or former European heads of state and government, five EU commissioners and 11 ambassadors attended. Editorial scoops included the final deal on a statute for MEPs; the European Commission's white paper on communication; the decision by the Commission to take action against mobile phone roaming charges; the EU's first ever maritime strategy; and an exclusive interview with the chairman and chief executive officer of Mittal Steel as he announced his bid for Arcelor.

The priority for the coming year will be to increase profitability, in particular through our leadership position in corporate and advocacy advertising, and to create new online revenue streams and white paper revenues.

Directors

Sir Robert Wilson

Appointed as non-executive chairman in July 2003, having served as a non-executive director since May 2002. Chairman of BG Group and a non-executive director of GlaxoSmithKline. Previously executive chairman of Rio Tinto.

Helen Alexander CBE

Appointed as a director in November 1996 and as Group chief executive in January 1997. Joined the company in 1984; circulation and marketing director of *The Economist* from 1987 to 1993 and managing director of the Economist Intelligence Unit from 1993 until the end of 1996. A trustee of the Tate Gallery. A non-executive director of Centrica.

Sir David Bell

Appointed as a non-executive director in August 2005. An executive director of Pearson and chairman of the Financial Times Group. He is also chairman of Sadler's Wells and of Crisis.

Rona Fairhead

Appointed as a non-executive director in July 2005. Chief executive of the Financial Times Group, an executive director of Pearson and a non-executive director of HSBC Holdings.

John Gardiner

Appointed as a non-executive director in April 1998. Previously chairman of Tesco.

Philip Mengel

Appointed as a non-executive director in July 1999. Chief executive of USC Europe and advisory director of Berkshire Partners. Previously chief executive of US Can Corporation, English Welsh & Scottish Railway and Ibstock.

Nigel Morris

Appointed as a non-executive director in May 2004. Co-founder of Capital One Financial Services and former chief operating officer and president of Capital One Financial Corporation. Member of the board of governors of London Business School, a director of Quanta Capital Holdings and trustee of New Philanthropy Capital.

Simon Robertson

Appointed as a non-executive director in July 2005. Non-executive chairman of Rolls Royce Group and a non-executive director of HSBC Holdings, the Royal Opera House Covent Garden, Berry Bros & Rudd and partner of Simon Robertson Associates. Former positions include: managing director of Goldman Sachs International; president of Goldman Sachs Europe; chairman of Kleinwort Benson Group; a non-executive director of Inchcape, Invensys and the London Stock Exchange.

Lynn Forester de Rothschild

Appointed as a non-executive director in October 2002. Chief executive of EL Rothschild and a non-executive director of the Estée Lauder Companies. A director of the Outward Bound Trust and the Old Vic Theatre Trust. Chair of the American Patrons of Tate and a member of the UN Advisors Group on Inclusive Financial Services.

Lord Stevenson of Coddenham

Appointed as a non-executive director in July 1998. Chairman of HBOS. Previously chairman of Pearson.

Chris Stibbs

Joined the company as Group finance director in July 2005. Previously corporate development director of Incisive Media, finance director of the TBP Group and director of the FT Law and Tax Division.

Bill Emmott

Retired from the Board in March 2006, having served as editor of *The Economist* and as a director since 1993. Joined the company in 1980 and was formerly business affairs editor of *The Economist*. Author of three books on Japan, and "20:21 Vision".

Kiran Malik
Retired from the Board in July 2005, having joined the company as Group finance director in July 1997.

John Micklethwait
Appointed as a director on May 23rd 2006, and editor of *The Economist* since April 1st 2006. Previously US editor. Co-author of four books (with Adrian Wooldridge): "The Witch Doctors"; "A Future Perfect: The Challenge and Hidden Promise of Globalisation"; "The Company: A Short History of a Revolutionary Idea"; and "The Right Nation".

Trustees

Sir Campbell Fraser FRSE Trustee since 1978. President of the CBI from 1982 to 1984. Former chairman of Dunlop, Scottish Television, Tandem Computers, Riversoft, the International Advisory Board of Wells Fargo and the Business School of Strathclyde University. Founder of the Society of Business Economists. Retired in May 2006.

Lord Renwick of Clifton Trustee since 1995. British ambassador to South Africa (1987-91) and to the United States (1991-95). Vice-chairman, Investment Banking of JPMorgan Europe and Vice-chairman of JPMorgan Cazenove, a director of Fluor Corporation, Compagnie Financière Richemont, SABMiller and Kazakhmys. Chairman of Fluor.

Baroness Bottomley of Nettlestone Trustee since October 2005. Heads the Board Practice of Odgers Ray & Berndtson. Member of the House of Commons (1984-2005). Member of the Cabinet (1992-1997), serving as Secretary of State, first for Health and then for National Heritage. Chancellor of the University of Hull, pro-chancellor of the University of Surrey and governor of the London School of Economics. Member of the UK Advisory Council of the International Chamber of Commerce, Cambridge University Judge Institute of Management Studies and the Supervisory Board of Akzo Nobel.

Clayton Brendish CBE Trustee since 1999. Non-executive director and external chairman of the Meteorological Office Board. Non-executive chairman of Echo Research, Anite Group and Close Beacon Investment Fund. Non-executive director of BT Group and Herald Investment Trust. Director of The Test and Itchen Association and trustee of the Foundation for Liver Research. Formerly deputy chairman of CMG and executive chairman of Admiral, which he co-founded.

Lord Alexander of Weedon QC Retired as a trustee in July 2005, having served since 1990. He was a life peer, barrister, arbitrator and chancellor of Exeter University. Lord Alexander died in November 2005.

Board committees

Remuneration committee

Sir Robert Wilson, chairman
Nigel Morris
Lord Stevenson of Coddenham

Audit committee

John Gardiner, chairman
Sir Robert Wilson
Lynn Forester de Rothschild
Nigel Morris

Group management committee

Helen Alexander
Chris Stibbs (appointed July 18th 2005)
Bill Emmott (retired March 31st 2006)
Kiran Malik (retired July 15th 2005)
John Micklethwait (appointed April 1st 2006)

Matthew Batstone

Group marketing and strategy director. Joined the Group in January 2001 having worked at Carlton Communications and J Walter Thompson.

Martin Giles

Managing director, North America. Joined the editorial staff of *The Economist* in 1989, working in London and Paris before becoming finance editor in 1994. Former publisher of *CFO Europe* and director of Economist Enterprises.

David Laird

Group commercial director. Joined the Group in 1978 as an advertising sales executive for *The Economist*, and worked in Frankfurt and New York before becoming the publisher of *CFO* magazine.

Nigel Ludlow

Managing director of the Economist Intelligence Unit. Joined the marketing team of *The Economist* in January 1984 and subsequently became global marketing director of the Economist Intelligence Unit.

Andrew Rashbass

Publisher and managing director of *The Economist*. Formerly Group chief information officer and managing director of Economist.com. Joined the Group in December 1997 from Associated Newspapers.

Oscar Grut (since April 1st 2006) Group general counsel and company secretary. Joined the company in 1998 from Linklaters.

Paul McHale (since April 1st 2006) Group HR director. Joined the company in 1999 from United Biscuits.